

**The Illinois Commerce Commission (ICC)
and
The Energy Regulatory Office of Kosovo (ERO)
*Partnership Activity***

Sponsored by the
**United States Agency for International Development (USAID)
National Association of Regulatory Utility Commissioners (NARUC)**

Recent regulatory developments at ERO and regional issues

**Dr. Ali Hamiti
Chairman of ERO**

Legal framework on Energy Sector

Primary legislation:

- ◆ Law on Energy
- ◆ Law on Electricity
- ◆ Law on the Energy Regulator
- ◆ Law on District Heating and Law on Gas (In process of commenting)

Secondary legislation:

- ◆ Issued by ERO, Ministry of Energy and Mines (MEM) and Government
- ◆ Prepared by Licensees and approved by ERO

Promoting integration of Kosovo

- ◆ In European Economic Area – EU in the future
- ◆ In EU's legal framework, harmonizing Kosovo's energy legislation with the EU energy legislation

Mandate of ERO

Economic Regulation of all Energy Activities (Electricity – Heating – Gas)

Objective

“Set the Regulatory Framework for a Transparent and Non-discriminatory Energy Market based on free market principles – promote competition”

Tasks

- ◆ Perform the twin function of protecting Customers and ensuring Investors' Interests
- ◆ Ensure non-discriminatory access to all transmission/distribution network users at prices reflecting true economic costs
- ◆ Promote economic efficiency of the customers'/users' consumption by providing short- and long-term price signals

Further Development of the Secondary Legislation (i)

➤ Rules developed and approved by ERO

- ◆ Rule on Authorization Procedure
- ◆ Rule on Administrative Measures and Fines

➤ Rules developed by Licensees and approved by ERO

- ◆ Metering Code of DH Gjakova JSC
- ◆ The DH Termokos JSC's Code of Conduct and Ethics
- ◆ The DH Gjakova JSC's Code of Conduct and Ethics
- ◆ The DH Gjakova JSC Code of Access to Land and Premises

➤ **Rules which are amended and approved**

- ◆ Rule on General Conditions of Energy Supply
- ◆ Rule on Dispute Settlement Procedures
- ◆ Rule on Disconnection and Reconnection

➤ **Rules to be developed and approved by ERO**

- ◆ Rule on Eligible Customers
- ◆ Rule on Public Participation

Developed by Licensees

- ◆ Rule on Pricing for District Heating
- ◆ Tariff Methodology for District Heating

Tariffs and Allowed Revenues for Energy Enterprises

- ◆ Feed-in tariffs for generation of electric energy from small hydro-plants are set forth
- ◆ Feed-in tariffs for generation of electric energy from wind generators are set forth
- ◆ Transmission tariffs and charges that will be applied by KOSTT JSC from April 1st, 2009
- ◆ Retail Electricity tariffs for regulated customers that will be applied by KEK JSC from April 1st, 2009
- ◆ Tariffs and allowed revenues for the Heating Season 2008/2009
 - District heating Termokos JSC
 - District heating Gjakova JSC

Relationship with other government agencies

ERO as an independent body is closely related with:

- ◆ Assembly
- ◆ Government
- ◆ Energy Enterprise
- ◆ General Public

Cooperation and coordination with other government agencies on preparation and implementation of:

- ◆ Energy strategy
- ◆ Policies
- ◆ Fulfilling obligations from ECSEE (Energy Community for Southeast Europe) treaty
- ◆ Energy efficiency and renewables
- ◆ Structuring of the energy sector
- ◆ Investments

Participation of Kosovo on ECSEE Treaty (i)

By signing the Athens Treaty, Kosovo commits itself to complying with European legislation in the energy sector and to promoting competition based on free-market principles

- ◆ Directive 2003/54/EC
- ◆ Directive 2003/55/EC
- ◆ Regulation 1228/2003/EC

➤ Treaty's objective:

- ◆ The extension of the EC *acquis communautaire*
- ◆ The creation of mechanism for operating of the Energy Market
- ◆ The creation of the single Energy Market

Participation of Kosovo on ECSEE Treaty (ii)

ERO is a **member** of Energy Community Regulatory Board (ECRB) of ECSEE Treaty

ERO has **supported** the idea for development of the platform BETSEE

ERO staff is **actively participating** on Working Groups established by ECRB:

- ◆ Electricity WG;
- ◆ Customer WG;
- ◆ SEE Coordinated Auction Office Implementation Group (SEE CAO IG); and
- ◆ Gas WG.

TSO Complaint submitted to EC

TSO (KOSTT) complaint filed against the Republic of Serbia,
Contracting Party of the Energy Community

Reason of Complaint

- ◆ Failure of an Energy Community contracting party to comply with the Energy Community Law

Legal Basis

- ◆ Article 90 of the Treaty establishing the EC
- ◆ Article 19 of Procedural Act on the Rules of Procedure for Dispute Settlement under the Treaty



Thank you