

**ENERGY REGULATORY PARTNERSHIP PROGRAM  
THE ENERGY REGULATORY OFFICE IN KOSOVA  
AND  
THE ILLINOIS COMMERCE COMMISSION**

*Sponsored by the USAID/NARUC*

**WORKING RELATIONSHIP OF THE  
ENERGY REGULATORY OFFICE WITH  
UTILITIES, OTHER NATIONAL AND  
REGIONAL INSTITUTIONS**

**Nysret Avdiu  
ERO, June 2009**

## Legislation Affecting Relationship with Utilities, National and other Regional Institutions

### ☐ **CONSTITUTION OF REPUBLIC OF KOSOVA, Article 142:**

**“INDEPENDENT AGENCIES OF THE REPUBLIC OF KOSOVO** are institutions established by the Assembly based on the respective laws that regulate their establishment, operation and competencies.”

### ☐ **PRIMARY LEGISLATION:**

#### **ERO was created by the Law on Energy Regulatory Office:**

“Recognizing the need to establish an independent regulatory authority for the energy sector ... to promote, establish and protect a competitive energy market based on principles of objectivity, transparency, and non-discrimination”

### ☐ **OTHER SECTOR LAWS: Law on Energy; Law on Electricity**

### ☐ **ENERGY COMMUNITY TREATY FOR SOUTHEAST EUROPE**

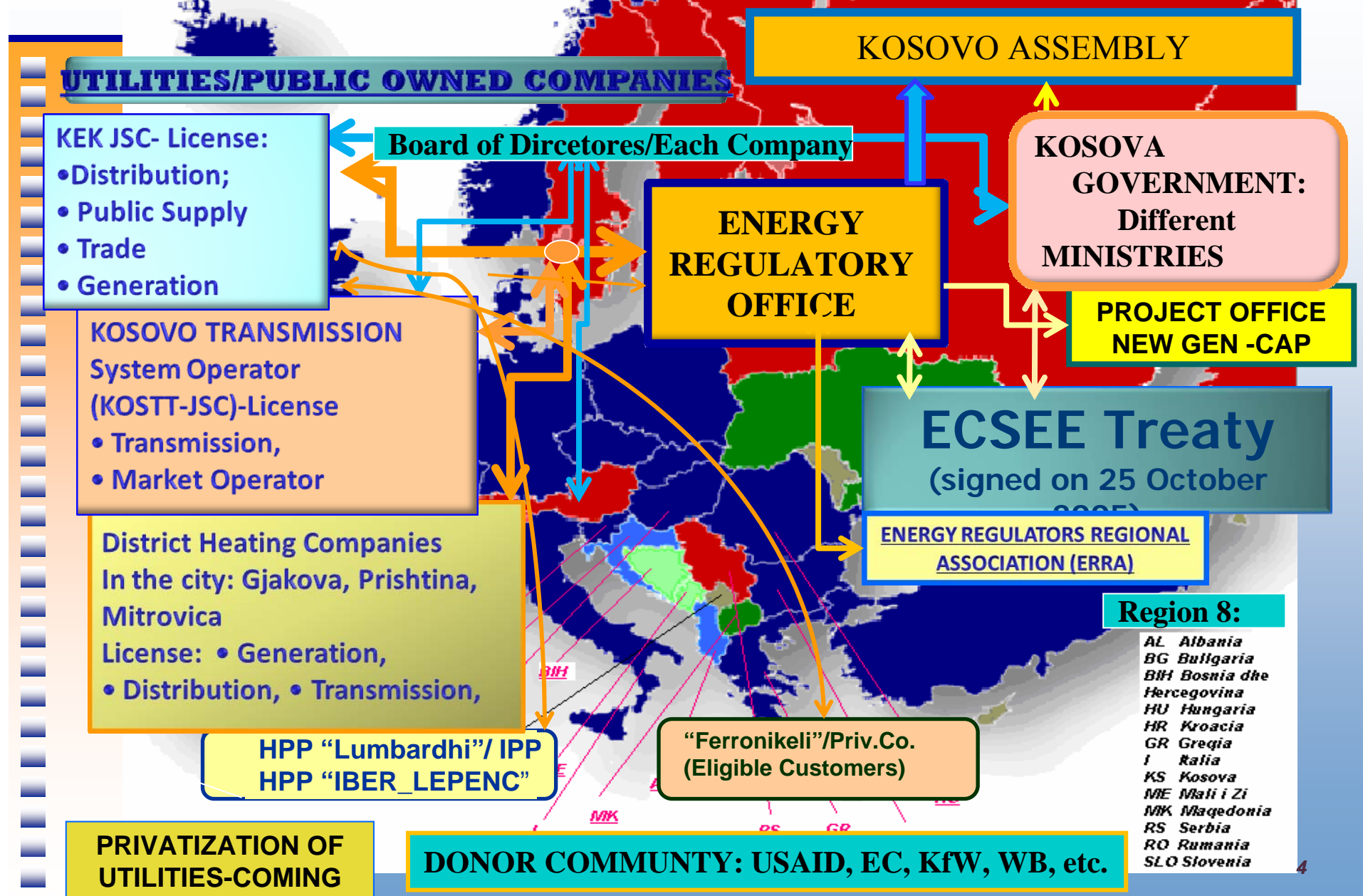
