

LAW No. 05/L-085**ON ELECTRICITY**

The Assembly of the Republic of Kosovo;

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

Approves

LAW ON ELECTRICITY**CHAPTER I
GENERAL PROVISIONS****Article 1
Purpose**

1. The purpose of this law is to establish rules and measures for the functioning of the electricity sector, guaranteeing secure, reliable, regular and quality electricity supply, at affordable prices, while paying due consideration to environmental protection and efficient use of electricity.

2. This law is partially in compliance with the Directive No.2009/72/EC on common rules for the internal market in electricity and the Regulation No.714/2009/EC on conditions for access to the network for cross-border exchanges in electricity.

**Article 2
Scope**

The scope of this law includes common rules for electricity generation, transmission, distribution, supply, trade and organized market, as part of the regional and European electricity markets, and establishes rules pertaining to the access of parties in the market, public service obligations, consumer rights and competition conditions.

**Article 3
Definitions**

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

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

1.2. **Balancing** – entirety of processes, through which the Transmission System Operator operates and maintains the system frequency within the defined limits of its sustainability;

1.3. **Balance responsibility** - obligation of market participant to balance generation, consumption, purchase and sale of electricity in accordance with the accepted schedules and to be financially responsible for settlement of imbalances;

1.4. **Balance responsible party** – market participant or its chosen representative responsible for settlement of its imbalances;

1.5. **Final settlement** – a common denomination for processes utilized for determining transmission system use by all parties and financial liabilities and payments that derive from such liabilities and liabilities of the parties for the imbalances caused.

1.6. **Renewable Energy Sources** – renewable, non-fossil energy sources, such as: wind energy, solar energy, geothermal energy, wave energy, hydro energy, biomass, waste landfill gas, wastewater treatment gas and biogases, as defined in the legislation in force for renewable energy sources;

1.7. **Reserve source** – a secondary source of electricity supply that is not connected to electro energetic system;

1.8. **Certificate of origin** – an electronic document issued by the Energy Regulatory Office which has the sole function of providing the proof to a final customer that a given share or quantity of energy was produced from renewable sources;

1.9. **Dispatching** – operation and control of the electricity system, in order to maintain balance between electricity supply and demand;

1.10. **Electricity derivatives** – financial instruments, such as: options and future, exchanges, coverage norm agreements and all other derivative contracts, insofar as such instruments are related to electricity;

1.11. **Electric derivative** – financial instrument that can be used by participants of electricity market as security device against possible fluctuations in the price of electricity on the market;

1.12. **Balancing energy** – energy activated by the Transmission System Operator to perform system balancing;

1.13. **Energy efficiency/demand-side management** - a global or integrated approach aimed at influencing the amount and timing of electricity consumption in order to reduce primary energy consumption and peak loads by giving precedence to investments in energy efficiency measures, or other measures, such as interruptible supply contracts, over investments to increase generation capacity, if the former are the most effective and economical option, taking into account the positive environmental impact of reduced energy consumption and the security of supply and distribution cost aspects related to it;

1.14. **Declared export** - the dispatch of electricity that is delivered simultaneously in one Contracting Party or a third country as declared import, on the basis of a contractual arrangement;

1.15. **Force majeure** - an act or natural or social event, such as earthquakes, lightning,

cyclones, floods, volcanic eruptions, fires or wars, armed conflicts, rebellion, terrorist or military acts, which prevent the licensee to comply with its obligations under the license, as well as other acts or events that are beyond the reasonable control and that did not happen as a fault of the licensee and the licensee has been unable to avoid such act or event through the exercise of will, effort, skill and his reasonable care;

1.16. **Supplier** – an energy undertaking licensed to perform supply activities;

1.17. **Supply** – the sale, including resale, of electricity to customers;

1.18. **Guaranteed supply** – temporary supply of final customers, in the events stipulated in this law, which are provided temporary supply within the limits defined by this Law;

1.19. **Supplier of last resort** - a supplier defined in accordance with the provisions of this law, which provides for a limited period of time supply service under regulated conditions towards customers, who were not able themselves to contract a supplier or have lost their supplier;

1.20. **Interconnector** - a transmission line which crosses or spans a border between Kosovo and Contracting Parties and which connects the national transmission of the Contracting Parties;

1.21. **Licensee** – a person licensed for electricity activities in accordance with provisions of this law;

1.22. **Declared import** – the take-up of electricity by a Contracting Party or a third country simultaneously with the dispatch of electricity (declared export) by another Contracting Party;

1.23. **Balancing capacity** – contracted reserve capacity;

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

1.25. **Customer** – a wholesale or final customer of electricity;

1.26. **Final customer** – electricity customer purchasing electricity for his own use;

1.27. **Household customer** – an electricity customer purchasing electricity for his own household consumption, excluding commercial or professional activities. For the facilities that serve for religious purposes are applied tariffs of household customers;

1.28. **Non-household customer** – a natural or legal persons purchasing electricity which is not for their own household use and includes producers and wholesale customers.

1.29. **Customer in need** - a household consumer, who, due to social status, enjoys some special rights regarding the supply with electricity, provided in exceptional cases,

according to this law;

1.30. **Transmission Grid Code** – summary of norms and technical rules relating to the distribution and transmission system;

1.31. **Distribution Grid Code** - a set of technical rules and procedures for operation, maintenance, planning and development of the distribution system and also and establishment of terms of service provided by the distribution system operators to its users.

1.32. **Transmission Code** – set of technical rules that regulate the operation of transmission system and determine terms of service provided by the Transmission System Operator to the users of transmission system, in accordance with the rules of ENTSO;

1.33. **Metering Code** - the minimum mandatory standards for the measurement and recording of electricity;

1.34. **Wholesale customer (trader)** - a natural or legal person purchasing electricity for the purpose of resale inside or outside the system where he is established;

1.35. **Control** – rights, contracts or other means which, separately or in combination and having regard to the considerations of fact or law involved, confer the possibility to exercise decisive influence over an undertaking, especially by:

1.35.1. ownership or the right to use all or part of assets of an undertaking;

1.35.2. rights or contracts that confer decisive influence on the composition, voting or decisions of the organs of an undertaking;

1.36. **Electricity supply contract** - electricity supply contract, but not including electricity derivatives;

1.37. **Supply contract** - a contract for the supply of electricity, but does not include electricity derivatives;

1.38. **Full supply contract** - a contract of supply, which includes responsibilities for the use of transmission or distribution network;

1.39. **The contract of supply with interruptions** - a supply contract, which entitles Transmission System Operator or Distribution System Operator to temporarily discontinue the supply of electricity to end-user, in accordance with the terms of service, as defined in Grid Code and other regulatory acts;

1.40. **Direct line** – either an electricity line linking an isolated generation site with an isolated customer or an electricity line linking an electricity producer with an electricity supply undertaking to supply directly their own premises, subsidiaries and eligible customers;

1.41. **License** - a right given to a person for the exercise of an activity in the electricity

sector, in accordance with the provisions of this law;

1.42. **Smart Metering** - an electronic device that records data in real-time of electricity consumption and communicates this information at least every day, to the system operator for the purposes of monitoring and invoicing;

1.43. **Ministry** – responsible ministry for the energy sector;

1.44. **Model of the electricity market** – a document prepared and adopted in accordance with provisions of this law, which determines relationships between the various participants of the electricity market;

1.45. **Vertically integrated undertaking** – an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform at least one of the functions of transmission or distribution, and at least one of the functions of generation or supply of electricity;

1.46. **Electricity undertaking** – any natural or legal person that performs one or more licensed activities in electricity generation, transmission, distribution, supply, trading, market organization and is responsible for commercial, technical or maintenance related to the stated activities, excluding the final consumer;

1.47. **Balancing service provider** – market participant providing balancing services to the transmission system operator, under a contract for participation in balancing market, in accordance with the rules of balancing the electricity system;

1.48. **Distribution System Operator** – a natural or legal person responsible for operating, ensuring the maintenance of and, if necessary, 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;

1.49. **Market Operator** – natural or legal person, licensed by the Energy Regulatory Office, responsible for operation and organization of the electricity market in Kosovo;

1.50. **Operation of the market** - the activity pursued by the market operator regarding the management of the electricity market and the preparation of financial reports for market participants, excluding the purchase or sale of electricity, in accordance with the foreseen rules of the market;

1.51. **Public service obligation** – obligation imposed upon an electricity undertaking by law or decision approved by the government or the Energy Regulatory Office, depending on their areas of responsibility may decide on obligations which may relate to security of electricity supply, regularity, quality and price of supplies, energy efficiency, energy from renewable sources, and environmental and climate protection which is non-discriminatory and does not distort competition beyond what is strictly necessary in order to achieve the provision of the public service in question;

1.52. **Transmission System Operator** - a natural or legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission

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 transmission of electricity;

1.53. **Economic precedence** – the ranking of sources of electricity supply in accordance with economic criteria;

1.54. **Generation** – the production of electricity;

1.55. **Power generation** – process of producing electricity from primary energy sources;

1.56. **Producer** – a natural or legal person generating electricity;

1.57. **Producer connected to distribution** – a producer, whose plant is connected to the distribution system;

1.58. **Metering device** – instruments registered in the registry of certified metering equipment in the Republic of Kosovo, used for measurement of generated, transmitted, distributed, supplied and consumed energy.

1.59. **Long-term planning** - the planning of the need for investment in generation, transmission and distribution capacity on a long-term basis, with a view to meeting the demand of the system for electricity and securing supplies to customers;

1.60. **Cross-border flow** – physical flow of electricity in Kosovo's transmission network, as a consequence of activities of generators and/or consumers outside Kosovo borders.

1.61. **Market Rules** – the norms that regulate electricity trade between market participants and relations between parties of the electricity market, Market Operator and Transmission System Operator, with the purpose of maintaining the physical balance in the market;

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

1.63. **Closed distribution system** – a system that distributes electricity, within an established geographic area, in which industrial, commercial or shared services are concentrated, but not including household consumers, if:

1.63.1. for specific technical or safety reasons, the operations or the production process of the users of that system are integrated;

1.63.2. that system distributes electricity primarily to the owner or operator of the system or their related undertakings.

1.64. **Interconnected system** – a number of transmission and distribution systems linked together by means of one or more interconnectors;

1.65. **Operational network security** - the continuous operation of the transmission

system and, where appropriate, the distribution system under foreseeable circumstances;

1.66. **Security** – both security of supply and provision of electricity and technical safety;

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

1.68. **Transmission system** - the system comprising a combination of high voltage lines, substations and facilities, serving the transmission of electricity;

1.69. **Ancillary services** – all services necessary for the operation of a transmission system or distribution system;

1.70. **Balancing services** – provision of spare capacity contracted and/or balancing energy, used by the Transmission System Operator to carry out balancing;

1.71. **Distribution** – the transport of electricity through distribution systems with a view to its delivery to customers, but not including supply;

1.72. **Universal supply service** – the right of household customers and economic enterprises that employ no more than fifty (50) employees and have an annual turnover of not more than ten (10) million euro to be supplied with electricity of a specified quality at reasonable, clearly comparable, transparent and non-discriminatory prices;

1.73. **System user** – a natural or legal person supplying to, or being supplied by, a transmission or distribution system;

1.74. **Declared transit** - a circumstance where a declared export of electricity occurs and where the nominated path for the transaction involves a country in which neither the dispatch nor the simultaneous corresponding take-up of the electricity will take place;

1.75. **Transmission** – the transport of electricity, through high voltage systems and interconnected high voltage systems, with a view to its delivery to final customers, or to the operators of distribution system, but not including supply;

1.76. **Organized electricity market** – an institutionally organized market of day-ahead or within the day of physical delivery. Market participants present their supply and demands for preset and standardized electricity products for all time intervals, one day ahead or within the day of its physical delivery;

1.77. **Related undertaking (affiliated undertakings)** - two or more undertakings under the obligation to draw up consolidated financial statements and consolidated annual reports according to the legislation in force.

