



UNMIK

**MEM**

MINISTRIA E ENERGISË DHE MINIERAVE  
MINISTARSTVO ENERGIJE I RUDARSTVA  
MINISTRY OF ENERGY AND MINING



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MINISTRIA E ENERGISË  
DHE MINIERAVE

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MINISTRY OF ENERGY  
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# **ELECTRICITY ACTION PLAN**

## **Progress Report**

(17 Nov 2006 – mid-Feb 2007)

**Kosovo/UNMIK**

February 21, 2007

Chapter 1 - Adoption of the *acquis communautaire* - ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Completion Date	Responsible Institution
1.1	General rules	Develop and implement General Rules for the impositions on undertakings, customer protection, public service obligations, security of supply and technical rules	July 2007	<p><b>1.1 Imposition on undertakings</b> Based on the Rule on Licensing, ERO has issued licenses to all existing energy sector undertakings. Impositions are included in the conditions associating licenses.</p> <p><b>1.2 Customer Protection</b> ERO Board has approved the technical results of the Tariff Calculations of KOSTT and KEK for 2007 including a new Retail Tariff for Kosovo and a support mechanism for vulnerable customers.</p> <p>The ERO has approved the allowed revenues for KOSTT and KEK sh.a. and has requested both of them to apply for new tariffs that have to come in effect by 1<sup>st</sup> April 2007. Support mechanism for vulnerable customers will start to be applied as of 1<sup>st</sup> April 2007.</p> <p><b>1.3 Public Service Obligations</b> Public Service Obligations is imposed to KEK sh.a and KOSTT through licenses issued by ERO. To both of these energy undertakings.</p> <p><b>1.4 Security of Supply</b> The ITSMO (KOSTT) has compiled the long-term and annual energy balances for electricity which is submitted to the Ministry of Energy and Mining for approval.</p>	End of 2006	MEM/ERO
to	1.1 Imposition on undertakings				December 2006	ERO/Ministry of Labor and Social Welfare/MEM
	1.2 Customer protection				December 2006	ERO
1.5	1.3 Public Service Obligations				December 2006	ERO/KOSTT/KE K sh.a.
	1.4 Security of Supply				Jan 2007	KOSTT/ERO/MEM
	1.5 Technical Rules					

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				<b>1.5 Technical Rules</b>  KOSTT finalized and ERO has approved the following technical rules: - Grid Code - Metering Code  Other codes are under development, such as Electricity Standards Code, Connection Agreement, and Electricity Equipment Code etc.)	Jan 2007  Ongoing	KOSTT/ERO  KOSTT/ERO
1.14 to 1.15	Unbundling/ transparency of accounts  1.14 Rights of access to accounts  1.15 Unbundling of accounts	Develop and implement the provisions regarding Unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts	July 2007	<b>1.15 Unbundling of accounts</b>  Separate accounts for the generation, distribution and supply activities are being introduced as part of KEK sh.a's internal accounting. In addition, separate accounts for supply activities for eligible and non-eligible customers are being introduced  KOSTT JSC is entitled to keep separate account for Market Operation Business and for System Operation Business.	Ongoing  Ongoing	KEK sh.a./ERO  KOSTT/ERO
1.16 to 1.19	Organisation of access to the system  1.16 Third Party Access  1.17 Market opening and reciprocity  1.18 Direct Lines  1.19 Regulatory Authorities	Develop and implement the provisions regarding Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities	July 2007	<b>1.16 Third Party Access</b>  KOSTT allows third party access on the basis of ERO regulation and ERO approved use of system tariffs.  The ERO Board has determined the need for an interim transmission charging arrangement to apply prior to the coming into effect of new Transmission Use of System (TUOS) charges for the year 2007  <b>1.17 Market opening and reciprocity</b>	Jan 2007  Jan 2007  Jan 2007	KOSTT/ERO  ERO/KOSTT  MEM/ERO

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				MEM has developed conditions for market opening for all customers connected down to 35 kV		
1.20 to 1.22	Final Provisions: 1.20. Safeguard measures 1.21. Monitoring imports 1.22. Derogations	Develop and implement the Final Provisions: safeguard measures, monitoring imports, derogations (if applicable)	July 2007	<b>1.21 Monitoring imports</b>  KOSTT reports to ERO on the physical flows of imports of electricity, as required.  Public Supplier informs KOSTT on the imported energy and the price associated with this trade.	Ongoing	ERO/KOSTT/KE K sh.a.
1.24 to 1.29	Regulation 1228/2003:  1.24 Inter TSO Compensation mechanism  1.25 Charges for access to the networks  1.26 Transparency  1.27 Congestion Management  1.28 New Interconnectors  1.29 Penalties	Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties	July 2007	<b>Note regarding this Regulation:</b>  KOSTT (Kosovo ITSMO) has professionally and technically accepted the CBT/ITC mechanism. As of 13 October 2006 KOSTT is a full member of the SETSO. Since July 2004, KOSTT has not received any compensation for transits, the amount being approx 3 million Euro. The Serbian TSO already has received this money and is holding it. Despite this KOSTT is continues to operate in a transparent manner.  <b>1.24 Inter TSO Compensation mechanism</b>  Kosovo rights for ITC fund are not recognized by Serbia. From July 2004 Serbia refuses to pay Kosovo's part of this fund. Although the Serbian TSO has agreed on the volumes and values, payment to KOSTT was not made. Furthermore, KOSTT has not been recognized as the TSO of Kosovo with claims that Serbia retains the ownership of Transmission Network of Kosovo.  KOSTT is maintaining its transmission assets and covering losses caused by transit. Also it is paying regularly for the Secondary Regulation to Serbia, thus accomplishing its	Feb 2007	KOSTT/ERO

