



Republika e Kosovës
Republika Kosovo-Republic of Kosovo
Kuvendi - Skupština - Assembly

Law No.03/L –201

ON ELECTRICITY

Assembly of Republic of Kosovo,

Based on Article 65 (1) of the Constitution of Republic of Kosovo,

Approves:

LAW ON ELECTRICITY

CHAPTER I
GENERAL PROVISIONS

Article 1
Purpose and Scope

1. This Law establishes common rules for performing generation, transmission, distribution and supply of electricity, and for access to interconnections; for the organization of access to the transmission system and distribution system, and the operation of, and access to, the electricity market in Kosovo.

2. The purpose of this Law is to:

2.1. develop a competitive and sustainable electricity market, with common rules for generation, transmission, distribution, and supply of electricity, and for access to the market;

2.2. guarantee the conditions for a safe, reliable and permanent generation, transmission, distribution and supply of electricity, adhering to principles of energy efficiency;

2.3. set out the procedures for the granting of licenses for activities in electricity, and for authorizations and tendering for new capacity;

2.4. provide that all household customers and, when technically and economically feasible to do so, non-household customers, enjoy a universal service, that is the right to be supplied with electricity of a specified quantity and quality, at a reasonable tariff; and

2.5. provide appropriate measures to protect final customers, in particular adequate safeguards to protect vulnerable customers and customers in rural areas, including measures to help them avoid disconnection.

Article 2 Definitions

1. The terms used in this Law shall have the following meanings:

1.1. **Ancillary services** - all services necessary for the operation of a transmission system or distribution system.

1.2. **Balance between supply and demand** - the satisfaction of foreseeable demands of customers to use electricity without the need to enforce measures to reduce consumption.

1.3. **Certificate of origin** - any certificate issued by the Energy Regulatory Office that specifies the percentage of the electricity for which the certificate was issued was generated from a renewable energy source, or waste, or cogeneration of electricity and heating in one generation unit.

1.4. **Congestion** - a situation in which an interconnection linking national transmission systems, cannot accommodate all physical flows resulting from international trade requested by market participants, because of a lack of capacity of the interconnectors and/or one or both of the national transmission systems concerned.

1.5. **Cross-border flow** - a physical flow of electricity on the interconnector across the border between Kosovo and another country.

1.6. **Direct line** - either an electricity line which connects an isolated generation site with an isolated customer; or an electricity line which connects an electricity producer and an electricity supply enterprise to supply directly their own premises, subsidiaries and eligible customers.

1.7. **Dispatching** - the scheduling in advance of the electricity system to ensure the generation of electricity meets the foreseeable demand.

1.8. **Distribution** - the transport of electricity on distribution systems with a view to its delivery to customers, but not including supply.

1.9. **Distribution system** - a combination of electricity power lines and electricity equipment of high, medium, and low voltage to serve the distribution of electricity.

1.10. **Distribution System Operator** - an electricity enterprise responsible for operating, ensuring the maintenance and developing the distribution system in a given area and, where applicable, its interconnections with other systems and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity.

1.11. **Economic precedence** - the ranking of sources of electricity supply in descending order of price so that in terms of surplus generation, the cheapest sources are dispatched first.

1.12. **Electricity site** - any generation installation or electricity power plant (including its auxiliary equipment and systems and other related installations), or any installations that form part of the transmission system, or of the distribution system, or of any directly connected customer equipment, or any interconnectors, or any direct lines.

1.13. **Eligible customer** - a customer who is free to purchase electricity from the supplier of their choice.

1.14. **Export of electricity** - the transmission of electricity from Kosovo to another country on the understanding that simultaneous corresponding take-up of that electricity will take place in the other country.

1.15. **Final customer** - a customer purchasing electricity for its own use.

1.16. **Generation** - the production of electricity.

1.17. **Grid Code** - the technical code relating to the transmission system that is specified in Article 12 of this law.

1.18. **Household customers** - customers purchasing electricity for their own household consumption, excluding commercial or professional activities.

1.19. **Interconnectors** - equipment used to link electricity systems.

1.20. **Interconnected system** - a number of transmission and distribution systems linked together by means of one or more interconnectors.

1.21. **Import of electricity** - the transmission of electricity into Kosovo from another country on the understanding that simultaneous corresponding take-up of that electricity will take place in Kosovo.

1.22. **Market Operator** - the energy enterprise holding a license issued by the Energy Regulatory Office to operate the market for electricity in Kosovo.

1.23. **Metering device** - an instrument registered in the registry for certified metering equipment in the Republic of Kosovo and used for the measurement of generated, transmitted, distributed, supplied and consumed energy.

1.24. **Non-eligible customer** - any customer who is not an eligible customer.

1.25. **Non-household customers** - any natural or legal persons purchasing electricity which is not for their own household use and shall include producers and wholesale customers.

1.26. **Operational system security** - the continuous operation of the transmission system and, where appropriate, the distribution system under foreseeable circumstances.

1.27. **Producer** - a natural or legal person generating electricity.

1.28. **Public supplier** - an electricity enterprise licensed by the Energy Regulatory Office to carry out the activity of public supply.

1.29. **Public supply** - the supply of electricity to final customers at regulated tariffs in accordance with Article 18 of this Law.

1.30. **Reciprocity** - that the terms of access to a transmission system or distribution system and to the market in another country are reciprocal to those of Kosovo and that the eligible customers in that other country are considered eligible in both systems involved.

1.31. **Security of electricity supply** - the ability of the electricity systems to supply final customers with electricity, as provided for in this law.

1.32. **Supplier** - an electricity enterprise licensed to carry out the activity of supply.

1.33. **Supply** - the sale, including resale, of electricity to customers.

1.34. **System users** - natural or legal persons supplying to, or being supplied by, a transmission system or distribution system.

1.35. **Transit** - the transportation of electricity across the transmission system of Kosovo, where neither the generation nor the simultaneous corresponding take-up of that electricity takes place in Kosovo.

1.36. **Transmission** - the transport of electricity on the high-voltage interconnected system with a view to its delivery to final customers or Distribution System Operators, but not including supply.

1.37. **Transmission system** - a combination of electricity power lines and electricity units of high voltage serving the transmission of electricity.

1.38. **Transmission System Operator** - a natural or legal person responsible for operating, ensuring the maintenance of the transmission system and the development

of the transmission network, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity.

1.39. **Vertically integrated electricity enterprise** - an electricity enterprise or a group of electricity enterprises, where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the enterprise or the group of enterprises perform at least one of the functions of transmission or distribution, and at least one of the functions of generation or supply of electricity.

1.40. **Wholesale customer** - any natural or legal person who purchases electricity for the purpose of resale inside or outside the system where they are established.

2. Other terms used in this Law but not defined in this Law shall have the same meanings stipulated in the Law on Energy, and the Law on the Energy Regulatory.

CHAPTER II ELECTRICITY SYSTEM

Article 3 Electricity Power System

1. All electricity sites connected to the transmission system or distribution system in Kosovo shall be operated as a single electricity power system with a common and continuous duty of generation, transmission, distribution, and supply of electricity.

2. The electric power system in Kosovo shall operate in parallel with, and may be interconnected with, the electric power systems of other countries in the regional electricity market of South-Eastern Europe, and with the electric power system of other countries whose systems comply with technical standards and safety requirements recognized by the European Union.

CHAPTER III ELECTRICITY GENERATION

Article 4 Electricity Generation

Electricity generation shall be conducted by electricity enterprises with a generation license issued by the Energy Regulatory Office, or by a natural or legal person exempt from holding a license in accordance with the Law on the Energy Regulator.