### ☐ **REGIONAL ASSOCIATIONS**

■ **ENERGHY STRATEGY OF KOSOVA, ADOPTED BY THE ASSEMBLY;**

■ **SECONDARY LEGISLATION IN FORM OF:**

- RULES,
  - CODES,
  - REGULATIONS,
  - ADMINISTRATIVE INSTRUCTIONS,
  - PROCEDURES,
  - METHODOLOGIES, ETC.
- **Issued by ERO,**
  - **Issued by Ministry of Energy and Mines (MEM) and Government**
  - **Prepared by Licensees and approved by ERO**

## Key Stakeholders and Organizations



# KEK- J.S.C. – PUBLICLY-OWNED COMPANY

## CURRENT STRUCTURE

### LICENSED ACTIVITY BY ERO:

1. Electricity Generation (Kosovo A)
2. Electricity Generation (Kosovo B)
3. Distribution System Operator
4. Public Supply
5. Supply and Trade

And

COAL MINES / Licensed by “Independent Commission of Mining & Minerals Licenses”/:

- Bardh and Mirash
- Sibovc (NEW)

### **KOSST. J.S.C. - PUBLIC COMPANY**

#### **LICENSED BY ERO AS :**

- TRANSMISSION SYSTEM OPERATOR
- SYSTEM AND MARKET OPERATOR

### **OTHER COMPANIES/GENERATION:**

#### **LICENSED BY ERO**

- INDEPENDENT HYDRO POWER PRODUCER: “Lumbardhi” - Private Company
- HPP “UJAMANI” - Public owned company