1.78. **Eligible Producer** – an energy undertaking and/or other legal or natural person that produces energy from renewable sources or simultaneously produces electricity and thermal energy in a highly efficient manner in a single generation plant, uses waste or renewable energy sources in an economically viable manner in compliance with environmental protection;

1.79. **Energy Regulatory Office (hereinafter: Regulatory)** – independent agency in energy sector, established by the Law on Energy Regulatory.

2. Other expressions used in this law shall have the meanings set forth in the Law on Energy and Law on Energy Regulator.

Article 4 **Electricity sector activities**

1. Electricity sector activities according to this law are the following:

- 1.1. electricity generation;
- 1.2. electricity transmission;
- 1.3. electricity distribution;
- 1.4. electricity market organization;
- 1.5. electricity supply;
- 1.6. electricity wholesale supply (trading).

2. In order to perform electricity sector activities, as per paragraph 1. of this Article, energy enterprises need to be equipped with licenses issued by the Regulatory, except for the exemptions stipulated in the Law on Energy Regulator.

3. In order to enable activities of all electricity facilities, linked with the Kosovo transmission or distribution system, they shall be operated within a unique electricity system, with the common and constant function of generating, transmitting, distributing and supplying electricity in a coordinated manner.

4. In order to perform such activities, the Kosovo electricity system shall operate in a coordinated manner and can be linked to electricity systems of other countries in the regional electricity market, and with electricity systems of other countries, in compliance with the Energy Community Treaty.

Article 5 **Conditions for imposition of public service obligations**

1. The Regulatory, or the Government, depending on their areas of responsibility, may impose public service obligations on energy companies, pursuant to public interest and general economic interest, which may be related to:

- 1.1. security, including security of supply;
- 1.2. regularity;

1.3. supply quality and price;

1.4. environmental protection, protection of competition, including energy efficiency, renewable energy sources and climate changes.

2. Every public service obligation assigned by the Government or Regulatory, depending on their areas of responsibility, shall be included in the relevant license of the electricity enterprise, without delay, upon the procedure of issuance of new or amendment of existing license.

3. Public service obligations, imposed under this law, shall be clearly defined, transparent, non-discriminatory, verifiable and shall guarantee equality of access for electricity enterprises to local customers. Moreover, allocation of public service obligations and their implementation by energy enterprises shall be performed in a transparent and non-discriminatory, and shall not hinder market opening.

4. In order to fulfill the transparency criterion, the Regulatory shall approve special measures for the imposition of public service obligations, in the form of a published decision, and such obligations shall be incorporated by the Regulatory in the license given to the electricity enterprise.

5. Decisions on allocation of public service obligations to an energy enterprise shall:

5.1. clearly define such obligations, by regulating, among other: the obligation to offer supply to customers which enjoy the right of supply as a universal service, provision of uninterrupted supply on energy, provision of equal treatment of customers, provision of the functioning of the state electricity supply system at the lowest possible cost.

5.2. specify the nature of exclusive or special rights granted to such enterprise;

5.3. define territory and period for which public service obligation is imposed;

5.4. clarify financing and criteria for calculation of compensation to be received by enterprises that have taken over public service obligations.

6. When imposing the public service obligation, the Government or the Regulatory, depending on their areas of responsibility shall prove in its published impact assessment that this measure is the least restricting, and that the measure is proportional and necessary for ensuring the provision of the said public service.

7. The imposition of public service obligations shall not cause discrimination between enterprises in the Energy Community.

8. Financial compensation, other forms of compensation and special rights granted to energy enterprises for the provision of public services shall be made in a non-discriminatory and transparent manner. Expenditure of the licensees for public service provision shall be acknowledged as justified when approved by the Regulatory, of the tariffs for services provided in compliance with the Law on Energy Regulator.

9. Regulatory shall determine the division of costs for public service obligations established as per this Article among final customers, in a non-discriminatory and transparent manner. The

compensation for such costs shall not exceed expenses made in exercising public interest, minus income collected for services provided. The compensation may also include a reasonable profit. Any compensation of the licensees for public service obligations shall be subject to review by the State Aid Commission, based on the rules of the Energy Community on State Aid.

10. No licensee may be obligated to develop a network in an area in which no network exists as of the day of entry into force of this law, except if so required to integrate new priority renewable energy, as well as by the Regulatory approved rules which regulate transparent and non-discriminatory allocation of additional expenses between those new network users demanding such services, and the existing users of the licensees' network. This shall be made without prejudice to the obligation of the Distribution System Operator to connect final customers in its network, based on terms, conditions and tariffs set by the Regulatory, in compliance with the Law on Energy Regulator.

11. In exercising their activities, the licensees subject to public service obligations shall observe such obligations, and the provision of such services shall be monitored by the Regulatory.

12. The Government or the Regulatory, depending on their areas of responsibility, upon placement of public service obligations in the licenses of electricity enterprises, shall inform the Energy Community Secretariat on all measures adopted to impose public service obligations as well as their possible effect to competition at state or international level.

13. Regulatory shall constantly inform the Energy Community Secretariat, every two (2) years, on any changes to such measures

CHAPTER II ELECTRICITY GENERATION

Article 6 Electricity Generation

1. Generation activities are performed by electricity enterprises with a generation license issued by the Regulatory, or natural or legal persons who are exempted from holding such licenses in accordance with the Law on Energy Regulator.

2. Electricity producers holding electricity generation licenses may generate electricity for base load or variable regimes, including energy for covering transmission and distribution network losses, system balancing and ancillary services.

Article 7 Obligations and rights of electricity producers

1. Electricity producers 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. offer their capacity in a transparent, non-discriminatory and market-based way to all customers on the wholesale and retail electricity markets, including those under

public service obligations;

1.3. fulfil all technical and operational requirements, and especially conditions prescribed in the Transmission Grid Code and Distribution Grid Code, and rules prescribed in applicable technical regulations and standards;

1.4. act in compliance with competition rules, when participating in the electricity market;

1.5. maintain generation facilities and guarantee their operational safety and reliability, in accordance with the technical rules and standards;

1.6. offer the Transmission System Operator and Distribution System Operator ancillary and balancing services, in compliance with the principles of electricity markets and in conformity with dynamic parameters of the Transmission Grid Code and Distribution Grid Code, and rules on organization of the electricity market; and to sign contracts based on the agreements reached in such cases and based on the contract to activate the generation facilities upon request of the Transmission System Operator and the Distribution System Operator in order to provide ancillary and balancing services;

1.7. offer generation capacities available to the Transmission System Operator, for balancing, system operation and safety purposes;

1.8. act in compliance with legislation related to environmental protection, to ensure permanent control on environmental impacts;

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

1.10. comply with all other obligations that may arise from the implementation of this law, and related laws, regulations, rules or codes;

1.11. where at least one of its generation assets has an installed capacity of more than five (5) MW, shall for a period of five (5) years keep at the disposal of the Regulatory, the Kosovo Competition Authority, and the Energy Community Secretariat or other international agreement or international legal acts 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 hour/per-plant 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.

1.12. to the extent required by the security of energy supply, the Regulatory may impose a temporary public service obligation on producers to sell the electricity generated at regulated conditions to a supplier under public service obligation, in compliance with the conditions stipulated in Article 5 of this law. The Decision by Regulatory shall be published and submitted to the Secretariat of the Energy Community.

1.13. Regulatory may require electricity producers to sell a certain share of their capacity at the organized electricity market.

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

2.1. 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;

2.2. connect their power plants to the transmission system or distribution system, in compliance with respective rules and conditions;

2.3. sell electricity in compliance with conditions of this law, other acts, and especially in compliance with the Market Rules;

2.4. purchase electricity for their own purposes;

2.5. access transmission and distribution systems, in compliance with respective rules and conditions;

2.6. bill and collect payments, due to them under the signed contracts, for the sale of electricity, capacity, ancillary services and other contracted services.

3. Electricity producers shall draft a program of measures to be undertaken with the view of increasing generation efficiency, and shall report to the Regulatory on annual basis;

4. Producers connected to the transmission network or distribution network shall make the technical preparations in order to meet all technical conditions for the provision of ancillary services for said operators, in compliance with principles set forth in the Transmission Grid Code and Distribution Grid Code.

Article 8

Electricity generation from renewable energy sources and cogeneration

1. Energy enterprises generating electricity from renewable energy resources, or through means of cogeneration, shall be entitled to certificates of origin, issued by the Regulatory, on the basis of which they shall sell the electricity generated at regulated conditions.

2. A Certificate of origin shall be of the standard size of one (1) MWh. No more than one certificate of origin shall be issued in respect of each unit of energy produced. In the certificate of origin, the Regulatory shall specify at least:

2.1. the energy source from which the energy was produced and the start and end dates of production;

2.2. whether it relates to:

2.2.1. electricity; or

2.2.2. heating or cooling.

2.3. the identity, location, type and capacity of the installation where the energy was produced;

2.4. whether and to what extent the installation has benefited from investment support, whether and to what extent the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;

2.5. the date on which the installation became operational; and

2.6. the date and country of issue and a unique identification number.

3. Regulatory supervises the issuance, transfer and cancellation of certificates of origin and shall put in place appropriate mechanisms to ensure that guarantees of origin shall be issued, transferred and cancelled electronically and are accurate, reliable and fraud-resistant. Regulatory shall ensure that the same unit of energy from renewable sources is taken into account only once.

4. Regulatory shall recognise certificates of origin issued by other Contracting Party of the Energy Community exclusively as proof of the elements referred to in paragraph 2. sub-paragraph 2.1. until 2.6. of this Article, Regulatory may refuse to recognise a certificates of origin only when it has well-founded doubts about its accuracy, reliability or veracity. The Regulatory shall notify the Energy Community Secretariat of such a refusal by offering its justification.

5. The Transmission System Operator or Distribution System Operator shall, in accordance with the requirements for reliability and operational safety, secure and control total off take of electricity produced by eligible producers of electricity to the conditions laid down by relevant regulations, particularly Transmission Grid Code and Distribution Grid Code.

6. Purchase of electricity generated from renewable energy sources for which a certificate of origin has been issued by the Regulatory, has priority and must be performed under the terms stated in the Transmission Grid Code for renewable resources and Market rules.

7. Compensation, payments of energy generated from renewable sources is done according to compensation fees for electricity generated from renewable energy sources, collected by the Market Operator by the end customer supplier, with the exception of the quantity for which the producers have signed a contract for sale under the provisions of this law.