Article 5
Rights of Producers of Electricity

1. Producers of electricity shall, subject to the provisions of this Law, the Law on the Energy Regulator, and the relevant licenses, codes, and rules prescribed by the Energy Regulatory Office, be entitled to:

1.1. use energy sources they consider most suitable for the process of generation at their electricity plants, subject to the use of resources being conducted in compliance with all relevant technical and environmental requirements and energy efficiency;

1.2. connect their power plants to the transmission system or distribution system;

1.3. conclude contracts for the sale of electricity, electrical capacity, and ancillary services;

1.4. do the transmission of their electricity through the transmission system and/or distribution system; and

1.5. bill for and collect the remuneration due to them under their contracts and for all other sales of energy, capacity, or ancillary services.

Article 6
Obligations of Producers of Electricity

1. A producer of electricity shall be obligated to:

1.1. comply with all conditions stipulated in the license for carrying out the generation activity, if such a license is required;

1.2. comply with all relevant technical rules prescribed by the relevant system operators, including the Grid Code and the Distribution Code;

1.3. act in compliance with regulations related to environmental protection to ensure permanent control of the impact on the environment;

1.4. equip themselves with adequate metering devices for the measurement of electricity that enters a system; and

1.5. comply with all other obligations that may arise from the enforcement of this Law and related legislation and regulations, rules, and codes.

2. A producer of electricity, where at least one of its generation assets has an installed capacity of more than 5 MW, shall for a period of five years keep at the disposal of the Energy Regulatory Office, the Kosovo Competition Commission, and any international organizations established under international agreements or regulation binding on Kosovo mandated with such related tasks, all hourly data per plant that is necessary to verify all operational dispatching decisions and the bidding behavior at power exchanges, interconnection auctions, reserve markets and over-the-counter-markets. The per-plant and

per hour information to be stored shall include, but shall not be limited to, data on available generation capacity and committed reserves, including allocation of those committed reserves on a per-plant level, at the times the bidding is carried out and when production takes place

Article 7

Obligation of Producer to Provide Electricity

All producers shall, in respect of any power plant of installed capacity exceeding 5MW that existed and was operational as of the date of the coming into force of this Law, provide the public supplier with the electricity generated from all such plants, at tariffs regulated in line with Article 41 of the Law on the Energy Regulator, should the public supplier need such electricity to fulfill its obligations as a public supplier.

Article 8

Producer's Right to Sell Electricity

1. Subject to Article 7 of this Law and the conditions of any concerned license it holds, a producer may enter into a contract to sell, at freely negotiated prices, the electricity produced by it, or the capacity of its power plants, where necessary using the regulated services of the Transmission System Operator and Distribution System Operator, to:

1.1. eligible customers in Kosovo;

1.2. suppliers in Kosovo;

1.3. foreign eligible customers or external suppliers, for which purpose it may export electricity; and/or

1.4. the public supplier, in cases where Article 7 of this Law does not apply.

2. Subject to Article 7 of this Law and Chapter XII below, and to the conditions of any appropriate license it holds, a producer may also sell the electricity produced by it, or the capacity of its power plants, to the electricity market in Kosovo or to the regional power market.

Article 9

Certificates of Origin

1. Energy enterprises generating electricity from renewable energy resources or engaged in co-generation shall be entitled to certificates of origin issued by the Energy Regulatory Office.

2. In the certificate of origin, the Energy Regulatory Office shall:

2.1. certify the maximum capacity of the electricity generation plant, as well as the sources used for generation;

- 2.2. determine the timeframe for submitting information and statements to the Energy Regulatory Office in respect of the operation of the power plant.
3. The public supplier shall give purchasing priority to electricity produced from renewable energy sources for which a certificate of origin has been issued by the Energy Regulatory Office.
4. Public supplier shall be required to purchase at a regulated tariff the entire amount of electricity produced from renewable sources, required to meet the needs of electricity consumption in Kosovo, with the exception of any amount for which the producer has entered into contracts pursuant to the provisions of this Law.
5. The Energy Regulatory Office shall make arrangements to compensate the additional costs to the public supplier from purchasing electricity under the terms of this Article by means of a specific charge on the services of the Transmission System Operator, which shall be applied in a transparent and non-discriminatory manner to all suppliers, and final customers connected to the transmission system, proportionate to their consumption
6. The Energy Regulatory Office shall set up a methodology for establishing regulated tariffs payable by the public supplier for electricity from renewable energy sources, as provided in the Law on the Energy Regulatory Office. This methodology shall include provision for the compensation of the public supplier for the additional cost of purchasing electricity from renewable energy sources.

Article 10

Fuel reserves

1. Licensed producers of electricity with public service obligations relating to fuel reserves shall maintain sufficient fuel reserves to ensure continuous and reliable electricity production or special reserve generation capacities that provide for secure supply to customers.
2. The level of fuel reserves and special reserve generation capacities that producers of electricity with public service obligations relating to fuel reserves shall maintain will be determined and published regularly by the Ministry.

CHAPTER IV

ELECTRICITY TRANSMISSION

Article 11

Transmission System Operator

1. The Transmission System Operator shall own and be responsible for the operation of the transmission system in Kosovo, and will own any other assets that are necessary for this activity, in accordance with a license issued by the Energy Regulatory Office.

2. The Transmission System Operator shall be an independent joint-stock company, shall not be part of a vertically integrated electricity enterprise, and shall be independent from activities not related to transmission or to the administration of the electricity market, in terms of its legal form, organization, and decision making processes.

3. In order to ensure the independence of the Transmission System Operator, the persons responsible for its management may not, directly or indirectly, participate in any company structures or any decision-making processes of the Ministry, the Energy Regulatory Office, or any other energy enterprise responsible for generation, maintenance, supply, servicing, distribution, or coal mines or other supplies of fuel.

4. The Transmission System Operator shall establish, and the Energy Regulatory Office shall approve, a compliance programme, which sets out measures to be taken to ensure that discriminatory conduct is excluded and to ensure that the observance of such programme is adequately monitored. The programme shall set out the specific obligations of the employees of the Transmission System Operator to meet this objective. An annual public report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance programme to the Energy Regulatory Office.

Article 12

Responsibilities and Rights of the Transmission System Operator

1. The Transmission System Operator shall be responsible for:

1.1. operation, maintenance, and development of the transmission system and its interconnectors with other systems, in order to ensure operational system security and security of electricity supply;

1.2. managing energy flows on the transmission system, cross-border flows, and any congestion that may arise, taking into account exchanges with other interconnected systems, so as to maintain the balance between supply and demand and ensure economic efficiency in the management of energy flows;

1.3. developing balancing rules and balancing the electricity system;

1.4. maintaining an appropriate level of technical transmission reserve capacity, in order to achieve an adequate level of operational network security;

1.5. ensuring the availability of all necessary ancillary services;

1.6. operating a mechanism for coordinating with the operators of any other system with which its transmission system is connected, and providing the operators of those other systems with all necessary information to ensure the secure and efficient operation, coordinated development and interoperability of the interconnected systems, taking account of the need for congestion management;

1.7. complying with any quality of supply and system security standards set by the Energy Regulatory Office;

1.8. ensuring that interruption of supply in emergency situations, as required by the occurrence of an event specified in paragraph 2 of Article 22 of the Law on Energy, is based on pre-defined and objective criteria developed by the Transmission System Operator and approved by the Energy Regulatory Office;

1.9. ensuring non-discrimination between system users or classes of system users;

1.10. deriving and publishing daily estimates of total transmission capacity and available transfer capacity, and expected reliability, such estimates to be published at least one (1) month in advance and updated on a regular basis;

1.11. identifying available cross-border transmission capacity and providing congestion management for all transactions on the interconnectors with neighboring systems through market based rules and mechanisms, established and applied with other operators of the regional electricity market. The Transmission System Operator shall develop rules for congestion management and submit them for approval to the Energy Regulatory Office;

1.12. providing system users with all other information they need for efficient access to the system;

1.13. dispatching of generation;