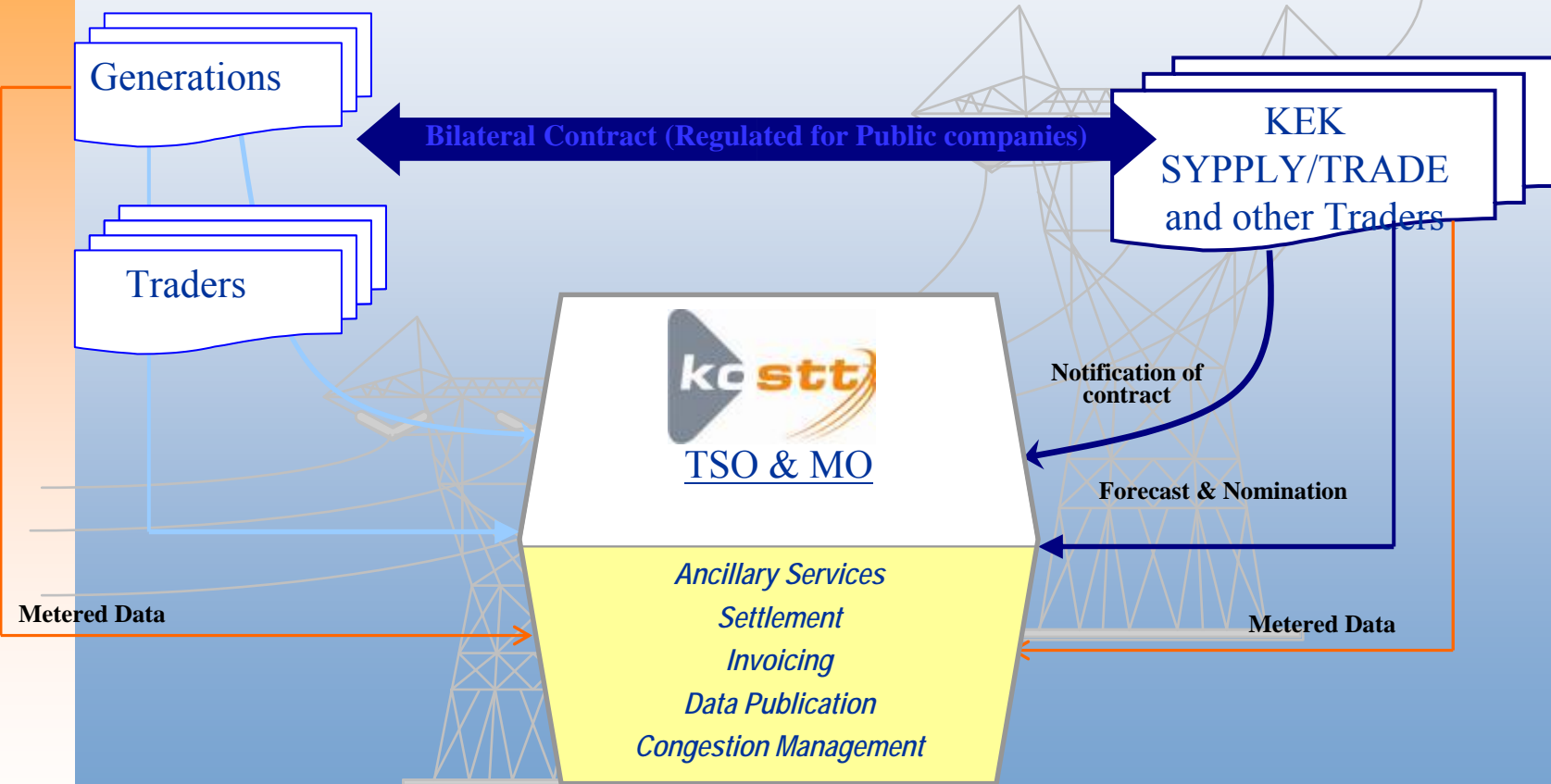
### **ELIGIBLE CUSTOMERS**

- CRITERIA DEFINED BY MEM-MINISTRY
- GRANTED BY ERO /FERRONICKEL, SHARCEM, ETC./

### ELECTRICITY MARKET IN KOSOVA

- ERO ISSUES LICENSE TO ALL MARKET PARTICIPANTS
- ERO HAS MONITORING ROLE

*"Bilateral Model"*



## INDEPENDENCE OF ERO/DECISION-MAKING

- Decisions issued by the Board of ERO are made using fully transparent public consultations.
- ERO decisions may be appealed to a court of competent jurisdiction. In reviewing such a decision, the court shall not substitute the technical discretion of the Energy Regulatory Office with its own discretion.
- Exclusion by law of conflict of interest.
- Protection via statute and constitution from political influence.
- Financial independence through self-funding from license fees.



### ASSEMBLY OF KOSOVA

#### ASSEMBLY COMMITTEE FOR

- ☐ Budget and Finance,
- ☐ Economy, Trade, Industry, Electricity, Transport and Telecommunication,
- ☐ Legislation and Judicial

#### ❖ APPOINTMENT OF ERO BOARD MEMBER / PROPOSED BY GOVERNMENT

- ERO REPORT TO KOSOVO PARLIAMENT
- ANNUAL REPORT /ACTIVITIES
- ERO BUDGET PROPOSED BY ERO and APPROVED BY ASSEMBLY

#### DIFFICULTIES:

- DIFFUCULT PROCESS of APPROVAL OF ERO BUDGET BY ASSEMBLY / UNCERTANTY/ YEAR BY YEAR?
- Size of Budget subject to reduction?
- Salary scheme of ERO Staff? Subject to different views?
- APPOINTMENT PROCESS OF NEW BOARD MEMBER?