8. The Regulatory shall make arrangements to compensate the additional costs to the suppliers from purchasing electricity under the terms of this article by means of a specific charge on the services of the system operators, which shall be applied in a transparent and non-discriminatory manner to all suppliers connected to the respective system, proportionate to the purchased energy from renewable sources.

9. In compliance with the Law on Energy Regulator, the Regulatory shall draft the Methodology of tariffs to be paid by suppliers for electricity generated from renewable energy sources. This Methodology shall include provisions for compensation of suppliers for the additional cost of purchasing electricity generated from renewable energy sources.

10. Producers as per paragraph 1. of this Article shall have the same obligations with other producers, in regard to the use of network, and generation planning and nomination.

Article 9

Fuel reserves and/or of generating capacity

1. Licensed electricity producers shall maintain sufficient quantities of fuel reserves to ensure continuous and reliable electricity production, as well as special reserves for generation capacities that provide ancillary services for system operators for an initial period of two (2) years upon the entry into force of this Law. Compensation received for this obligation shall be reviewed by State Aid Office. The costs of fuel reserves and of reserve capacity of a producer are considered as operating costs.
2. The level of fuel reserves that electricity producers should maintain shall be determined and published regularly by the Ministry.
3. The Ministry shall issue secondary legislation regarding the level of fuel reserves that should keep electricity producers.

CHAPTER III

ELECTRICITY TRANSMISSION

Article 10

Transmission System Operator

1. Transmission System Operator manages the transmission system property and is responsible for the operation of the transmission system in Kosovo in line with the licence issued by the Regulatory.
2. Transmission System Operator shall operate under the energy enterprise, organized as an independent joint stock company.

Article 11

Unbundling

1. The Transmission System Operator will own the transmission system which must be independent from generation and supply operations of electricity and conducted in accordance with the principles and requirements as set forth in the provisions of this law.
2. The independence of the Transmission System Operator shall be considered ensured, in accordance with this law, when:
 - 2.1. person or persons that exercise direct or indirect control over enterprises that perform generation or supply functions do not exercise control or exercise any right, directly or indirectly, over the Transmission System Operator or over a Transmission System
 - 2.2. person or persons that exercise direct or indirect control over the Transmission System Operator or over a Transmission System do not exercise control or exercise any right, directly or indirectly, over enterprises that perform generation or supply functions

2.3. the person or persons that appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking of a Transmission System Operator are not entitled to directly or indirectly exercise control or exercise any right over an undertaking performing any of the functions of generation or supply.

2.4. the same person is not entitled to be a member of the supervisory board, Administrative Board or other bodies that legally represent enterprises that perform functions of generation or supply and of bodies of the Transmission System Operator or a Transmission System.

2.5. rights referred to in sub-paragraph 2.1., 2.2. and 2.3. of this Article, shall include, in particular:

2.5.1. authority to exercise voting rights;

2.5.2. authority to appoint members of the supervisory board, administrative board or bodies legally representing the enterprise; or

2.5.3. holding majority shares.

3. Enterprises of energy that perform functions of generation or supply shall not have the right to directly or indirectly exercise control or any right over the Transmission System Operator and vice versa.

4. When the person referred to in sub-paragraph 2.1., 2.2. and 2.3. of this Article is a public body, then the same public body may not exercise control over active undertakings in the production and/or supply of electricity.

5. Before an enterprise is defined as a Transmission System Operator under provisions of this Article, it should be certified in accordance with the procedures stipulated in the Law on Energy Regulatory.

Article 12

Certification of the Transmission System Operator

1. With the aim of implementing Article 11 of this Law, the Transmission System Operator shall be certified.

2. Certification is performed by the Regulatory, in compliance with the Law on Energy Regulator and its Rule for Certification Procedure adopted by it.

Article 13

Corporate governing, competencies, reporting

1. Transmission System Operator functions as public enterprise in accordance with the Law on Public Enterprises and respective legislation in force.

2. The rights of shareholder for Transmission System Operator shall be exercised by the Assembly of the Republic of Kosovo.

3. The shareholder at the annual meeting of the Board shall be represented by the authorized person by the President of the Assembly of Kosovo.
4. The competences of the Board of Directors of the Transmission System Operator are set out in the Law on Public Enterprises.
5. Board of Directors on the activities of the Transmission System Operator reports to the Assembly of the Republic of Kosovo on a regular annual basis and whenever required to do so by the Assembly. The annual report is submitted at latest by 30 June of the current year for the previous year.
6. Assembly of the Republic of Kosovo can initiate a dismissal procedure for the Chairperson and members of the board of the Transmission System Operator when, after two (2) consecutive years of the review of performance of the Transmission System Operator, functional committee discovers that:
 - 6.1. Transmission System Operator has failed to prove that completely and actively has implemented functions and duties under the laws regulating energy sector in Kosovo; and
 - 6.2. such failure of implementation has damaged seriously efficient and independent functioning of the Transmission System Operator.
7. In order to monitor the implementation of policies in the energy sector, the Government must be kept informed by the Board of Directors.

Article 14

Board of Directors of the Transmission System Operator

1. Board of Directors of the Transmission System Operator is composed of seven (7) members, one of whom is Chairperson of the Board.
2. The Chairperson and five (5) other Board members shall be appointed by the Assembly of the Republic of Kosovo.
3. Chief Executive Officer, as a member of the Board of Directors of the Transmission System Operator is appointed by the Board of Directors according to the competitive criteria and procedures prescribed by the Law on Public Enterprises.
4. The procedure for the appointment of the Board of Directors begins with the announcement of the competition for nomination of candidates. In competition are emphasized the criteria for selection of the Chairperson and Members of the Board, the deadline for the application and documents required for the application.
5. Procedure for the receipt of applications for the post of Chairperson and Members of the Board shall be developed by the Ministry of Public Administration.
6. Candidates for Board members of the Transmission System Operator shall be elected under the following procedures:

6.1. within sixty (60) days before the expiry of the mandate of the Board member of the Directors of Transmission System Operator or after the announcement of vacancy for other reasons, the Ministry of Public Administration makes public announcement, within a period not shorter than the deadline set by law;

6.2. respective parliamentary committee on energy after receiving the dossier of applicants, shall send it to the Assembly of the Republic of Kosovo at least two (2) candidates for a vacant position.

7. Pursuant to the Rules of Procedure of the Assembly, the Assembly by a majority vote of the deputies of the Assembly, present and voting, selects one of the recommended candidates for each respective position of the Board.

8. Mandate of each member of the Board is four (4) years, with the possibility of appointment for another next mandate. The mandate of each member of the Board starts from the date of appointment by the Assembly of the Republic of Kosovo.

9. If the position of a member of the Board becomes vacant, a new member of the Board shall be appointed for a mandate until the end of the mandate of the previous member. The new member may be reappointed for an additional mandate of four (4) years after completion of the remaining mandate of the previous member.

10. The terms of professional qualifications and adaptation of the Board of Directors are defined in the Law on Public Enterprises.

11. The Assembly of the Republic of Kosovo may dismiss a director of the Board prior to the expiration of his/her mandate if the member:

11.1. was sentenced by the court with a final decision for the committing an offense;

11.2. due to health condition is unable to carry out his/her duties for more than three (3) consecutive months; and

11.3. does not participate in more than five (5) consecutive meetings, for whatever reason.

12. Criteria and procedures for dismissal of the Board Members and the Chairman are defined in the Law on Public Enterprises.

13. Members of the Board of the Transmission System Operator, who were reappointed to their positions under this law will serve in the position of member of the Board until the end of their current mandate but cannot be reappointed again.

14. Members who were appointed to the Board according to this law and who on the date of entry into force of this law, are serving their first mandate, will serve in the position of member of the Board until the end of that mandate and can be reappointed once.

15. The provisions of the Law on Public Enterprises, associated with the power to appoint the Board of Directors, exercising the rights of shareholders, compensation of the Board of Directors and reporting, and the appointment of the Audit Committee, does not apply to the

Transmission System Operator.

16. The salary of the Chairman and members of the Board and the Audit Committee shall be determined by the Assembly until the promulgation of the respective Law on Salaries of High Public Officials.

Article 15 **Audit Committee**

1. After the election of the Board of Directors, the Assembly among the persons selected to serve as a Director shall appoint three (3) members of the Audit Committee, from which one (1) is Chairperson of the Audit Committee.

2. Qualifications and professional experience for members of the Audit Committee are set out in the Law on Public Enterprises.

3. The duties and responsibilities of the Audit Committee are set out in the Law on Public Enterprises.

Article 16 **Tasks and responsibilities of the Transmission System Operator**

1. Tasks and responsibilities of the Transmission System Operator shall be:

1.1. electricity transmission, in accordance with conditions specified in the license, in an objective, transparent and non-discriminatory manner, throughout the territory of the Republic of Kosovo, maintaining the safety and security of the electricity system and in compliance with this law;

1.2. operation, maintenance and development of the transmission system of the Republic of Kosovo and cross-border lines with other systems, in order to provide long-term security of system operation and safe supply of electricity, while paying due consideration to environmental protection;

1.3. operation of transmission system in compliance with the Transmission Grid Code and all other applicable codes and rules, in order to achieve security of electricity supply and economic utilization of the transmission network;

1.4. planning of electricity system operation, in cooperation with the Market Operator and neighbouring transmission system operators and the Distribution System Operator and network users;

1.5. publication of rules for network security, operation and planning, approved by the Regulatory. Transmission System Operator shall comply with operational rules and maintain defined level of operational network security. Published rules shall include the general scheme for the calculation of total transmission capacities and transmission security margin;

1.6. to maintain an appropriate level of technical transmission reserve capacity for operational network security and cooperate and coordinate operational network security

with transmission system operators of the Parties to the Energy Community concerned;

1.7. exchange of information with the relevant system operators in interconnected systems relating to the operation of network in a timely and effective manner in line with the minimum operational requirements;

1.8. use of transmission system equipment, in compliance with technical rules and standards;

1.9. coordinating overhaul plans for transmission facilities and network user facilities;

1.10. financing, based on studies performed, 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;

1.11. preparation of ten (10) year plans, in compliance with the Law on Energy and fulfilment of obligations related to such plans;

1.12. developing within the year preceding the five (5) year period, of the five (5) year plan for transmission network development. This plan shall approve by the Regulatory, before publish by Transmission System Operator and shall be harmonized with the ten (10) year transmission network development plan, spatial planning documentation and Distribution System Operator;

1.13. developing and publishing, within the year preceding the first year of the Investment Plan, one (1) year Investment Plan, previously adopted by the Regulatory Plan harmonized with the ten (10) year and five (5) year transmission network development plan and spatial planning documentation;

1.14. undertaking measures for the implementation of legal provisions for environment protection;

1.15. preparation of annual and long-term electricity demand forecasts, in compliance with the Law on Energy and the methodology for preparation of such balances, which are approved by the Regulatory;

1.16. draft tariff methodologies for access and connection to the transmission system and application of non-discriminatory tariffs that provide efficient economic signals for system users, including congestion management which is approved by the Regulatory and published in the website of the Transmission System Operator fifteen (15) days prior to the date of their application;

1.17. application, throughout Kosovo territory, of the same tariff methodology for the same category of transmission network users, especially related to the voltage level and electrical units, such as power, active electricity, reactive electricity, and other criteria;