1.14. giving priority to dispatch of electricity generation from renewable energy resources and co-generation, subject only to any limits specified for purposes of system security by the Grid Code and other rules and regulations;

1.15. establishing and publishing standard rules on who bears the costs of technical adaptations, such as grid connections and grid reinforcements, necessary to integrate new electricity generation into the interconnected system. Such rules shall be submitted for approval to the Energy Regulatory Office, and shall be based on objective, transparent and non-discriminatory criteria, taking particular account of all the costs and benefits associated with the connection of these producers to the system;

1.16. providing any new electricity producer wishing to be connected to the transmission system with a comprehensive and detailed estimate of the costs associated with the connection, for which estimate the Transmission System Operator may levy a charge that reflects its reasonable costs;

1.17. establishing and publishing standard rules relating to the sharing of costs of system installations, such as grid connections and reinforcements, between all electricity producers benefiting from them. Such rules shall be submitted for approval to the Energy Regulatory Office, and shall be consistent with all applicable sub-legal acts;

1.18. developing and proposing tariffs and tariff methodologies for use of, and connection to, the transmission system that are non-discriminatory and that provide efficient economic signals to system users, including in relation to congestion management, and that any such proposals should be submitted to the Energy

Regulatory Office for approval and publication in accordance with the rules and procedures contained in Chapter IX of the Law on the Energy Regulator;

1.19. organizing studies and arranging the financing of construction of new transmission lines, interconnectors and other facilities necessary for the prudent operation, maintenance, development and management of the transmission system in Kosovo;

1.20. complying with the obligations related to the ten (10) year system development plan under sub-paragraph 5.6 of paragraph 5, and paragraph 6 of Article 14 of the Law on the Energy Regulator;

1.21. complying with the Grid Code and all other applicable codes and rules;

1.22. taking into account opinions and recommendations, and following decisions, of institutions established in the Energy Community or in the European Union, where such organizations are mandated by means of international agreements or regulation binding on Kosovo;

1.23. cooperating with the organizations of sub-paragraph 1.22 of this paragraph in providing information necessary for the monitoring by such organizations of network development plans, use and development of interconnectors, and regional cooperation;

1.24. participating to the European Network of Transmission System Operators for Electricity;

1.25. setting up appropriate joint ventures, including those with other transmission system operators, power exchanges, and other relevant actors pursuing the objectives to develop the creation of regional markets or to facilitate the liberalisation process; and

1.26. performing any other activity foreseen by this Law and other applicable Laws.

2. The Transmission System Operator shall report to the Energy Regulatory Office, as provided in its license and the Law on the Energy Regulator, and provide it with information on such matters it may specify, in such form and at such intervals as may be required by the Energy Regulatory Office.

3. The Transmission System Operator shall compile and review the Grid Code, and in doing so it shall consult as applicable with operators of other systems to which it is connected. The Transmission System Operator must submit the Grid Code and any changes to it for approval to the Energy Regulatory Office.

4. The Grid Code shall cover such matters as the Energy Regulatory Office may specify, and this shall include:

4.1. the minimum rules for safety, planning, design and operation of the transmission system, including obligations for maintaining an appropriate level of system security and reserve capacity;

4.2. the technical rules establishing the minimum technical design and operational criteria for connection to the system and interconnection and operation of other systems;

4.3. the technical and economic criteria to be used in dispatching domestic or imported generation, subject to Article 9 of this Law, taking into account the economic precedence of electricity from available installed generation or interconnector transfers, the technical constraints on the system, and the required supply reliability; and

4.4. the procedures applicable for system operations in contingency situations.

5. The Grid Code shall be published and shall ensure the interoperability of systems, shall be objective and non-discriminatory, and shall be applied in an objective and non-discriminatory manner.

6. The Transmission System Operator shall monitor the implementation of the Grid Code and report on an annual basis to the Energy Regulatory Office on its implementation.

7. The Transmission System Operator shall be entitled to bill for and collect the remuneration due to it under its contracts and for all other services provided, including the costs related to its participation in such international organizations as may be necessitated by international agreements or regulation binding on Kosovo. The terms and conditions, including rules and tariffs, for the provision of services by the Transmission System Operator shall be established in a non-discriminatory and cost-reflective way, shall be subject to the approval of the Energy Regulatory Office, and shall be published.

Article 13

Procurement of Electricity by the Transmission System Operator

1. The Transmission System Operator shall procure such quantities of energy, reserve capacity, or other ancillary services as are required for the efficient operation of the transmission system according to transparent, non-discriminatory and market-based procedures.

2. Any rules adopted by the Transmission System Operator for balancing the electricity system shall be objective, transparent and non-discriminatory, including and all rules for charging system users for energy imbalances. Any such rules shall be submitted by the Transmission System Operator to the Energy Regulatory Office for approval.

Article 14

Confidential information

1. The Transmission System Operator shall maintain secrecy of confidential information obtained in the course of performing its activities. Publication or other disclosure by the Transmission System Operator of any information about its activities which may bring advantages or benefits to any other person shall be conducted in a non-discriminatory manner.

2. Notwithstanding paragraph 1 of this Article, the Ministry or the Energy Regulatory Office may require the Transmission System Operator to provide the Ministry or the Energy Regulatory Office with any confidential information necessary to discharge their functions, powers, and duties.

CHAPTER V DISTRIBUTION OF ELECTRICITY

Article 15 Distribution System Operator

1. The Government of Republic of Kosovo in compliance with open and competitive procedures shall appoint one (1) or more legal persons as candidates to become a Distribution System Operator. Each candidate shall promptly apply for a license from the Energy Regulatory Office upon its appointment by the Government. Each Distribution System Operator shall own and be responsible for the operation of its respective distribution system.

2. When the Distribution System Operator is part of a vertically integrated electricity enterprise, it shall be independent from all other activities not relating to distribution, at least in terms of its legal form, organization and decision making.

3. In order to ensure the independence of the Distribution System Operator, the following minimum criteria shall apply and shall be incorporated into the license of the Distribution System Operator:

3.1. persons responsible for the management of a Distribution System Operator may not participate in company structures of any vertically integrated electricity enterprise responsible, directly or indirectly, for the day-to-day operation of the generation, transmission or supply of electricity;

3.2. appropriate measures must be taken to ensure that the professional interests of the persons responsible for the management of a Distribution System Operator are taken into account in a manner that ensures that they are capable of acting independently;

3.3. the Distribution System Operator shall have effective decision-making rights, independent from the vertically integrated electricity enterprise, with respect to assets necessary to operate, maintain and develop the system.

3.4. the Distribution System Operator shall have at its disposal the necessary resources including human, technical, physical and financial resources;

3.5. the Distribution System Operator shall establish, and the Energy Regulatory Office shall approve, a compliance programme, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored. The programme shall set out the specific obligations of employees to meet this objective. An annual public report, setting out the measures

taken, shall be submitted by the person or body responsible for monitoring the compliance programme to the Energy Regulatory Office.

4. The provisions of this Article should not prevent the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in respect of return on assets, regulated indirectly in accordance with any relevant provisions, in a subsidiary are protected. In particular, this shall enable the parent company to approve the annual financial plan, or any equivalent instrument, of the Distribution System Operator and to set global limits on the levels of indebtedness of its subsidiary. The parent company shall not be permitted to give instructions regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of distribution lines, that do not exceed the terms of the approved financial plan, or any equivalent instrument.

5. Where the Distribution System Operator is part of a vertically integrated electricity enterprise, the activities of the Distribution System Operator shall be monitored by the Energy Regulatory Office so that it cannot take advantage of its vertical integration to distort competition. In particular, when the Distribution System Operator is part of a vertically integrated electricity enterprise it shall not, in its communication and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated electricity enterprise.