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				responsibilities as the TSO.		
				<p><b>1.25 Charges for access to the networks</b></p> <p>ERO Board has approved the technical results of the Tariff Calculations of KOSTT</p> <p>The ERO Board has determined the need for an interim transmission charging arrangement to apply prior to the coming into effect of new Transmission Use of System (TUOS) charges for the year 2007</p>	Jan 2007	ERO/KOSTT
				<p><b>1.27 Congestion Management</b></p> <p>Base on KOSTT application the ERO has approved the Transmission Capacity Allocation Procedures (TCAP) for interconnection lines with aim of application as soon as possible. KOSTT will negotiate with all adjacent TSOs regarding the NTC values of all interconnection lines.</p>	Jan 2007	ERO/KOST

**Chapter 2 – Market Structure – ACTIONS**

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Completion Date	Responsible Institution
2.1	Generation/ Supply	Assess market concentration in each Party's electricity industry through the commonly used indicators	Not applicable (except for unbundling)	<p><b>2.1 Generation/ Supply</b></p> <p>In the framework of further unbundling of KEK sh.a., Government has decided to establish a separate mining company which will take over all mining assets and operations from KEK sh.a.</p>	Nov 2006	Government/MEM
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable	<p><b>2.2 Generation/ Supply</b></p> <p>ERO has commenced a review on the allowed costs and revenues of the individual business activities of KEK sh.a.</p>	Jan 2007	ERO
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec. 2007	<p><b>2.3 Transmission System Operator</b></p> <p>KOSTT finalized and ERO has approved the following technical rules:</p> <ul style="list-style-type: none"> <li>- Grid Code</li> <li>- Metering Code</li> </ul> <p>Other codes under development (such as Electricity Standards Code, Connection Agreement, Electricity Equipment Code etc.)</p>	<p>Jan 2007</p> <p>Ongoing</p>	<p>ERO/KOSTT</p> <p>KOSTT/ERO</p>

**Chapter 3 – Wholesale market – ACTIONS**

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Completion Date	Responsible Institution
3.1	Market design	Adoption of market design and accompanying measures to ensure liquid competitive wholesale market	Dec. 2007	<b>3.1 Market Design</b> A transitional market is being implemented for 2007, although the much modified Bilateral/Net pool model with balancing mechanism is proposed & prepared.	Jan 2007	ERO/KOSTT
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec. 2007	<b>3.2 Market Rules</b> Transitional market rules developed by KOSTT and approved by ERO	Jan 2007	ERO/KOSTT
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec. 2007	<b>3.3 Market Transparency</b> Data transparency and services to market participants are covered in the Market Rules	N/A	ERO/KOSTT
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec. 2007	<b>3.4 Market Monitoring</b> Under development	N/A	ERO
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec. 2007	<b>3.5 Licensing &amp; Authorisation</b> - Approved Rule on Licensing - Licensing of energy activities – ongoing - Authorisation procedure	Ongoing  Under discussion	ERO  MEM/ERO

**Chapter 4 – Retail market – ACTIONS**

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Completion Date	Responsible Institution
4.1	Eligibility thresholds	Elaborate and implement market opening measures in terms of eligibility thresholds	Dec. 2007	<b>4.1 Eligibility thresholds</b> Eligibility conditions set by Ministry of Energy and Mining for 2007	Jan 2007	MEM/ERO
4.2	Payment reform	Adopt measures towards payment reform	Dec. 2007	<b>4.2 Payment Reform</b> A new Retail Tariff for Kosovo	April 2007	ERO



**Chapter 5 – Tariff reform and Affordability – ACTIONS**

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Completion Date	Responsible Institution
5.1	All-inclusive regulated retail tariffs	Development of retail cost reflective (all-inclusive) tariffs	Dec. 2007	<b>5.1 All-inclusive regulated retail tariffs</b> Rules approved: - New cost-reflective retail tariff - Support mechanism for vulnerable customers	April 2007	ERO
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec. 2007	<b>5.2 TPA Tariffs</b> The ERO Board has determined the need for an interim transmission charging arrangement to apply prior to the coming into effect of new Transmission Use of System (TUOS) charges for the year 2007	Jan 2007	ERO
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec. 2007	<b>5.4 Affordability</b> A support mechanism for vulnerable customers	Jan 2007	Government / ERO