1.18. drafting price rules for non-standard Transmission System Operator services, and publishing them upon approval by the Regulatory, fifteen (15) days prior to the date of their application. In the event their approval is refused, the Regulatory may determine such prices itself;

1.19. balancing the electricity system in line with the Transmission Grid Code and Market Rules;

1.20. management of energy flows in the transmission system, taking into consideration exchanges with neighbouring systems, with the aim of maintaining balance between supply and demand and ensuring economically efficient management of energy flows ensuring equal treatment for all network users;

1.21. frequency-power regulation;

1.22. procurement of balancing services, based on market principles and principles of transparency and non-discrimination;

1.23. utilization of balancing power in compliance with the Market Rules, as per the list of economic principle bids;

1.24 ensuring the availability of all necessary ancillary services including demand side management process;

1.25. analysing losses in the transmission network on annual basis and, if necessary, developing and implementing measures for their reduction;

1.26. maintenance of a register of commercial metering points at the boundary with the transmission network for all balance responsible parties or groups responsible for imbalance;

1.27. maintaining metering systems, collect and process all data for commercial metering points of network users, in line with this law, regulations and Metering Code;

1.28. measuring electricity taken up and delivered at the points of division between the transmission network and distribution network, transmission system users, neighbouring systems and other significant points, and their reciprocal exchange with the distribution system operator and operators of neighbouring countries, and ensuring their availability to the Regulatory;

1.29. submission of metering data from commercial metering points and points of division with neighbouring systems, in compliance with provisions of this law and metering code or in accordance with bilateral agreements between the Transmission System Operator and parties connected to the transmission network;

1.30. determining technical requirements and costs of installation of advanced metering equipment, in compliance with this law and other laws regulating the energy sector;

1.31. connection of transmission network users and provision of technical conditions for connection, in accordance with conditions set forth in this law and legislation in force that regulate the electricity sector;

1.32. providing network users information that they may need for efficient access and utilization of the transmission network;

- 1.33. establishing an appeals commission in relation to network access and use of the transmission system, in compliance with provisions regulating consumer protection, as well as an independent mechanism for non-judicial resolution of disputes;
- 1.34. publishing information that is significant for transmission system users, including: cross-border capacities, bottlenecks in interconnection and intra-transmission system, as well as other information required for the organization of the electricity market;
- 1.35. ensuring reliability and availability of the transmission system in order to enable security of energy supply, while maintaining sufficiency of transmission capacities;
- 1.36. ensuring that supply interruptions, in emergency situations, as envisaged in the Law on Energy, are based on predetermined and objective criteria, prepared by the Transmission System Operator and approved by the Regulatory;
- 1.37. act in compliance with quality of supply rules and system security standards as determined by the Regulatory;
- 1.38. ensuring system users access in and use of the transmission network, in line with transparent and non-discriminatory principles;
- 1.39. providing necessary instructions for the transmission system and generation units, in order to ensure secure system functioning, in compliance with transmission system reliability and safety criteria set forth in the Transmission Grid Code;
- 1.40. provision of information for neighbouring system operators, with which the transmission system is connected, with the view of ensuring safe and efficient operation, coordinated development and interaction of interconnected systems;
- 1.41. allocating cross-border transmission capacities, in cooperation with transmission system operators from Contracted Parties of the Energy Community, in line with regionally joint procedures for calculation and allocation of proposed capacities by Transmission System Operators concerned and approved by the Regulatory; This right can be transferred to another regional entity established for this purpose
- 1.42. congestion management for all transactions in interconnection lines with neighbouring systems, based on market rules and mechanisms, which are determined and implemented commonly with other operators in the regional electricity market;
- 1.43. dispatching of generation and use of interconnection lines should be conducted based on criteria approved by the Regulatory which shall be objective, public and applied in a non-discriminatory manner, in order to enable the proper functioning of the electricity market. The criteria shall take into account the economic advantages of available generation units, cross-border transfers and technical limitations in the system;
- 1.44. giving priority to dispatch of electricity generation from renewable energy resources and co-generation, provided that it doesn't contradict the limits specified by the Transmission Grid Code and other rules and regulations on system security;
- 1.45. carrying out other actions envisaged in this law and other applicable laws;

2. Transmission System Operator makes activation of bids of balancing energy with parties that have provided support services and all determined imbalances with balance responsible parties.
3. The Transmission System Operator shall have available all necessary human, technical, physical and financial sources for safe, reliable and long-term operation of the transmission system;
4. The Transmission System Operator shall report to the Regulatory, 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 Regulatory.
5. The Transmission System Operator shall provide necessary information to local governance units, for their developing purpose of energy development planning, while respecting the confidentiality of data of individual network users.
6. The Transmission System Operator shall be responsible for the implementation of the Transmission Grid Code and shall report annually to the Regulatory.
7. The Transmission System Operator is responsible for allowing and managing access/connection of third parties, including collection of payments owed to it by parties for connection and access in the transmission network, in a non-discriminatory and transparent way.
8. The Transmission System Operator shall be responsible for collecting incomes from allocation of interconnection capacities and payments under the compensation mechanism between TSOs.
9. The Transmission System Operator is responsible for payments for executed contracts, other services provided, including expenses related to its participation in international organizations, which may be mandated through international agreements and European Union legislation.

Article 17 **Transmission Grid Code**

1. Operation and management of the transmission network shall be governed by Transmission Grid Code.
2. Transmission Grid Code determines:
 - 2.1. technical and other requirements for the user connected to the transmission network;
 - 2.2. technical and other requirements for the safe transmission of electricity from generators and other systems and the safe operation of the transmission system for required reliable and quality of supply of electricity to final customers;
 - 2.3. technical requirements for network access to transmission network;
 - 2.4. technical requirements for the maintenance of the transmission network;

- 2.5. technical responsibilities of the transmission network users;
- 2.6. operational planning and management of the transmission system;
- 2.7. procedures of operation of the electricity system in normal network operation and in case of force majeure, disturbed networks, extraordinary network or other extraordinary circumstances;
- 2.8. protected area and special conditions within the protected area of power facilities;
- 2.9. types and provision of ancillary services of the system;
- 2.10. technical and other conditions for interconnection and operation of the networks;
- 2.11. development planning of transmission network;
- 2.12. technical design and operational requirements for connection to the system that shall ensure the interoperability of systems and shall be objective and non-discriminatory.

3. Transmission System Operator develops and proposes Transmission Grid Code and Regulatory approves. During development of the Transmission Grid Code, Transmission System Operator is obliged to provide adequate participation of all stakeholders and organize a public hearing for at least fifteen (15) days. Transmission Grid Code shall be published in Transmission System Operator web page.

Article 18 **Metering Code**

1. Installation, Operation and management of the metering system in boundary of transmission network governed by Metering Code.

2. Metering Code determines:

- 2.1. characteristics of metering equipment at the metering point of network users;
- 2.2. properties of the measuring equipment or standards to be met by measuring equipment to enable demand management and time interval metering of electricity consumption;
- 2.3. properties of the measuring equipment or standards of measuring equipment at the metering point the user should meet, functional requirements, accuracy of measuring devices and method of measurement of electricity in transmission system , particularly with regard to :
 - 2.3.1. installation method, acceptance, testing and maintenance of measuring equipment;
 - 2.3.2. collection method, meter readings and other data at the measuring point; and

2.3.3. accessibility, data processing and transfer of meter readings and other data to data users, as well as the collection and archiving of data.

2.4. determination technical standard and solutions for installation of metering systems of network users.

3. Transmission System Operator develops and proposes and Regulatory approves Metering Code. During development of the Metering Code, Transmission System Operator is obliged to provide adequate participation of all stakeholders and organize a public hearing for at least 15(fifteen) days. Metering Code shall be published in Transmission System Operator web page.

Article 19

Procurement of Electricity and Capacities from the Transmission System Operator

1. The Transmission System Operator may engage in electricity and capacity procurement according to transparent, non-discriminatory and market-based procedure only for the following purposes:

1.1. transmission network losses;

1.2. system balancing;

1.3. provision of ancillary services according to transparent, non-discriminatory and market-based procedure.

2. The Transmission System Operator shall purchase energy required for covering losses in the transmission network in the electricity market. If it provides evidence for each individual case to the Regulatory that such purchases are physically not possible, the Regulatory may demand from producers to offer the electricity required for covering transmission network losses. The Regulatory, based on reports of the Transmission System Operator, may require from the Transmission System Operator, generators and other entities to implement public service obligations to ensure that transmission losses are covered.

3. The Transmission System Operator ensures system services in compliance with market principles and service provision contracts. At the request of the Transmission System Operator, services provided by ancillary service and balancing service providers may be utilized.

4. Rules for electricity system balancing shall be objective, transparent and non-discriminatory, including all rules on imbalance costs for system users. Balancing rules shall be submitted for approval to the Regulatory by the Transmission System Operator. The terms and conditions, including the rules and tariffs for the provision of such services by the Transmission System Operator shall be established pursuant to a methodology approved by the Regulatory in a non-discriminatory and cost-reflective way and shall be published.

Article 20

Confidential information

1. The Transmission System Operator shall maintain 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 conducted in a non-discriminatory manner.

2. Notwithstanding paragraph 1. of this Article, the Ministry responsible for energy, or the Regulatory may require the Transmission System Operator to provide the any confidential information necessary to implement their functions, powers, duties and responsibilities.

Article 21

Promotion of Regional Cooperation

1. The Transmission System Operator represents Kosovo in the European Network of Transmission System Operators of Electricity.

2. The Transmission System Operator, with prior consent of the Regulatory, takes part in the operation of one or more integrated systems within one or more regions that are covered by one or more Parties to the Energy Community, with the aim of coordinated calculation of cross-border capacities and coordinated allocation of cross-border capacities and verifying operational security and with the aim of establishing and developing regional electricity markets and their liberalization.

3. The Transmission System Operator shall promote operational arrangements in order to ensure the optimum management of the Energy Community network and shall promote the development of energy exchanges, the coordinated allocation of cross-border capacity through non-discriminatory market-based solutions, paying due attention to the specific merits of implicit auctions for short-term allocations, and the integration of balancing and reserve power mechanism.

4. Transmission System Operator shall take into account the opinions, recommendations and shall implement the decisions of institutions established in the Energy Community, or the European Union, where such organizations are mandated by regulations or international agreements binding on Kosovo;

5. The Transmission System Operator cooperates with organizations as per paragraph 4. of this Article in ensuring the necessary information regarding network development plans, use and development of interconnection lines and regional cooperation.

CHAPTER IV

ORGANIZATION OF THE ELECTRICITY MARKET

Article 22

Electricity Market

1. The electricity market includes wholesale and retail electricity markets.

2. Wholesale and retail sale and purchase of electricity is contracted through bilateral contracts or through the organized electricity market.

3. The bilateral electricity market is the market in which electricity sale and purchase is conducted directly between electricity market participants, based on bilateral electricity sale and purchase agreements.