6. Where, on the basis of reports submitted or any other information, the Energy Regulatory Office is not satisfied that the Distribution System Operator is fully complying with the provisions of paragraphs 3 and 5 of this Article, the Distribution System Operator shall promptly provide any further information that the Energy Regulatory Office may require. Where it considers it necessary to ensure compliance with paragraphs 3 and 5 of this Article, the Energy Regulatory Office shall take all necessary further action to ensure compliance with these provisions and with the Distribution System Operator's license.

Article 16

Responsibilities and Rights of a Distribution System Operator

1. A Distribution System Operator shall be responsible for:

1.1. ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity, for operating, maintaining and developing under economic conditions a secure, reliable and efficient electricity distribution system in its area with due regard for the environment and energy efficiency;

1.2. providing a connection in accordance with this Law to any household customer that requests it;

1.3. providing a connection in accordance with this Law to any non-household customer that requests it, except where it is not technically or economically feasible to do so;

1.4. ensuring non-discrimination between system users or classes of system users, particularly not in favor of any subsidiary or shareholder;

- 1.5. complying with any quality of supply and distribution system security standards set by the Energy Regulatory Office;
- 1.6. ensuring that cut off of supply in emergency situations is based on pre-defined and objective criteria, and that arrangements are in place for consultation over cut off with other electricity enterprises and the Energy Regulatory Office;
- 1.7. providing system users with the information they need for efficient access to, including use of, the system;
- 1.8. giving priority to dispatch of electricity generation from renewable energy resources and co-generation, subject only to any limits specified for purposes of system security by the Grid Code, the Distribution Code, and other rules and regulations;
- 1.9. establishing and publishing standard rules on who bears the costs of technical adaptations to its distribution system, such as grid connections and grid reinforcements, necessary to integrate new facilities for electricity generation into the system. Such rules shall be submitted for approval to the Energy Regulatory Office, shall be consistent with the Energy Strategy and shall be based on objective, transparent and non-discriminatory criteria, taking particular account of all the costs and benefits associated with the connection of these producers to the system;
- 1.10. providing any new electricity producer wishing to be connected to the distribution system with a comprehensive and detailed estimate of the costs associated with the connection, for which estimate the Distribution System Operator may levy a charge that reflects its reasonable costs;
- 1.11. establishing and publishing standard rules relating to the sharing of costs of system installations, such as grid connections and reinforcements, between all system users benefiting from them. Such rules shall be submitted for approval to the Energy Regulatory Office, and shall be consistent with the Energy Strategy and all other applicable sub-legal acts;
- 1.12. planning and carrying out the development of its distribution system, taking into account energy efficiency measures or distributed generation that might supplant the need to upgrade or replace electricity capacity;
- 1.13. drafting and publishing mid-term and long-term plans, covering periods of at least three (3) year and ten (10) years respectively, for developing the distribution systems and coordinating the preparation of such plans with the Transmission System Operator and with municipalities;
- 1.14. developing and proposing tariffs and tariff methodologies for use of, and connection to, the distribution system that are non-discriminatory and that provide efficient economic signals to system users, and that any such proposals should be submitted to the Energy Regulatory Office for approval and publication in accordance with the rules and procedures contained in Chapter IX of the Law on the Energy Regulator;

- 1.15. studying the economic development and demand change prospects in its territory;
 - 1.16. assisting municipalities in the preparation of their plans, programs and development strategies;
 - 1.17. making available copies of mid-term and long-term development plans for its distribution system to the Transmission System Operator; and
 - 1.18. complying with the Grid Code, Distribution Code, and all other applicable codes and rules.
2. The Distribution System Operator shall report to the Energy Regulatory Office, as provided in its license and the Law on the Energy Regulator, and provide it with information on such matters it may specify, in such form and at such intervals as may be required by the Energy Regulatory Office.
 3. A Distribution System Operator shall compile and keep under review a Distribution Code for its system, and in doing so it shall consult as applicable with operators of other systems to which it is connected. A Distribution System Operator must submit the Distribution Code and any changes to it for approval to the Energy Regulatory Office.
 4. The Distribution Code shall cover such matters as the Energy Regulatory Office may specify, and this shall include:
 - 4.1. the minimum rules for design and operation of the distribution system, including obligations for maintaining an appropriate level of system security and reserve capacity;
 - 4.2. the technical rules establishing the minimum technical design and operational criteria for connection to the system and interconnection and operation of other systems;
 - 4.3. the procedures applicable for system operations in contingency situations.
 5. The Distribution Code shall be published and shall be objective and non-discriminatory; and shall be applied in an objective and non-discriminatory manner.
 6. The Distribution System Operator shall monitor the implementation of the Distribution Code and report on an annual basis to the Energy Regulatory Office on its implementation.
 7. The Distribution System Operator shall be entitled to bill for and collect the remuneration due to it under its contracts and for all other services provided. The terms and conditions, including rules and tariffs, for the provision of services by the Distribution System Operator shall be established in a non-discriminatory and cost-reflective way, shall be subject to the approval of the Energy Regulatory Office, and shall be published.
 8. A Distribution System Operator shall procure any energy required for the efficient operation of its distribution system, and any maintenance or other services required according to transparent, non-discriminatory and market-based procedures.

Article 17
Confidential information

1. The Distribution System Operator shall maintain secrecy of confidential information obtained in the course of its activities. Publication or other disclosure by the Distribution System Operator of any information about its own activities which may bring advantage or benefits to any other person shall be conducted in a non-discriminatory manner.
2. Despite paragraph 1 of this Article, the Ministry or the Energy Regulatory Office may require a Distribution System Operator to provide the Ministry or the Energy Regulatory Office with any confidential information necessary to perform their functions, powers, and duties.

CHAPTER VI
ELECTRICITY SUPPLY

Article 18
Public Supplier

1. The public supplier shall carry out the public service obligation of providing reliable electricity supply at regulated tariffs to non-eligible customers. Tariff regulation shall be in accordance with Article 41 of the Law on the Energy Regulator. The public supplier shall be an enterprise with a license from the Energy Regulatory Office to conduct the public supply of electricity, and may not be an electricity generator.
2. The public supplier shall have the right to:
 - 2.1. sell, on an exclusive basis, electricity to non-eligible customers, in accordance with its license and any other applicable terms and conditions;
 - 2.2. supply electricity to eligible customers, where requested to do so by the customer in accordance with its license and any other applicable terms and conditions;
 - 2.3. purchase electricity from producers of electricity at regulated tariffs in compliance with Article 7 and of this Law and Article 41 of the Law on the Energy Regulator;
 - 2.4. purchase capacity and electricity from other producers or suppliers at an unregulated tariff;
 - 2.5. sell capacity and electricity to other licensed electricity enterprises, in accordance with procedures specified by the Energy Regulatory Office, in the event that its customers' demand for electricity is reduced below the level it has contracted for;
 - 2.6. carry out the import of electricity and capacity in accordance with paragraph 3 of this Article;

2.7. carry out the export of electricity and capacity in the event that its customers' demand for electricity is reduced below the level it has contracted for; and

2.8. prepare and submit bills and collect payment from its customers and other electricity enterprises, and such billing and collections shall be monitored by the Energy Regulatory Office, as provided in the Law on the Energy Regulator or other applicable laws, and any licenses, codes or other rules issued under them.

3. Notwithstanding the obligation of the state-owned enterprise described in paragraph 1 of Article 38 of this Law, the Public Supplier shall have the general obligation to procure a reliable supply of electricity to meet the demands of non-eligible electricity customers from domestic or non-domestic sources.

4. The public supplier may conclude power purchase agreements with producers of electricity in compliance with the applicable competition and state aid legislation.

5. Where a power purchase agreement concluded in accordance with paragraph 4 of this Article envisages the sale of electricity at regulated prices, the Energy Regulatory Office shall have the right to approve any proposal by the parties to amend the methodology or basis on which those initial prices (or components of those prices) are calculated, or the methodology by which annual or other adjustments to those prices (or components of those prices) shall be made. Article 41 of the Law on the Energy Regulator remains unaffected.