### OBJECTIVES OF ECSEE TREATY:

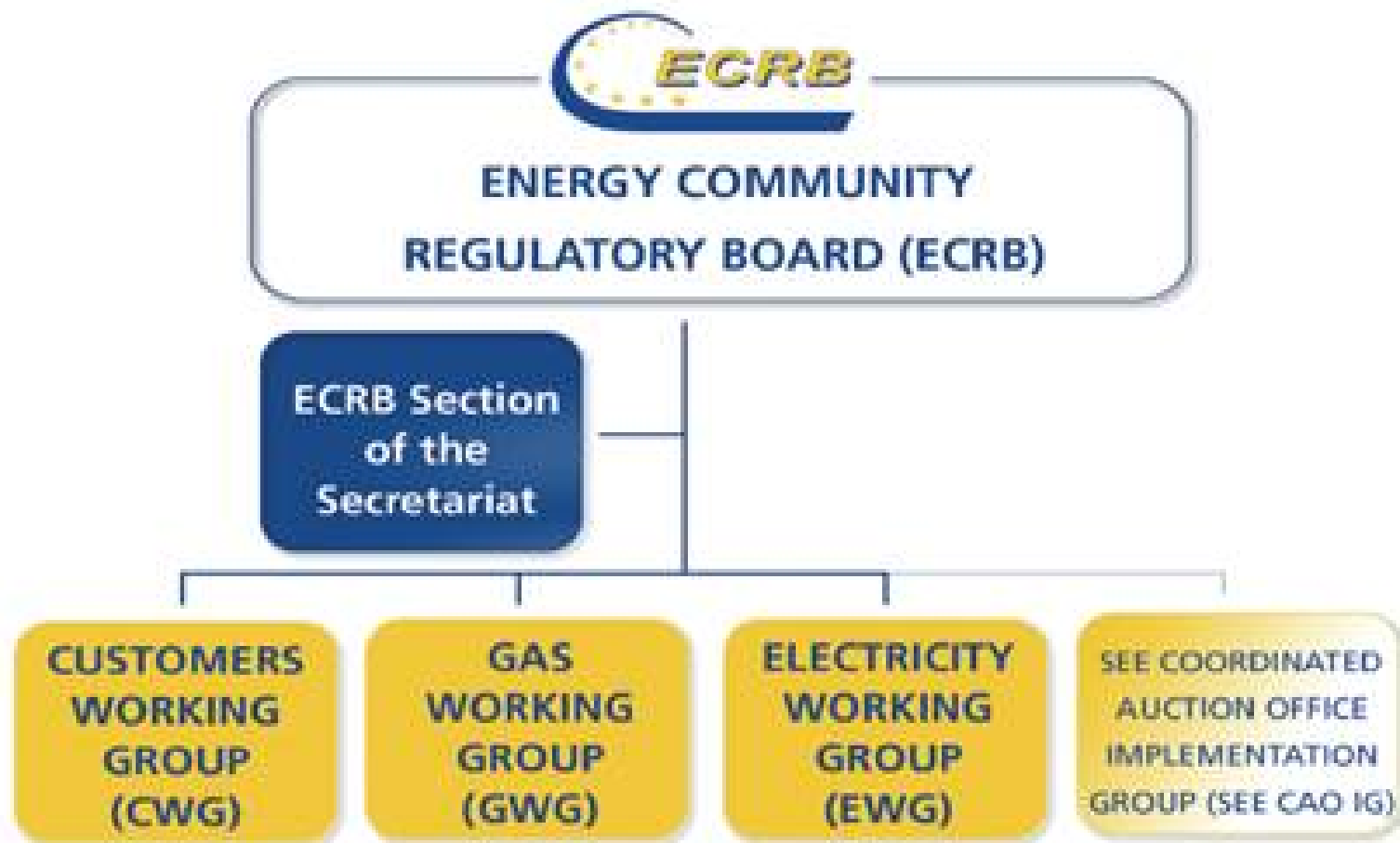
- OPTIMIZATION OF ENERGY USAGE & INFRASTRUCTURE
- ATTRACT PRIVATE CAPITAL INVESTMENTS IN GENERATION & NETWORKS (\$ 20 BIL – 2020)
- ENHANCE THE SECURITY OF SUPPLY
- ESTABLISHMENT OF AN “ENERGY BRIDGE” BASED ON FREE MARKET PRINCIPLES BETWEEN THE RICH ENERGY RESOURCES OF THE EAST AND THE “SHORT” ENERGY CUSTOMERS OF THE WEST
- IMPROVE THE ENVIRONMENTAL SITUATION & FOSTER THE USE OF RES
- DEVELOP COMPETITION ON A BROADER GEOGRAPHIC SCALE
- CO-ORDINATION & CO-OPERATION (IN OVERCOMING POLITICAL ISSUES, REGULATORY, INVESTMENTS, STATISTICAL & MARKET ETC.)
- CREATE A REGIONAL MARKET (THE 8<sup>TH</sup> REGION IN EUROPE) THAT WILL BE EASIER TO BE INTEGRATED WITH EU MARKET