4. Trading of electricity in frame of the electricity market is done freely and based on economic interests of each participant.
5. Publicly owned Electricity undertakings and those enterprises that provide public services, trade (bargain) electricity, needed for disbursement of their duties and responsibilities under the license, is carried out based on Procedures for trade of electricity which are proposed by the Transmission System Operator and approved and published by the Regulatory. In order to ensure efficiency of costs and cheapest price possible, taking into account specificities of the electricity market, these procedures are not subject to requirements of the Law on Public Procurement.
6. Transmission System Operator is responsible for day ahead validation of contractual electricity sale and purchase schedules of parties inside Republic of Kosovo and cross border schedules, based on contractual obligations deriving from sales and purchases in the electricity market.
7. The Market Operator and the Transmission System Operator are responsible for the organization of the day-ahead and intraday electricity market for physical trading of electricity in the entire territory of Republic of Kosovo, and for its coupling with other electricity markets. The possibility of constitution of a financial electricity auction shall not be restricted by the Market Operator.
8. Transmission System Operator is responsible for organization and development of the balancing electricity market.
9. In the balancing electricity market, the Transmission System Operator receives bids and offers in the balancing market for purposes of electricity system balancing, in order to guarantee operational safety of the electricity system, undertakes measures and activates electricity bids and offers for balancing purposes, based on economic merit order list.
10. Market System Operator is responsible for calculation of electricity imbalance and imbalance prices for each market participant for each specified settlement period and for billing, in compliance with Market Rules.
11. Participation in the balancing electricity market is regulated through agreements on balancing service provision, which the Transmission System Operator executes with balancing service providers. Such agreements shall contain a part of market rules related to electricity balancing and final settlements of balancing energy.
12. The Market Operator shall perform the final financial settlement of balancing services provided.
13. The Transmission System Operator shall inform the Regulatory on contracts on balancing services executed with balancing service providers and on the monthly implementation of such contracts, upon request of the Regulatory.

Article 23 **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 structure or any decision-making process of the Ministry, Regulatory or any energy enterprise responsible for electricity generation, supply, distribution or coal mines or other fuel supplies.

4. To conduct market organization activities, the Market Operator shall be licensed by the Regulatory.

5. The Market Operator shall be responsible for organizing the electricity market in the entire territory of Republic of Kosovo, in compliance with the Market Rules adopted by the Regulatory.

6. The Market Operator shall prepare the proposed Electricity Market Design and any modifications thereof, in compliance with the Energy Strategy of the Republic of Kosovo. The electricity market design shall be approved by the Regulatory.

7. Pursuant to the Electricity Market Design, the Market Operator shall prepare Market Rules for the wholesale electricity market, and review them regularly in relation to changes considered reasonable and necessary. Such rules, including amendment proposals, shall be submitted for approval to the Regulatory. Upon approval, electricity Market Rules shall be binding for all Kosovo electricity market participants.

8. Tariffs for charges due for electricity market operation and organization determined by the Regulatory, based on the Tariff Methodology for electricity market operation proposed by the Market Operator and approved by the Regulatory. The proposal of the Market Operator shall be based on reasonable expenses of the business and shall be harmonized with its Annual Business Program and its Financial Plan.

9. The Market Operator is responsible for:

9.1. economic management of the electricity system. It manages and operates the electricity market, in compliance with conditions set in this law and other applicable laws;

9.2. organization and development of the electricity market, to the benefit and advantage of electricity market participants;

9.3. organization and development of the organized electricity market, in cooperation with the Transmission System Operator,

9.4. registration of all electricity sale and purchase transactions between electricity market parties;

9.5. timely submission to the Transmission System Operator of daily electricity sale and purchase programs;

9.6. verification of harmonization of contractual cross-border sale and purchase programs, with allocated cross-boundary capacities;

9.7. maintenance of evidence on suppliers and customers and their mutual obligations;

9.8. conclusion of sale and purchase agreements for the obligatory portion of electricity generated from renewable energy sources and cogeneration;

9.9. collection of payments for supporting electricity generation from renewable energy sources and cogeneration, from all suppliers, including suppliers with public service obligations;

9.10. electricity market analyses and proposal of measures for its advancement;

9.11. publication, in the manner determined, of information necessary for unhindered electricity market organization, and conduct of electricity activities;

9.12. provision of opinion to the Transmission System Operator on rules for allocation and use of cross-border transmission capacities;

9.13. organization of electricity sale and purchase auctions, depending on the market model and trading mechanisms, and receipt of bids for sale and bids for purchase of electricity in organized market conditions;

9.14. establishment of market prices in the event of organized markets, for each time period specified, and notification of all parties on mutual obligations;

9.15. notification of organized market results and other information related to the electricity market for electricity market participants and the Transmission System Operator;

9.16. management of final financial settlement process and billing in the organized electricity market, allocation of interconnection capacities, balancing mechanism, obligations related to access in the transmission system, based on the data received from system operators;

9.17. management of the customer transfer process, in accordance with Market Rules;

9.18. installation, maintenance and update of the market operation platform. This platform shall provide for independent auditing;

9.19. publication of all market-relevant data and information and other obligations deriving from Market Rules;

10. The Market Operator shall perform its tasks while respecting principles of transparency, objectivity and independence, under the supervision of the Regulatory.

11. From the aspect of electricity system balancing, the Market Operator shall conduct the commercial part of the business through rules for calculation of balancing energy, which are included in the rules for the organization of the electricity balancing market and represent part of electricity market organization and serve to process the commercial part of the electricity system balancing. The commercial part of the business includes:

11.1. organization of the sale and purchase of balancing energy from service providers, including collection of bids, compilation of economic precedence list and its submission to the Transmission System Operator, as well as payments for service provisions; and

11.2. organization of the sale and purchase of balancing from the load-side, including calculations and payments for balancing energy due to balancing required for deviations caused by entities responsible for deviations, respectively parties or groups responsible for the balance.

12. Participants of the electricity market are obligated to provide the Market Operator with unrestricted and continuous access to data it may require to implement its activities, in compliance with the Market Rules.

Article 24

Electricity market participants

1. Participants in the electricity market may be energy enterprises or legal or natural persons that purchase or sell electricity, in-and outside Kosovo.

2. Electricity market participants are:

2.1. producer;

2.2. electricity trader;

2.3. supplier;

2.4. wholesale or final customer.

3. Mutual obligations of electricity market participants are regulated with contracts, in compliance with this law and Market Rules.

4. The Transmission System Operator, Distribution System Operator and Closed Distribution System Operator, are electricity market participants only for electricity purchases for covering losses in the transmission and distribution network, and purchases and sale of balancing energy. With the view of achieving energy market competition and with the aim of meeting electricity demand in Kosovo, under the provisions of this law and other laws in force, electricity market participants may execute contracts for the sale and purchase of electricity with:

4.1. other energy enterprises and customers within Kosovo;

4.2. other energy enterprises and customers in the system of another Contracting Party of the Energy Community, as long as the supplier follows the applicable trading and balancing rules.

Article 25

Balance responsibility of electricity market participants

1. Each electricity market participant shall have balance responsibility.
2. The electricity market participant may arrange its balance responsibility by concluding balance responsibility contract with the Transmission System Operator, thus acquiring status of balance responsible party.
3. The electricity market participant may arrange its balance responsibility by transferring balance responsibility on its chosen representative who is balance responsible party, thus becoming the member of the balance group of the balance responsible party.
4. The Market Rules shall specify procedures and requirements for establishing balance responsibility of electricity market participants, balance responsibility contract and responsibility for keeping register of balance responsible parties.

Article 26

Development of Competition

1. Regulatory, in consultation with the Kosovo Competition Authority and State Aid Office, shall at least once in two (2) years conduct investigations related to the functioning of the electricity market. The reports of the Regulatory shall be published without delay.
2. Regulatory may establish necessary and proportional public service obligations with the aim of stimulating effective competition and ensuring regular functioning of the electricity market. These measures may include programs for the provision in the market of certain amounts of electricity, according to which entities are obliged to sell or make available certain amounts of electricity or provide access to a part of their generation capacities to interested suppliers, for a certain period of time.
3. Measures pursuant to paragraph 2. of this Article shall be determined by separate act which is drafted and approved by Regulatory upon consultation with the Energy Community Secretariat.

CHAPTER V

ELECTRICITY DISTRIBUTION

Article 27

The Distribution System Operator

1. Distribution System Operator is selected by the Government of the Republic of Kosovo on the basis of a competitive procedure. Upon selection, the operator is subject to the licensing procedure by the Regulatory, and may operate only after having obtained such license.
2. The Distribution System Operator manages the distribution network assets and is independent in operational decision-making and planning from the generation and supply activities.
3. The Distribution System Operator conducts the activity of electricity distribution, in line with

specific conditions set forth in the license and principles of objectivity, transparency and non-discrimination, in the entire territory of the Republic of Kosovo, in compliance with provisions of this law.

4. The Distribution System Operator shall operate, maintain, develop and construct the distribution network, with the aim of providing electricity distribution in safe, reliable and long-term manner.

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

6. In order to ensure the independence of the Distribution System Operator, in line with paragraph 5. of this Article, the following minimum criteria shall be applied:

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

6.2. 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 an appropriate manner that ensures that they are capable of acting independently;

6.3. the Distribution System Operator shall have effective decision-making rights, independent from the vertically integrated enterprise, with respect to assets necessary to operate, maintain and develop the distribution system in a reliable and efficient manner that ensures long-term safety.

6.4. the Distribution System Operator shall have available all necessary human, technical, physical and financial sources for safe, reliable and long-term operation of the distribution system.

6.5. the Distribution System Operator drafts and submits for approval to the Regulatory its Compliance Program, which delineates measures to be undertaken with the aim of eliminating discriminatory behaviour and that ensure its adequate monitoring. In order to achieve its objective, the Compliance Program shall stipulate specific obligations of the staff of the Distribution System Operator. The responsible person or bodies for monitoring the Compliance Program, the Compliance Officer shall submit to the Regulatory an annual report, which shall be published and shall describe measures undertaken. The compliance officer shall be fully independent and shall have access to all the necessary information of the Distribution System Operator and any its affiliated undertaking to fulfil his task.

7. Provisions of this Article shall not prejudice the existence of adequate coordination mechanisms, in order to ensure the protection of rights of economic and managerial supervision by the mother company, as regards return from assets, regulated in an indirect manner, over the subsidiary enterprise. In particular, this shall enable the parent enterprise 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. It shall not permit the parent enterprise 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.

8. Activities of the Distribution System Operator shall be monitored by the Regulatory, in consultation with the Kosovo Competition Authority 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 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 enterprise.

9. Where, on the basis of reports submitted or any other information, the Regulatory is not satisfied that the Distribution System Operator is fully complying with the provisions of paragraphs 3. and 8. of this Article, the Distribution System Operator shall as soon as possible provide any further information that the Regulatory may require. Where it considers it is necessary to ensure compliance with paragraph 3. and 8. of this Article, the Regulatory shall take all necessary further action to ensure compliance with these respective provisions and with the Distribution System Operator's license.