6. The public supplier shall:

6.1. supply electricity to any non-eligible customers which requests it to do so;

6.2. supply electricity to eligible customers where requested to do so, provided that such supply shall only be at a regulated tariff where such a regulated tariff has been established by the Energy Regulatory Office for such eligible customers, and subject to such other conditions as the Energy Regulatory Office may determine;

6.3. purchase as a priority any capacity and electricity for which a certificate of origin has been issued by the Energy Regulatory Office at a regulated tariff determined by, or established according to a methodology approved by the Energy Regulatory Office;

6.4. establish, following consultations with the Energy Regulatory Office, such mechanisms as may aid vulnerable customers to avoid disconnection for non-payment of electricity bills;

6.5. deal effectively with any complaints from its customers, and the handling of such complaints shall be monitored by the Energy Regulatory Office, as provided in the Law on the Energy Regulator or other applicable Laws and or other rules issued under the Energy Regulatory Office; and

6.6. provide a financial guarantee to cover all transactions it undertakes with respect to the electricity market. The requirements for the form, type and amount of financial guarantee shall be defined in the rules of the electricity market; and

6.7. where it has been nominated as the supplier of last resort by the Energy Regulatory Office, carry out such duties as may be specified in its license subject to the recovery of any additional costs that may be incurred in the efficient carrying out of those duties, in accordance with paragraph 4 of Article 16 of the Law on Energy.

7. The public supplier shall have the obligation to provide regular information to its customers about matters relating to their electricity supply, including environmental matters. The information to be provided shall be in accordance with the requirements of the Energy Regulatory Office, and the public supplier shall also ensure that it includes with bills and in promotional materials made available to final customers:

7.1. the contribution of each energy source to the overall fuel mix of the public supplier over the preceding year;

7.2. at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO₂ and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available; and

7.3. information concerning the rights of customers as regards the means of dispute settlement available to them in the event of a dispute.

8. The public supplier shall enter into contracts with all final customers to which it provides a supply of electricity. Such contracts shall be in accordance with the General Conditions of Energy Supply, and with the requirements of Article 27 of this Law.

9. Any person who connects to a distribution system and uses electricity supplied by the public supplier without a contract, as provided in this Article, shall be liable to be disconnected by the Distribution System Operator in accordance with the rules on disconnections that have been determined by the Energy Regulatory Office.

10. The public supplier may arrange to connect a meter to supply the common areas of premises only if a natural or legal person has signed a contract with the public supplier and agreed to pay for all capacity, energy, distribution services and transmission services supplied through that meter.

11. The Energy Regulatory Office may regulate the terms and conditions under which any customer of the public supplier who is responsible for the payment for electricity registered by a meter supplying communal areas may levy charges to other persons who benefit from that electricity.

12. The Energy Regulatory Office shall ensure that the public supplier's ability to meet its payment obligations in respect of capacity to the producer under a power purchase agreement is not diminished in the event of eligible customers switching to other suppliers active in the competitive market. To this end, the Energy Regulatory Office may make arrangements such as the introduction of electricity release programmes referred to in Article 25 of this Law.

13. Public supplier shall make available, for a period of at least five (5) years, relevant data related to all contract transactions for electricity purchase, supply and electricity derivatives' supply with wholesale customers and Transmission System Operator, to the Energy

Regulators Office, Kosovo Competition Commission and other competent authorities of the Energy Community, with a view to fulfill its duties.

14. The data referred to in paragraph 13 of this Article shall include details on the characteristics of the relevant transactions such as duration, delivery and settlement rules, the quantity, the dates and times of execution and the transaction prices and means of identifying the wholesale customer concerned, as well as specified details of all unsettled electricity supply contracts and electricity derivatives.

15. The Energy Regulatory Office may decide to make available to market participants elements of the information referred to in paragraph 16 of this Article, provided that commercially sensitive information on individual market players or individual transactions is not released.

16. The Energy Regulatory Office shall take the necessary steps to ensure that the information provided by the public supplier to its customers pursuant to this Article is reliable and is provided, at the national level, in a clearly comparable manner.

Article 19 **Eligible Customers**

1. The supply of electricity is a competitive activity and any qualified enterprise, domestic or foreign, may apply for and obtain a license to supply eligible customers as provided in this Article, in accordance with further criteria established by the Energy Regulatory Office.

2. The Energy Regulatory Office shall ensure that effective arrangements are in place to allow eligible customers to switch supplier as simply as possible, in no more than three (3) weeks after notifying their current supplier, that there is no charge for such switching, and that large non-household customers shall have the right to contract simultaneously with several suppliers.

3. Those customers who have been granted the status of eligible customers at the time when this law enters into force, shall retain such status.

4. All customers except household customers are eligible. All customers shall be eligible customers by 1 January 2015.

5. The public supplier may only supply electricity to eligible customers in accordance with Article 18 of this Law.

6. A change of supplier by an eligible customer shall be done following the procedures established in the Market Rules as approved by the Energy Regulatory Office.

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Article 20 **Supply to Eligible Customers**

1. Supply of electricity to eligible customers may be carried out by any person holding a license for supply issued by the Energy Regulatory Office.

2. The terms and conditions of a licence for eligible supply shall be determined by the Energy Regulatory Office, which shall require that the supplier be of sound reputation and have purchase contracts capable of backing its supply activities. The Energy Regulatory Office shall ensure that licensing procedures and license conditions do not discriminate against supply undertakings already registered in another country within the Energy Community, regardless of the country in which the supplier is registered.

3. An electricity enterprise licensed to supply eligible customers (other than the holder of the public supplier license) shall have the right to:

3.1. sell capacity and electricity to eligible customers at unregulated tariffs;

3.2. purchase capacity and electricity from producers at unregulated tariffs;

3.3. purchase and sell capacity and electricity from and to other suppliers at unregulated tariffs;

3.4. purchase capacity and energy from the public supplier, subject to the provisions of Article 18 of this Law;

3.5. import and export capacity and electricity; and

3.6. bill and collect payment from eligible customers and other suppliers.

4. An electricity enterprise licensed to supply eligible customers shall take necessary steps to protect the interests of its customers, and shall have the obligation to deal effectively with any complaints from its customers. The handling of such complaints shall be monitored by the Energy Regulatory Office, as provided in the Law on the Energy Regulator or other applicable Laws and any licenses, codes, or other rules issued by the Energy Regulatory Office.

5. An electricity enterprise licensed to supply eligible customers shall provide regular information to its customers about matters relating to their electricity supply, including environmental matters. The information to be provided shall be in accordance with the requirements of the Energy Regulatory Office, and the licensed supplier shall also ensure that it includes with bills and in promotional materials made available to final customers:

5.1. the contribution of each energy source to the overall fuel mix of the licensed supplier over the preceding year;

5.2. at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO₂ and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available; and

5.3. information concerning the rights of customers as regards the means of dispute settlement available to them in the event of a dispute;

6. The Energy Regulators Office shall take the necessary steps to ensure that the information provided by suppliers to their customers pursuant to paragraph 5 of this Article is reliable and is provided, at the national level, in a clearly comparable manner.

7. An electricity enterprise licensed to supply eligible customers shall present a financial guarantee to cover all transactions it undertakes with respect to the electricity market. The requirements for the form, type and amount of financial guarantee shall be defined in the rules of the electricity.

8. Electricity enterprises licensed to supply eligible customers shall apply the provisions of paragraphs 13, 14 and 15 of Article 18 of this Law regarding record keeping.

Article 21 Direct lines

1. All electricity producers in Kosovo shall be granted the possibility to connect their facilities, or facilities of their subsidiaries, or of eligible customers through direct lines.

2. All eligible customers in Kosovo shall have the right to be supplied through a direct line when technically and economically feasible.