# ENERGY COMMUNITY TREATY





## Key Stakeholders and Organizations





## ERRA - ENERGY REGULATORS REGIONAL ASSOCIATION

➤ **KOSOVO IS AN ASSOCIATED MEMBER of ERRA**

❖ **REPRESENTATIVES OF ERO IN ERRA:**

- **Licensing COMMITTEE**
- **TARRIFF COMMITTEE**
- **CHAIRMEN COMMITTEE**
- **LEGAL REGULATION COMMITTEE**

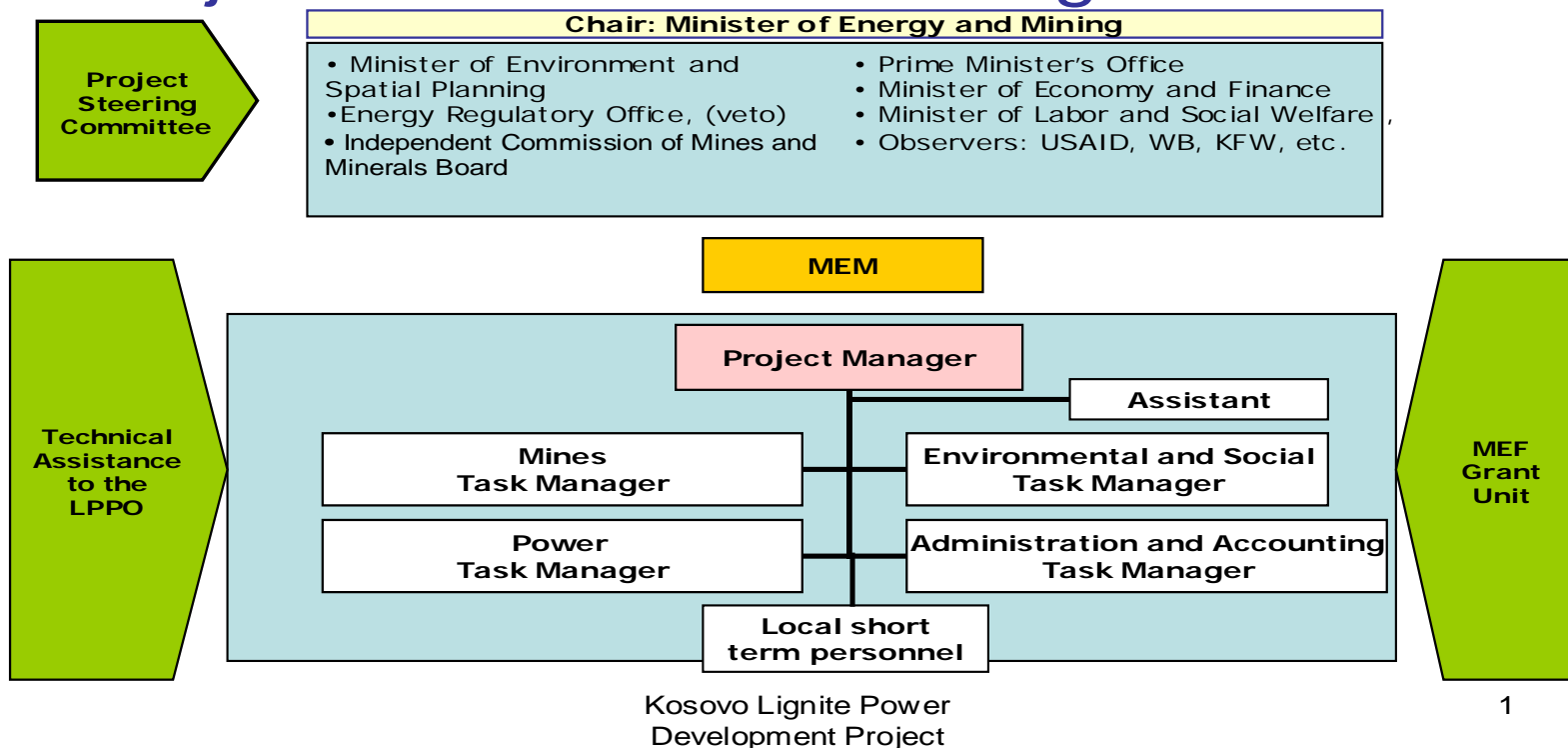
**And Working Group:**

- **GAS WG**

# “NEW KOSOVO” PROJECT DEVELOPMENT OF NEW GENERATING CAPACITY AND ASSOCIATED MINE

## The World Bank Lignite Power Technical Assistance Project - LPTAP

### Projects Office and Steering Committee



Relevant Duties (assigned by law) include:

- Ensure that buyer meets legal requirements to become a licensee
- Ensure that the general system of codes, rules and regulations meet international standards (most of this system of documents already exists)
- Ensure that proper principles apply to any computation of regulated tariffs (an ongoing duty of ERO done currently by annual cost-based tariff review proceedings)
- Ensure that quality of service is met by a licensee
- Ensure that transitional market rules are implemented



# THANK YOU !