Article 28

Responsibilities and Rights of the Distribution System Operation

1. Responsibilities and rights of the Distribution System Operator are:

1.1. distribution system operation;

1.2. provision of coordinated functioning of the distribution system linked to networks of other operators and network user facilities;

1.3. operation of the distribution system, in order to achieve reliability of electricity supply and economic use of the distribution network;

1.4. provision of connections in the distribution network, in accordance with this law, for all system users requiring such connection, in accordance with the connection requirements defined in the Distribution Grid Code;

1.5. provision of access to the distribution network, in accordance with regulatory, transparent and non-discriminatory principles, for system users or categories of system users, especially by not favouring its subsidiaries or shareholders;

1.6. act in compliance with supply quality and distribution system safety standards, as approved by the Regulatory;

1.7. ensure in emergency situations, stipulated by the Law on Energy, that interruptions of supply are conducted based on predetermined, non-discriminatory and transparent criteria;

1.8. give 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 Transmission Grid Code and Distribution Grid Code;

- 1.9. establish and publish standard rules on cost coverage for technical adaptations in its distribution system, such as network connections or network reinforcements, which are necessary to integrate new electricity generation facilities of producers connected in the distribution system. Such rules shall be in compliance with the Energy Strategy and based on objective, transparent and non-discriminatory objectives, taking into consideration, specifically, all costs and profits related to the connection of such users in the system. Such rules shall be submitted for approval to the Regulatory;
- 1.10. provide any new electricity producer wishing to be connected to the distribution system with a comprehensive and detailed description of the costs associated with the connection. For this service the Distribution System Operator may levy a charge that reflects its reasonable costs;
- 1.11. establish and publish standards and rules relating to the sharing of costs of system installations, such as grid connections and reinforcements, between all system users benefiting from the system. Such rules shall be submitted for approval to the Regulatory, and shall be consistent with the Energy Strategy and all other applicable sub-legal acts;
- 1.12. draft tariff methodologies for access and connection to the distribution system and application of tariffs for use of the distribution system and connection charges, in accordance with transparent and non-discriminatory principles that provide efficient economic signals for system users. methodologies, tariffs, charges and calculation methodology shall be approved by the Regulatory, and shall be published in the web-page of the Distribution System Operator, fifteen (15) days prior to the date of their application, in accordance with rules and procedures set forth in the Law on Energy Regulator;
- 1.13. provide data from commercial metering points of producers and suppliers connected in the distribution network, for final calculation settlement purposes;
- 1.14. ensure availability of distribution capacities for electricity distribution for customers and producers connected in the distribution network;
- 1.15. provide information to energy entities and distribution network users, which is necessary for effective access to the network and use of the distribution network, in a transparent and non-discriminatory manner;
- 1.16. establish and maintain a register of customers in need;
- 1.17. provide information on electricity demand estimates and other information required by the Transmission System Operator, the Regulatory or Ministry;
- 1.18. implement measures to improve efficiency of energy distribution;
- 1.19. protect the environment;
- 1.20. execute agreements for provision of ancillary services with the Transmission System Operator, with the view of providing transmission system services;
- 1.21. provide electricity for covering losses in the distribution system and for ancillary

services in the distribution network, in accordance with the principles of electricity market, transparency and non-discrimination;

1.22. execute agreements with distribution system users on provision of ancillary services, with the view of providing ancillary services in the distribution network in an economical and efficient manner;

1.23. maintain a register of metering points for all respective parties for imbalance in the delivery points in the distribution network;

1.24. analyze losses in the distribution network on annual basis, including assessment of technical losses and unauthorized electricity consumption and, if necessary, development and implementation of measures for loss reduction;

1.25. prepare within any current year the annual plan of distribution losses for the forthcoming year, and submit it for approval to the Regulatory. The annual plan of losses shall include an assessment of technical losses and unauthorized electricity consumption;

1.26. develop ten (10) year plans harmonized with the ten (10) year transmission network development plan, which shall be approved by the Regulatory, and fulfill obligations deriving from such plans;

1.27. develop a five (5) year plan for distribution network development within any current year for five (5) year period, which shall be harmonized with the ten (10) year distribution network development plan, with spatial planning documentation and harmonized with the five (5) year transmission network development plan, which shall be approved by the Regulatory;

1.28. compile within any current year an annual investment plan for the forthcoming year, which shall be approved by the Regulatory, and shall be harmonized with the ten (10) year and five (5) year distribution network development plan and with the relevant spatial planning documentation;

1.29. maintain metering systems, collect and process data from commercial metering points of network users, in compliance with this law and Metering Code;

1.30. support municipalities in preparing their local development plans, programs and strategies on matters affecting the distribution system;

1.31. make available to the Transmission System Operator copies of five (5) year and ten (10) year distribution system development plans;

1.32. comply of all actions with the Transmission Grid Code, Distribution Grid Code and all other codes and rules in force.

2. The Distribution System Operator shall report to the Regulatory, 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 latter.

3. The Distribution System Operator shall provide information to local governance units necessary for local developing planning while respecting the confidentiality of individual network users.
4. The Distribution System Operator shall draft and regularly review the Distribution Grid Code for its system, in respective consultation with operators of other systems to which it is connected, and shall submit any potential changes for approval to the Regulatory.
5. The Distribution Grid Code shall cover such matters as the Regulatory may specify, including:
 - 5.1. the minimum rules for design and operation of the distribution system, including obligations for maintaining an appropriate level of system security and reserve capacity;
 - 5.2. the technical rules establishing the minimum technical design and operational criteria for connection to the transmission system and interconnection and operation of other systems;
 - 5.3. the procedures applicable for system operations in contingency situations.
6. The Distribution Grid Code shall be based on principles of interoperability of systems, objectivity and non-discrimination, and shall be applied and made public based on such principles;
7. The Distribution System Operator shall be responsible for implementation of the Distribution Grid Code and reports on an annual basis to the Regulatory on its implementation.
8. The Distribution System Operator shall be entitled to bill for and collect the remuneration due to it under the contracts for use of its system 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, and shall be submitted for the approval to the Regulatory. Upon approval by the Regulatory, they shall be made public.
9. Distribution System Operator shall sell the 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 29

Confidential Information

1. The Distribution System Operator must preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its business, and shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
2. The Distribution System Operator shall report to the Regulatory, as stipulated in its license and in the Law on Energy Regulator, and shall provide information on issues that may be required by the latter, in the determined form and intervals.
3. Notwithstanding paragraph 1. of this Article, the Ministry or the Regulatory may request from the Distribution System Operator to provide confidential information that is necessary for the

conduct of their functions, powers and duties.

Article 30

Closed Distribution Systems

1. The Regulatory shall approve rules on the performance of distribution activities within a closed distribution system.

2. The Regulatory may relieve the Closed Distribution System Operator from:

2.1. the obligation to purchase energy used for the coverage of electricity losses and reserve capacities in its system, on the basis of transparent, non-discriminatory and market-based procedures;

2.2. the obligation that prices, respectively compensations or methodologies on which their calculation is based, are approved by the Regulatory prior to their entry into force.

3. In the event that any release from obligations, as determined in paragraph 2. of this Article, is affected, existing prices respectively compensation or methodologies on which the calculations are based, may be revised and adjusted with the pricing methodology approved by the Regulatory, upon request of the users of such networks.

4. Incidental use by the small number of households with employment or similar associations with the owner of the distribution system and located within the area served by a closed distribution system shall not preclude an exemption under paragraph 2. of this Article being granted.

Article 31

Unbundling and transparency of accounts

1. Energy Enterprises that carry out regulated energy activities shall separate their internal accounts for each of these activities as if the activities in question were carried out by special enterprises, with a view to avoiding discrimination, cross subsidies and distortion of competition. They shall also keep accounts, which may be consolidated, for other non-regulated electricity activities.

2. All energy enterprises shall have separate accounts for their licensed energy activities and for all other activities and shall ensure that such accounts are audited. Where appropriate, they shall keep consolidated accounts for other, non-energy activities.

CHAPTER VI

ELECTRICITY TRADING AND SUPPLY

Article 32

Electricity trading

1. Electricity trading is an activity independent from activities of electricity transmission and distribution. It covers electricity purchase and sale, including resale, to wholesale customers, including those under public service obligations.

2. Electricity trading may be performed by electricity enterprises, on the basis of licenses issued by the Regulatory, in compliance with the Law on Energy Regulator and in accordance with Market Rules.

3. Licenses issued for electricity trading in other Parties to the Energy Community Treaty shall be recognized in Kosovo. Such licensed suppliers shall be entitled to electricity trading without requiring an additional license. Trader and supplier registered in another Energy Community Party are entitled to participate in the electricity market, following the principle of reciprocity and in accordance with applicable trading, balancing and fiscal rules.

Article 33

Performance of supply activities

1. Electricity supply is an activity independent from electricity transmission and distribution activities and is related to the purchase, sale and resale of electricity to customers.

2. Supply may be performed by an energy enterprise licensed by the Regulatory to perform supply activities.

3. Suppliers may supply electricity to all customers in-and outside Kosovo.

4. Suppliers with the public service obligation must offer supply with electricity to:

4.1. final customers which enjoy the right of supply under the framework of universal services to the extent this right cannot be exercised under market conditions;

4.2. final customers which lose their electricity supplier due to circumstances beyond their control for a period not exceeding sixty (60) days as stipulated in Article 39 of this law;

5. All suppliers purchase electricity for the supply of their final customers in the bilateral market and in the organized market at unregulated prices. In opposite Regulatory may impose public service obligation for electricity producers to sell electricity suppliers with public obligations a limited period of time. Regulatory decision is to be reasoned and published, and shall satisfy the conditions stipulated in Article 5 of this law.

Article 34

Supplier Obligations

1. The Supplier shall be obligated to:

1.1. execute agreements on access to the system with the operator of the system in which the facilities of its customers are connected and

1.2. execute agreements that stipulate balancing responsibilities, on behalf of:

1.2.1. households and small enterprises;

1.2.2. large non-household customers for which supplier has taken over these

responsibilities.

2. The Supplier shall inform his customers:

2.1. in a clear and transparent manner on applicable prices, and standard conditions and terms for the use of its services;

2.2. on various payment methods, which don't discriminate among customers. Prepayment systems shall be fair and reflect at an adequate extent the possible consumption. All differences in conditions and terms shall reflect user expenditure in relation to various payment systems;

2.3. on their rights to select and change the supplier, free of charge;

2.4. on the possibility of using simple and cost-effective procedures for addressing appeals; moreover, every supplier shall provide that its customers are entitled to a good standard of service and treatment of appeals, with possibilities for resolving disputes in a fair manner and within reasonable timeframes, within three (3) months;

2.5. correctly on the current electricity consumption and expenditure, in order to enable them to manage their electricity consumption. Such information shall be provided within a reasonable timeframe, which takes into account functions of the installed electrical meters, and pays due attention to the expenditure for such measures, and without charging final customers with additional expenditure for such services;

2.6. on any changes in contract conditions, at least fifteen (15) days prior to their application, including their right to withdraw upon such notice. Suppliers notify their customers directly on any increase in expenditure, and on their right to withdraw from the contract in the event they do not accept the new conditions offered in the notice;

2.7. through bills and promotional materials provided to final customers in relation to:

2.7.1. contribution of each energy source in the overall mixture of fuel used by the supplier in the preceding year in a comprehensive manner, and at the state level, in a clearly comparable manner,

2.7.2. at least references to existing information sources, such as internet pages, in which information on environmental impact of the supply can be found, from at least the aspect of CO2 emissions and radioactive waste that derive from electricity generated from the overall mixture of fuels used during the preceding year by the supplier,

2.7.3. their rights related to resolution of disputes available in the event of any disagreements;

2.7.4. data on their consumption, which enable them, with express consent and free of charge, to provide the registered supply enterprise access to metering data;

2.7.5. their obligation of final payments, by servicing to consumers the final

closing account upon any change of electricity supplier, no later than forty five (45) days after such change of supplier has taken effect;

2.7.6. as regards sub-paragraph 2.7.1 and 2.7.2. of this Article in relation to electricity provided by the supplier through electricity exchanges or imports from enterprises located outside the Energy Community, total figures provided through the exchange of said enterprise for the preceding year may be used.