3. Authorization for the construction of direct lines shall be granted by the Energy Regulatory Office on the basis of objective and non-discriminatory criteria published in advance which relate to safety, efficiency, and the integrity of the transmission and distribution systems. The Energy Regulatory Office may refuse an authorization for the construction of a direct line where to grant such authorization would prevent or obstruct any public service obligation imposed by the Energy Regulatory Office under the Law on the Energy Regulator.

4. Where an eligible customer receives a supply through a direct line, this shall not affect its right to contract with a supplier of its choice and receive a supply through the transmission system or distribution system, subject to the provisions of this Law.

CHAPTER VII THIRD PARTY ACCESS

Article 22 Right of third party access

1. The Transmission System Operator and the Distribution System Operators shall allow producers, suppliers, and eligible customers access to the transmission system and distribution system on the basis of published tariffs, and rules and procedures specified by the Energy Regulatory Office and the Transmission System Operator and the Distribution System Operators.

2. In determining the extent to which requests for access to the transmission and distributions systems can be permitted, the Transmission System Operator and Distribution System Operators shall ensure that they make available the maximum capacity of their systems, including interconnectors, subject to complying with applicable safety standards and the need for secure system operation.

3. Tariffs for system use will be objective and apply to all users on a non-discriminatory basis. Such tariffs will be proposed on an annual basis by the Transmission System Operator and the Distribution System Operators, in the manner prescribed by the Energy Regulatory Office, and shall not enter into force until approved by the Energy Regulatory Office and published. The tariffs proposed shall include appropriate economic signals to encourage efficient use of systems and interconnectors.

Article 23 Refusal of Third Party Access

1. The Transmission System Operator and the Distribution System Operators may refuse access to the transmission system and distribution systems if the necessary capacity is not available, and the lack of necessary capacity can be justified objectively based on considerations of security of supply or quality of supply, taking into account the standard of service and reliability requested by the person seeking access, and all applicable codes and rules.

2. Any reasons given for a refusal of access under paragraph 1 of this Article shall be set out in a written report with supporting evidence, and given to the person seeking to conclude a contract for access to the transmission or distribution system. The person seeking access shall also be offered information on the measures that would be necessary to reinforce the network to allow access, except that the relevant system operator may request a reasonable fee reflecting the cost of providing the information.

3. Any person refused access to a transmission or distribution system or who objects to conditions imposed upon it for access, may file an appeal at the Energy Regulatory Office which shall issue a decision in accordance with the procedures established under the Law on the Energy Regulator.

CHAPTER VIII ELECTRICITY MARKET

Article 24 Market Operator

1. The Government is responsible for selecting the Market Operator through an open process.

2. The Market Operator shall be independent of all activities that do not relate to electricity transmission in its legal form, property relations, organizational and decision-making structures.

3. In order to ensure the independence of the Market Operator, the persons responsible for its management may not participate in any company structures or any decision-making processes of the Ministry, the Energy Regulatory Office, or any other energy enterprise responsible for generation, maintenance, supply, servicing, distribution, or coal mines or other supplies of fuel.

4. The Market Operator shall conduct all functions respecting principles of transparency, objectivity and independence.

5. The Market Operator shall develop the proposed electricity market design in line with the Government's Energy Strategy. The market design shall be approved by the Energy Regulatory Office.

6. Based on the market design and balancing mechanism, the Market Operator prepares wholesale market rules and reviews them regularly to implement amendments as considered reasonable and necessary. These changes, including amendment proposals, are submitted to the Energy Regulator's Office for approval. Upon approval, market rules are binding for all electricity market participants.

7. The Market Operator shall be responsible for the economic management of the electricity system, and shall undertake the management and operation of the electricity market, under terms set out by this Law and any other applicable Laws. Its responsibilities shall be set out in the market rules. The market rules may include any or all of the following and other responsibilities:

7.1. registering all sale or purchase activities in the electricity market;

7.2. organization of electricity purchase auctions, and depending on the market model and trading mechanisms, for the receipt of offers (bids) for electricity supply in conditions of a centralized market;

7.3. notification of electricity market participants and the Transmission System Operator on the outcome of the auctions and provision of other market information;

7.4. collection of relevant information from the Transmission System Operator and Distribution System Operator, which might have an impact on the auction outcome, and subsequently on the amendment of transmission capacities or any other extraordinary situation in the transmission or distribution systems;

7.5. calculation of electricity quantities that will be used by each participant, for each period specified in final balances;

7.6. determination of the price in circumstances of centralized markets for all specified periods and notification of all participating parties on mutual obligations;

7.7. establishment of an accounting (calculating) system as well as the platform for market operation;

7.8. administration of the invoice settlement process specified in the market rules to enable market participants to pay invoices for electricity trades;

7.9. publication of relevant market information.

Article 25
Development of competition

The Energy Regulatory Authority, in consultation with the Kosovo Competition Commission and the authority responsible for monitoring State aid, shall, at least every three (3) years, carry out investigations into the functioning of the electricity market, and decide upon and impose any necessary and proportionate measures to promote effective competition and ensure the proper functioning of the market. These measures may include electricity release programmes whereby electricity undertakings are obliged to sell or make available a certain volume of electricity or grant access to part of their generation capacity to interested suppliers for a certain period of time.

CHAPTER IX
RIGHT OF UNIVERSAL SERVICE, AND CONTRACTING FOR
SUPPLY

Article 26
Customers entitled to universal service

Subject to paragraph 1 of Article 23 of this Law, every household customer shall enjoy the right to be supplied with electricity of a specified quality at reasonable, easily and clearly comparable and transparent prices.

Article 27
Contractual Requirements

1. All final customers shall contract for their electricity supply with a supplier on the basis of a contract that is in accordance with the General Conditions of Supply established by the Energy Regulatory Office and with other applicable Laws and rules. Suppliers shall ensure that such contracts specify:

- 1.1. the identity and address of the supplier;
- 1.2. the services provided, the service quality levels offered, and, where applicable, the time required for the initial connection;
- 1.3. if offered, the types of maintenance service offered;
- 1.4. the means by which up-to-date information on all applicable tariffs and maintenance charges may be obtained;
- 1.5. the duration of the contract, the conditions for renewal and termination of services and of the contract;

1.6. the existence of any right of withdrawal;

1.7. any compensation and the refund arrangements which apply if contracted service quality levels are not met, including inaccurate and delayed billing; and

1.8. the method of initiating procedures for settlement of disputes.

2. The conditions of contracts shall be fair and suppliers shall ensure that the conditions are well known in advance by their customers. Information on contract terms should be provided prior to the conclusion or confirmation of the contract. If the contracts are concluded through intermediaries, the specified information shall also be provided prior to the conclusion of the contract.

3. Suppliers shall ensure that customers are given adequate notice of any intention to modify contractual conditions and are informed about their right of withdrawal when the notice is given. Suppliers shall notify their customers directly of any increase in charges, at an appropriate time no later than one normal billing period after the increase comes into effect, in a transparent and comprehensible manner. Suppliers shall ensure that customers are free to withdraw from contracts if they do not accept the new conditions notified to them.

4. Suppliers shall ensure that the general terms and conditions of the contracts they offer are in accordance with the General Conditions of Supply. The terms and conditions shall be given in clear and comprehensible language, shall not include non-contractual barriers to the exercise of customers' rights, for example excessive contractual documentation, and suppliers shall ensure that customers are protected against unfair or misleading selling methods. Suppliers shall ensure that their customers:

4.1. are given transparent information on applicable prices and tariffs and on standard terms and conditions, in respect of access to and use of electricity services;

4.2. are offered a choice of payment methods, and that any difference in terms and conditions reflect the costs to the supplier of the different payment systems.

4.3. are not charged for changing supplier;

4.4. benefit from transparent, simple and inexpensive procedures for dealing with their complaints. In particular, suppliers shall ensure that they offer to their customers the right to a good standard of service and complaint handling, such as to enable disputes to be settled fairly and promptly, within three (3) months, with provision, where warranted, for a system of reimbursement and/or compensation;

4.5. where having access to universal service under the provisions of this Law, are informed about their rights regarding such universal service;

4.6. are properly informed of actual electricity consumption and costs frequently enough to enable them to regulate their own electricity consumption. That information shall be given by using a sufficient time frame, which takes account of the capability of customer's metering equipment and the electricity product in question. Due account shall be taken of the cost-efficiency of such measures. No additional costs shall be charged to the customer for that service; and

4.7. receive a final closure account following any change of electricity supplier no later than six (6) weeks after the change of supplier has taken place.

Article 28

Obligation to connect customers and producers

1. The Distribution System Operator shall, subject to paragraph 2 of this Article, connect to its system any:

- 1.1. household customer;
- 1.2. non-household customer; and
- 1.3. producer.

2. The obligations of the Distribution System Operator set out in paragraph 1 of this Article to provide connections are subject to the party seeking the connection:

- 2.1. having electrical switchgear constructed within the boundaries of its property which satisfy the technical and operational safety requirements;
- 2.2. meeting the conditions for connection to the transmission or distribution system, including the Grid Code and Distribution Code as applicable;
- 2.3. having signed a written agreement with the Distribution System Operator in respect of the connection, including the regulated connection charge, and the use of system charge where applicable;
- 2.4. having paid all amounts due in the agreement for the connection; and
- 2.5. where the party is a customer, providing satisfactory evidence that a contract exists with a supplier for the supply of energy through the connection.

3. A Distribution System Operator may connect a customer located in the territory of another Distribution System Operator only if it has obtained written permission from the Energy Regulatory Office.

4. The terms and conditions for the connection to the transmission or distribution systems shall be provided in the published Grid Code or distribution code.

Article 29

Refusal of system connection

1. Customers or producers referred to in Article 27 of this Law shall not have the right to connection in the system, if they do not meet the connection requirements, or if the connection would lead to major disturbances in supply.

2. The Transmission System Operator or Distribution System Operator may temporarily refuse to connect a customer or producer to its system if it determines that the customer's or producer's facilities or equipment would fail to meet the technical norms or other conditions prescribed in the technical codes. A customer or producer shall be informed in writing of the reasons for any such refusal. The customer or producer which has been refused connection shall have the right to appeal such decision to the Energy Regulatory Office in accordance with the Law on the Energy Regulator. The Transmission System Operator or the Distribution System Operator shall without delay (or by any date specified by the Energy Regulatory Office) connect a customer or licensed producer to its system where the Energy Regulatory Office decides an appeal in favor of that customer or producer.

Article 30

Suspension and temporary interruptions in electricity supply

1. Suppliers and Distribution System Operators shall have the right to temporarily suspend the supply of electricity under the circumstances prescribed in the Law on the Energy Regulator and Regulation on the General Conditions of Supply.

2. Suppliers shall have the right to arrange to cut off customers for non-payment, consistent with customer contracts, the rules and regulations issued by the Energy Regulatory Office, and having regard to decisions by the Energy Regulatory Office with regard to the protection of vulnerable customers and avoiding cut-offs during the winter season.

3. Suppliers shall cease electricity supplies to a customer in accordance with the rules established in the Law on the Energy Regulator. Those rules shall include the right of suppliers to disconnect final customers who:

3.1. have not signed a contract with the supplier within sixty (60) days of receipt by that customer of a draft contract for signature; or

3.2. are receiving electricity without authorization (or are in breach of any relevant provision of the Criminal Code or this Law).

CHAPTER X METERING AND BILLING

Article 31

Metering devices

1. Electricity supplied to customers or injected into the system by producers shall be measured with metering devices located as near as possible to the customer's or producer's property boundary, as provided in detail in the metering code, approved by the Energy Regulatory Office.

2. The Transmission System Operator or Distribution System Operator shall determine the type, number and mounting place of the metering device and the corresponding control and communication devices. In determining the mounting place the Transmission System Operator or Distribution System Operator shall ensure that access to the meter will be available for the purposes of maintenance and meter reading.
3. The Transmission System Operator or Distribution System Operator shall install the metering devices. In the event that the applicable tariffs enable groups of customers or producers to choose the mode and type of metering device, the Transmission System Operator or Distribution System Operator shall install the metering device that corresponds with the customer's or producer's choice which shall be stated in writing, in line with the relevant metering code.
4. The Transmission System Operator and the Distribution System Operator shall ensure the interoperability of such metering systems to be implemented and shall have due regard to the use of appropriate standards and best practice and the importance of the development of the internal market in electricity.
5. The Transmission System Operator, or Distribution System Operator, as appropriate, shall, in accordance with the Metering Code, give access to metering data to the customer or its supplier.

Article 32 **Use of metering devices**

1. Metering devices for the measurement of electricity shall be the property of the Transmission System Operator or relevant Distribution System Operator, as provided in the Law on Energy.
2. At the request of a system user, at the expense of such user, additional control devices may be installed for measuring the production or consumption of electricity.
3. Should there be variation in the measurements obtained by the devices referred to in paragraphs 1 and 2 of this Article, beyond the acceptable level of technical inaccuracy, the matter shall be resolved in accordance with the procedure specified in the metering code.

Article 33 **Billing and payment**

1. Customers shall pay for the electricity consumed in accordance with the General Conditions of Energy Supply or other applicable contract terms.
2. The terms and procedures for billing, bill collection, and payment shall be defined in the Regulation on the General Conditions of Energy Supply issued by the Energy Regulatory Office.

CHAPTER XI CROSS-BORDER FLOWS OF ELECTRICITY

Article 34 Import and Export

Except as provided elsewhere in this Law, the import and export of electricity may only be carried out by or arranged by electricity enterprises having a license issued by the Energy Regulatory Office that permits such activities. There shall be no limitation on the number of licensees.

Article 35 Transit

1. Where requested, the Transmission System Operator shall conduct the transit of electricity across the transmission system in accordance with the provisions of the Grid Code.
2. In line with the Market Rules, the Market Operator manages, and the Transmission System Operator arranges access to available interconnector capacity.
3. The Transmission System Operator shall ensure that the maximum capacity of the interconnectors and transmission networks affecting cross-border flows are made available to market participants, subject to complying with safety standards of secure system operation. Market participants shall inform the Market Operator a reasonable time ahead of the relevant operational period whether they intend to use allocated capacity, and any allocated capacity that will not be used shall be reattributed to the market, in an open transparent and non-discriminatory manner. Transmission System Operator shall, as far as technically possible, net the capacity requirements of any power flows in opposite directions over any congested interconnectors, in order to use the interconnectors to their maximum capacity. The Transmission System Operator shall, having full regard to system security, ensure that transactions that relieve congestion shall never be refused.
4. Congestion shall be addressed with non-discriminatory market-based solutions which give efficient economic signals to the market participants and the Transmission System Operator and others involved. Congestion problems shall preferentially be solved with non transaction based methods, that is methods that do not involve a selection between the contracts of individual market participants. Transaction curtailment procedures shall only be used in emergency situations, where the Transmission System Operator must act in an expeditious manner and where re-dispatching or counter trading is not possible. Any such procedure shall be applied in a non-discriminatory manner. Except in cases of 'force-majeure', market participants who have been allocated capacity shall be compensated for any curtailment.

Article 36 Charges for Use of Interconnectors

1. Charges for access to interconnectors shall be settled between the Transmission System Operator and the operators of other national systems referred to in Article 35 of this Law, in

accordance with this law, agreed procedures, and any applicable international agreements or obligations. The charges shall not be distance related.