2.8. The Supplier shall also:

2.8.1. publish and maintain qualitative parameters of contracted electricity supply for customers, in accordance with Rules on Supply Quality, approved by the Regulatory;

2.8.2. supply customers with electricity, in compliance with the executed contract;

2.8.3. maintain separate data in commercial registers on supply of customers at unregulated prices, and supply of customers at regulated prices, for supply under the framework of universal service and guaranteed supply;

2.8.4. define supplier conditions, and make them public in an appropriate manner, no later than thirty (30) days prior to the commencement of electricity supply activities;

2.8.5. perform energy activities of supply in a safe, reliable and efficient manner;

2.8.6. provide customer, in cooperation with the Regulatory, a copy of electricity customer checklists, as established by the European Commission and adopted by the Permanent High Level Group of the Energy Community;

3. Prior to the commencement of supply, every supplier shall also be obliged to:

3.1. execute contracts on balance responsibility with the Transmission System Operator, or execute membership contracts in a balancing group with the leader of this group, in compliance with Market Rules;

3.2. execute contracts with at least one other electricity trader, supplier or producer, and execute supply contracts with final customers, and, if necessary, procure cross-border transmission capacities.

4. Suppliers with public service obligations to supply final customers which enjoy the right of universal service shall establish mechanisms necessary to support customers in need, upon consultation with the Regulatory, in order to avoid disconnection due the non-payment of electricity bills.

5. The Regulatory shall undertake all necessary steps to ensure that information provided by the supplier to its customers shall be reliable and easily comparable.

6. Requirements on the form, type and amount of the financial guarantee that electricity market

participants have to submit shall be determined in Market Rules.

7. The Supplier may supply through metering devices for common spaces, only if a natural or legal person executes a contract with it and accepts to pay for the entire capacity, electricity, distribution services and transmission services delivered through the metering device. The Regulatory may regulate terms and conditions on the basis of which the payment shall be conducted from the person that takes over the payment on behalf of common space users, and may levy charges on other persons that benefit from the said electricity.

8. Any person connected in the distribution system and using electricity without a contract with the supplier shall be disconnected from the distribution system, in line with disconnection rules established by the Regulatory.

Article 35

Record keeping

1. All electricity traders and suppliers are obliged to keep record of the relevant five (5) year data related to contractual transactions on the electricity trading and supply and with the Transmission System Operator, Distribution System Operator and Market Operator, including the financial market (derivatives) and to make them available upon request to the Regulatory, Kosovo Competition Authority and, in compliance with international obligations of the Republic of Kosovo, and to the Energy Community Secretariat.

2. Relevant data from paragraph 1. of this Article include details of characteristics of relevant transactions, including delivery timeframe and conditions, amounts, dates and time of execution and transaction prices, means of identifying the wholesale customer concerned and other necessary information.

3. The Regulatory may decide to make available to market participants elements of that information provided that commercially sensitive information on individual market players or individual transactions is not released.

Article 36

The Right of Changing Suppliers

1. Every final customer, household or non-household, shall be entitled to change its supplier.

2. The Regulatory shall approve rules on change of suppliers. The process of change of suppliers shall be performed within twenty one (21) days from the moment of the notice by the current supplier on the decision to change suppliers. Such rules shall contain:

2.1. procedures for changing the supplier;

2.2. conditions to be fulfilled by the new supplier, especially related to balance responsibility, in compliance with electricity system balancing rules;

2.3. obligations of the supplier which is terminating the contract with the customer which wishes to change the supplier;

2.4. duties of the Transmission System Operator or Distribution System Operator in

which the customer is connected;

2.5. rights and obligations of the new supplier, from the perspective of access to and use of the network of the system operator in which the customer that wishes to change the supplier is connected;

2.6. rights of the supplier in relation to the current customer, from the perspective of remedying all liabilities to date;

2.7. remedies for all prior financial liabilities and other liabilities of the final customer.

3. Rules on change of supplier may also establish:

3.1. procedures for changing the supplier in conditions of guaranteed energy supply;

3.2. procedures for changing the supplier in the event of change of ownership over the building;

3.3. procedures for changing contractual reports in the event of interim transfer of final customer supply contracts and contracts on the use of network by the final customer to third parties.

4. Change of supplier, in compliance with rules on the change of suppliers, is free of charge to the customer. The change of suppliers is performed at the request of the customer, except when related to guaranteed supply.

5. The supplier which is in the process of terminating customer contracts shall not impose additional conditions for the termination of electricity supply contracts with final customers, including remaining payments of the final customer, and is obligated to supply the final customers up to the conclusion of the supplier change procedure. Exceptions from the aforementioned provision in setting additional conditions shall be only allowed in the event that the final customer has not serviced all its liabilities, upon prior notice by the supplier, which due to non-fulfilment of previous liabilities, respectively reach an agreement within a time-period not exceeding eight (8) days from the notice.

6. The Regulatory monitors the implementation of the rules on change of supplier.

7. The Regulatory shall decide regarding disputes that may result from the change of suppliers. The decision of the Regulatory can't be appealed; however, the dispute can be resolved in front of the competent Court. Notwithstanding the conduct of such procedures, the supplier change procedure shall not interrupt.

8. Customers shall bear no payment liabilities in relation to supplier change procedures associated with the change of suppliers.

Article 37

Electricity supply under the framework of universal service

1. In order to provide supply under the framework of universal service, the Regulatory, may charge any supplier with public service obligation according to the criteria and terms defined in

Article 5 of this Law, by obligating such suppliers to offer electricity supply to consumers that enjoy the right of supply under universal services. Such obligations shall be prescribed in the license of the bearers of public service obligations.

2. The right to supply as a universal service shall be enjoyed by all household and non-household customers that have an annual turnover of not more than ten (10) million euro, or not more than fifty (50) employees.

3. In the event that universal service goals can't be met under market conditions, the Regulatory may regulate electricity prices for final customers that enjoy the right of supply under universal service, subject to its compliance with conditions set in paragraphs 4. to 8. of this Article.

4. In the event that Regulatory regulates the electricity price for final customers, it shall offer a detailed explanation and justification, linking such regulation to extraordinary circumstances in the electricity market, and providing a justification on the necessity of preserving electricity price regulation for final customers, as a public obligation that is in compliance with conditions stipulated under this Article.

5. Regulatory shall ensure that various customer categories shall not benefit from the same treatment of safeguard measures, and that price regulation for final customers with rights to enjoy supply as a universal service will be made available only to ensure the provision of universal services for household and non-household customers that enjoy such rights.

6. The Regulatory shall ensure that electricity prices that are subject to regulation, for the purposes of ensuring universal service, will reflect costs. Cost reflection shall cover real costs of electricity supply, including the cost of generation, cost of balancing, short-term marginal costs, reflecting the full generation portfolio, necessary investments in the adequate rate of return, cost of imports, cost of supply services, and bad debts.

7. In its decision to regulate prices for final customers, Regulatory shall determine a final date for the withdrawal of regulation of prices for final customers, as well as an action plan for performing this, while clearly depicting the interim nature of price regulation for final customers.

8. Regulatory shall perform annual reviews of methodologies and of the approved level of prices for final customers, as of the existing necessity to regulate prices for certain categories of buyers, based on public service objectives pursued. Such reviews are submitted to the Energy Community Secretariat, which, on the basis of regional market analyses, may propose other measures for the withdrawal of price regulation for certain categories.

9. In order to ensure guaranteed supply can be assigned the guaranteeing supplier.

Article 38

Obligations of suppliers under public service obligations

1. In addition to other obligations of suppliers, suppliers with public service obligations shall:

1.1. inform buyers on their rights and on conditions of supply under universal service;

1.2. supply electricity as a public service obligation in accordance with conditions determined in the license;

1.3. supply electricity of a certain quality set in the Regulation on quality of supply, approved by the Regulatory, within territory for which it has been appointed to provide supply as universal service;

1.4. bills delivered for electricity at reasonable, easily and clearly comparable, transparent and non-discriminatory prices;

1.5. for as long as the prices of electricity supplied under public service obligation are regulated by the Regulatory, such prices shall be approved by the Regulatory in compliance with its methodologies. The Supplier shall publish its tariffs on its web-page, no later than fifteen (15) days prior to the commencement of their application.

Article 39

Guaranteed supply

1. A supplier selected in accordance with Article 40 of this law shall be obliged to supply consumers which remain without a supplier in the following cases:

1.1. their supplier has went bankrupt or is under liquidation;

1.2. the license of the previous supplier has been permanently or provisionally revoked, or has expired;

1.3. the consumer has failed in selecting a new supplier upon termination of the contract with the previous one.

2. Supplier unable to supply electricity to final customers, as per paragraph 1.1. of this Article, shall be obliged to inform in due time the guaranteeing supplier, final customer, Regulatory and transmission and distribution system operators on the date of suspension of supply. In such events, the customer is immediately supplied from the supplier of last resort.

3. Regulatory shall inform the supplier of last resort, final customer, transmission and distribution system operators on suppliers falling under paragraph 1.2. of this Article, no later than fifteen (15) days from the date when the said license has expired, or from the date of entry into force of Regulatory decision to provisionally or permanently revoke the license.

4. Contracts on guaranteed supply for final customers shall be considered entered into on the date when conditions for exercising the right for guaranteed supply, as per sub-paragraph 1.1. and 1.2. of this Article, have been fulfilled.

5. Guaranteed supply in cases determined in sub-paragraph 1.3. of this Article shall commence upon termination of the contract with the previous supplier or upon commencement of supply for the new customers, subject, however, to the contract not being signed with another supplier.

6. Guaranteed supply shall not last more than sixty (60) days.

7. In the event the final customer from sub- paragraphs 1.3. in this Article and supplied from a the supplier of last resort fails to enter into agreement with the new supplier within the term determined in paragraph 6. of this Article, the system operator shall terminate supply of electricity.

8. The Transmission System Operator and Distribution System Operator shall hand over information on the supplier of last resort to customers transferred to guaranteed supply, within five (5) days of the notice given according to paragraphs 2. and 3. of this Article.

9. Prices at which the supplier of last resort supplies electricity are determined on the basis of the Regulatory drafted methodology, and shall be higher than the average market price or the price for similar consumers supplied in the market, as well as commensurate to the least expensive supply offer in the market; if there is at least one supply alternative offer, the price shall not exceed expenditure efficiently incurred in such supply; in such occasions, Regulatory shall base its pricing on comparisons with comparable suppliers abroad.

10. The supplier of last resort shall be obligated to notify the customer on terms and conditions of electricity supply and prices, and shall inform customers on the exceptional nature of its service. It shall publish such conditions and information in its web-page.