2. Charges for access to transmission system including interconnectors shall provide appropriate and efficient locational signals. Charges for access to the transmission system or interconnectors applied to producers and customers shall be applied regardless of the countries of destination and origin, respectively, of the electricity, as may be specified in the underlying commercial arrangement. This shall be without prejudice to any charges resulting from congestion management mechanisms applied in accordance with this Law

3. Any revenues received by the Transmission System Operator from the use of interconnectors shall be used for guaranteeing the actual availability of the allocated capacity and for network investments to maintain or increase interconnector capacities.

4. If the revenues received by the Transmission System Operator cannot be efficiently used in total for the purposes of paragraph 3 of this Article, the Energy Regulatory Office shall specify the maximum amount of such revenues which shall be taken into account when approving the methodology for calculating system tariffs and when assessing the need for tariff modification. Any remaining revenues shall be placed in a separate account line until such time as it can be spent for the purposes of paragraph 3 of this Article.

Article 37

Information with Respect to Cross-Border Flows

1. The Transmission System Operator shall be responsible for developing a general scheme for the calculation of the total transfer capacity and the transmission reliability margin, based upon the electrical and physical features of the network. The Transmission System Operator shall submit such scheme, and any subsequent amendment to the scheme, for approval to the Energy Regulatory Office, and shall publish the scheme when it is approved.

2. The Transmission System Operator shall also publish estimates of available transfer capacity for each day, indicating any available transfer capacity already reserved. These estimates shall be published at specified intervals before the day of transmission and shall include, in any case, week-ahead and month-ahead estimates, as well as a quantitative indication of the expected reliability of the available capacity.

3. The Energy Regulatory Office shall provide to the Energy Community Secretariat or other competent institution any information on cross-border flows of electricity that may be required under the terms of applicable agreements, or obligations in the context of the Energy Community.

CHAPTER XII TRANSITIONAL, PUNITIVE AND FINAL PROVISIONS

Article 38 Import during periods of generation insufficiency

1. A state-owned electricity enterprise other than the Transmission System Operator shall have the obligation to import electricity required to meet the demand of non-eligible electricity customers at times when (i) domestic generation is insufficient and (ii) in the absence of such imports such customers would otherwise be disconnected;
2. Any compensation granted to that state-owned electricity enterprise for importing electricity not reflected in the tariffs shall comply with paragraph 4 of Article 16 of the Law on Energy and be notified to the relevant institutions under the state aid legislation applicable.
3. The obligation imposed under paragraph 1 of this Article shall be revoked by 1 January 2015 at the latest, or earlier in case the generation capacity installed and available in the Kosovo electricity system are estimated by the Energy Regulatory Office to be sufficient to satisfy demand of non-eligible electricity customers.
4. No provision of this Article shall limit the right of any other electricity enterprise to carry out the export and import of electricity.

Article 39 Electricity Theft and Other Electricity Related Criminal Offences

1. In this Article there are defined criminal offences specifically related to electricity theft, electricity meter tampering, electricity meter circumvention and connecting or re-connecting to a supply of electricity transmitted by or through an electricity transmission or distribution network without authorization,. For these criminal offences, the following provisions shall be applicable:

1.1. any person who takes, uses, extracts or benefits from any electricity that is being supplied by or through an electricity transmission or distribution network without the permission or authorization of the concerned supplier shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article;

1.2. any person who connects or reconnects to an electricity transmission or distribution network, by any means directly or indirectly, whether through conduction or induction, without the permission or authorization of the concerned supplier shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article;

1.3. any person who permits an unauthorised connection or re-connection to an electricity transmission or distribution network to exist on, or to provide electricity to, property in his possession or under his ownership or control, and who fails to immediately notify the concerned supplier of the existence of such unauthorised

connection or re-connection, shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article.

1.4. any person who alters the register of any meter used for measuring the quantity of electricity supplied to any premises by a supplier of electricity or who interferes with any meter or metering, shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article. For the purposes of this paragraph, interference with a meter or metering shall include, but not limited to:

1.4.1. tampering with a meter;

1.4.2. unauthorized removal or damage to an official seal or mark affixed to a meter by an authorized person for the purposes of securing the meter;

1.4.3. installing or using a tampered meter;

1.4.4. installing or using a current reversing transformer;

1.4.5. tampering, altering, or bypassing a current transformer or voltage transformer;

1.4.6. damaging or altering, without authorization, the design, operation, performance, construction of any meter or metering; and/or

1.4.7. installing or using any other device or method that interferes with the accurate and/or proper registration, calibration or metering of electricity.

1.5. where any person is prosecuted for an offence under sub-paragraph 1.4 of this paragraph, the possession by him of artificial means for causing an alteration of the register of the meter or, as the case may be, prevention of the meter from duly registering shall, if the meter was in his custody or under his control, be prima facie evidence that the alteration or prevention was intentionally caused by him;

1.6. any person who permits a tampered or circumvented meter to exist on, or to provide un-metered or improperly metered electricity to, property in his possession or under his ownership or control and who fails to immediately notify the concerned supplier of the existence of such tampered or circumvented meter shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article;

1.7. any person who obstructs, attacks or participates in a group obstructing or attacking a person who is performing his duties and is employed or engaged by an entity that is licensed to perform electricity generation, transmission, distribution or supply functions, shall be punished in accordance with Articles 316-318 of the Criminal Code in effect on the effective date of this Law or the analogous provisions of any successor code;

1.8. any person who provides any assistance to, or who encourages, any person in effecting any of the criminal offences specified in this Article shall be punished by a fine and/or imprisonment as specified in paragraph 7 of this Article.

2. Except as specifically provided in paragraph 4 of this Article, where a criminal offence under this Article has been committed by an organization that is a legal person or another type of organization having officers and/or directors, the organization and every director and officer of the organization shall be deemed to be guilty of having committed that criminal offence.

3. Except as specifically provided in paragraph 4 of this Article, where a criminal offence under this Article has been committed by an organization that is a partnership, the organization and every natural person who is a partner or who is an officer or director of a partner shall be deemed to be guilty of having committed that criminal offence.

4. Nothing contained in paragraphs 2 or 3 of this Article shall render any natural person liable to any punishment if he proves that the criminal offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such criminal offence.

5. Criminal prosecution for any criminal offence provided for in this article shall be initiated following a motion filed by the concerned supplier with the public prosecutor in accordance with the applicable provisions of Chapter V of the criminal procedure code in effect on the effective date of this law or the analogous provisions of any successor code.

6. For the purposes of this article, the term “concerned supplier” means a person or enterprise that is authorised by a licence or exemption to supply electricity, and the term “person” means and includes a natural person, a legal person and any other organization.

7. The fines and penalties specified in this Article shall be imposed in accordance with the following:

7.1. for Officers, Directors and Partners of Legal Persons or other Organizations and for other natural persons: 1st offense five hundred (500) Euros; 2nd offense two thousand (2,000) Euros; for each offense after the 2nd offense five thousand (5,000) Euros and a prison term in accordance with the provisions of the criminal code of Kosovo.

7.2. for legal persons or other organizations: 1st offense five thousand (5,000) Euros; 2nd offense twenty thousand (20,000) Euros; for each offense after the 2nd offense fifty thousand (50,000) Euros.

Article 40 **Transitional provisions**

1. This Law repeals and replaces the Law on Electricity No. 2004/10, whereas all acts, decisions, rules and other documents adopted or promulgated in accordance with the Law on

Electricity No.2004/10 shall be harmonized with this Law within nine (9) months after this Law enters into force.

2. The application of sub-paragraphs 1.3, 1.4. and 1.11 of paragraph 1 of Article 12 of this Law shall depend on an implementing decision which shall be issued by the Minister, following consultations with the Energy Regulatory Office and the Transmission System Operator.

Article 41
Entry into force

This Law shall enter into force fifteen (15) days after publication in the Official Gazette of the Republic of Kosovo.

Law No.03/L –201
7 October 2010

Member of Presidency of the Assembly

Xhavit HALITI