11. The supplier of last resort shall service the contract to final customers within eight (8) days from the commencement of supply.

12. The supplier of last resort shall publish in its website, at least once per year, information on the number of customers supplied, total amount of electricity delivered, and average supply period, separately for household and non-household customers that enjoy the right of supply under universal service provisions.

Article 40

Appointment of the Supplier of last Resort

1. Based on an open bidding procedure, the Regulatory shall appoint the supplier of last resort no later than six (6) months upon entry into force of this law.

2. The decision for opening the bidding procedure as per paragraph 1. of this Article shall contain all criteria for the selection of the supplier of last resort, conditions and terms of guaranteed supply, information on price formation and changes, contract terms and conditions, and length of the period for which the supplier of last resort is appointed.

3. The supplier of last resort shall be appointed to act in such capacity for a period of three (3) years.

4. In the event that the supplier of last resort is not appointed within the period set forth in paragraph 1. of this Article, the Regulatory shall appoint a supplier which will provisionally exercise the functions of guaranteeing supplier, for a term no longer than six (6) months, during which a new bidding procedure shall be conducted. In the event that the second bidding procedure fails as well, the Regulatory shall appoint the supplier of last resort by means of a special act, thus prescribing all conditions and terms with regard to imposition of public service obligations, in compliance with Article 5 of this law.

Article 41

Obligations of the Supplier of last Resort

1. In addition to obligations of other suppliers, the guaranteeing suppliers shall:

1.1. supply final customers as per Article 39 of this Law until customers select a supplier of choice, but not for longer than sixty (60) days.

1.2. bill final customers as per Article 39 of this Law for electricity delivered, in accordance with guaranteed supply prices approved by Regulatory in compliance with the methodology drafted and approved by Regulatory;

1.3. inform final customers on conditions of guaranteed supply, termination of the contract on guaranteed supply, and their right to free selection of electricity suppliers;

1.4. service to final customers contracts on guaranteed supply, no later than eight (8) days upon commencement of such supply.

Article 42

Protection against Actions of Suppliers with Public Service Obligations

1. Parties dissatisfied with the work of supplier with public service obligations of supply as universal service or of the supplier of last resort may file a written complain to the Regulatory.

2. Appeals as per paragraph 1. of this Article may pertain to refusal to provide universal service of supply to final customers that enjoy such rights, refusal to provide guaranteed supply of final customers, application of the electricity pricing methodology for supply under universal service provisions and application of the energy pricing methodology under guaranteed supply service provisions.

3. Regulatory is obligated to, without delay and no later than within thirty (30) days from the date of the appeal, inform the dissatisfied party in writing on measures undertaken in relation to the complaint. In the event that the complaining party does not agree with measures undertaken, or was not notified on the measures undertaken within the set term, it shall be entitled to initiate judicial proceedings.

Article 43

Direct lines

1. All electricity producers and suppliers in Kosovo shall be granted the possibility to supply their facilities, or facilities of their subsidiaries, or of end-customers through direct lines.

2. All end-customers in Kosovo shall have the right to be supplied through a direct line by a producer and supplier.

3. Authorization for the construction of direct lines shall be granted by the Regulatory 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 Regulatory 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 Regulatory. Duly substantiated reasons shall be given for such refusal.

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

CHAPTER VII RIGHT OF THIRD PARTY ACCESS

Article 44 Right of Third Party Access

1. The Transmission System Operator and the Distribution System Operators shall allow third party access to the transmission system on the basis of Transmission charging methodologies developed by Transmission System Operator and third party access to distribution system on the basis of distribution charging methodologies developed by Distribution System Operator. Charging methodologies after approval by the Regulatory shall be published in web page of respective operator.

2. In determining the extent to which requests for access to the transmission or distribution 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 shall be objective and apply to all system users on a non-discriminatory basis. Such tariffs will be proposed by the Transmission System Operator and the Distribution System Operators, in the manner prescribed by the Regulatory, and shall enter into force after approved and published by the Regulatory. The tariffs proposed shall include appropriate economic signals to encourage efficient use of systems and interconnectors.

Article 45 Refusal of Third Party Access

1. The Transmission System Operator or Distribution System Operator may refuse access to the transmission system or distribution system if the necessary capacity is not available, and the lack of necessary capacity can be justified objectively based on technically and economically justified criteria, taking into considerations security of supply or quality of supply, taking into account the standard of service and reliability requested by the person requesting 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 Regulatory which shall issue a Decision in accordance with the procedures established under the Law on the Energy Regulator.

CHAPTER VIII FINAL CUSTOMER

Article 46 Contractual requirements

1. Mutual rights and obligations of electricity service providers and customers shall be stipulated in a written and signed contract.

2. The contract mentioned in paragraph 1. of this Article shall contain, additionally to general elements stipulated in the Law on Obligational Relationships the following elements:

2.1. identity and address of the supplier;

2.2. services provided, including time of initial connection and levels of quality of services provided;

2.3. types of maintenance services provided;

2.4. any compensation and rules of reimbursement applied in the event that contracted levels of service quality are not met, including incorrect or late billing;

2.5. manners in which updated information on all tariffs and maintenance expenses may be obtained;

2.6. methods for notification of price or electricity service condition changes;

2.7. length of contract, conditions for contract renewal or termination, as well as rights and obligations in the case of agreement annulment and termination, including information on potential allowance of contract withdrawal free of charge;

2.8. methods for initiating dispute resolution procedures;

2.9. information in relation to consumer rights, including information on treatment of complaints, and information mentioned herein, communicated clearly through the billing process or the website of the electricity enterprise;

2.10. rights and obligations of the electricity service provider and customer in the event of fail in fulfilling their obligations, and in the event of provisional suspension of delivery;

2.11. other elements, depending on the special character and type of electricity services provided.

3. Conditions and terms and other elements related to the signature of the sale contract shall be regulated in greater detail by Regulatory, in its General Rules of Energy Supply.

4. Contract provisions shall also contain customer rights and obligations, in simple, clear and unambiguous language.

5. Information on contract conditions shall be offered to customers as soon as possible, but no later than before the conclusion of the contract. General terms and conditions shall be fair and transparent. They shall be provided in clear and comprehensible language, and shall not contain non-contractual obstacles for the exercising of customers' rights, excessive contractual documentation. Customers shall be protected from unfair or fraudulent sales practices.

6. In the event when contracts are signed through intermediaries, information in relation to issues stipulated herein in paragraph 5. of this Article, shall also be provided prior to entry into contract.

7. Customers may enter into more than one contract for a given delivery point for the same supply period.

8. Nothing in this contract shall prejudice customers' rights to change their supplier, whereas the contract shall not impose additional financial obligations for customers that exercise their rights to change the supplier.

Article 47 **Quality of Energy Supply**

1. Electricity supply quality include:

1.1. service quality,

1.2. continuity of supply;

1.3. voltage quality.

2. The Regulatory shall establish the electricity supply criteria, which shall determine:

2.1. electricity supply quality indicators;

2.2. methods for metering, collection and publication of electricity supply quality indicators;

2.3. extraordinary events, from the perspective of electricity supply quality perspective;

2.4. scaled establishment of minimum general standards and guaranteed standards of electricity supply;

2.5. manner of regulation of electricity supply quality, depending on the selected tariff regulation method;

2.6. scaled determination of financial compensations for final customers, upon establishment of guaranteed quality of electricity supply,

2.7. manner, dynamics and field of information, and submission of data on the quality of electricity supply to Regulatory;

- 2.8. contents of the annual Transmission System Operator report on quality of electricity supply;
 - 2.9. contents of the annual Distribution System Operator report on quality of electricity supply;
 - 2.10. contents of the annual supplier report on the quality of supply services.
3. The Transmission System Operator and Distribution System Operator are obliged to systematically, in compliance with conditions of the quality of electricity system:
- 3.1. preserve the quality of electricity supply,
 - 3.2. follow-up on electricity supply quality indicators;
 - 3.3. maintain a registry of data necessary for verifying electricity supply quality indicators;
4. All suppliers are obligated to systematically, and in compliance with conditions of electricity supply quality:
- 4.1. preserve the level of service quality;
 - 4.2. follow-up on service quality indicators;
 - 4.3. maintain a registry of data necessary for verifying service quality.
5. The Transmission System Operator, Distribution System Operator, and all suppliers, shall once per year publish reports on the quality of electricity supply and report and submit to Regulatory all data related to the quality of electricity supply.

Article 48

Customer Protection

1. Final customers shall be entitled to protect their rights in compliance with this law, sub-legal acts issued based on this law, and customer protection legislation.
2. An improper and unfair behavior and/or fraudulent activities, in the sense of consumer protection, is prohibited, whereas conditions and terms offered for contract signing purposes shall be transparent and written in simple and comprehensible language.
3. While performing its activities, the supplier shall act in a manner that ensures equal treatment of electricity customers.
4. Customer is entitled to:
 - 4.1. receive all information stipulated under this law.
 - 4.2. receive adequate notifications on the intent to modify contract conditions, and are

informed on their right to withdraw at the moment of such notice. Service provisions shall notify their customers directly on any increased expenses, at an appropriate time, but no later than the thirty (30) days following the entry into force of such increase, in a transparent and comprehensive manner. Customers are entitled to withdraw from the contract if they do not admit new conditions notified to them by the electricity service provider.

4.3. receive transparent information on applicable prices and tariffs and standard terms and conditions, in relation to access to and use of electricity services.

4.4. receive offers for a wide range of payment methods, which shall not unjustifiably discriminate customers. Prepayment systems shall be fair and adequately reflect possible consumption. Any difference in terms or conditions shall reflect supplier's expenses in various payment systems. General terms and conditions shall be fair and transparent. They shall be provided in a clear and comprehensible language and shall not contain any non-contractual barriers for the exercise of customer rights. Customers shall be protected from unfair or fraudulent sales methods.

4.5. shall not pay for changing their supplier;

4.6. benefit from transparent, simple and inexpensive procedures for treatment of their appeals. Specifically, all customers shall be entitled to a good standard of service and treatment of appeals by electricity service providers. Such non-judicial dispute resolution procedures shall provide for a fair and prompt resolution of disagreements, preferably within three (3) months, with the provision, whenever required, of a system of reimbursement and/or compensation.

4.7. shall be informed on their rights related to universal service, whenever they have access to universal services.

4.8. shall have available data on their consumption and shall be able, with expressed consent and without charge, to offer the enterprise licensed for supply, access to metering data. The Regulatory shall define the format of data and procedures for both suppliers and customers to have access to data. Customers shall not be subject to additional expenses for such service;

4.9. shall be timely informed on actual electricity consumption and expenditure, so as to be able to regulate its own electricity consumption. Such information shall be provided in a timely manner, taking into account the capacity of customer's metering devices and relevant electricity products. The cost-efficiency of such measures shall also be taken into account. Customers shall not be subject to any additional charges for such services;

4.10. shall receive final closing accounts, after changing electricity suppliers, no later than forty five (45) days upon entry into effect of the supplier change.

5. Intelligent metering systems, which enable customers' active participation in the electricity supply market, may be installed, with due consideration of the following:

5.1. the implementation of such metering or measurement systems may be subject to an economic assessment of all its long-term expenses and benefits for the market and individual customers, as well as of the form of intelligent metering which is economically

feasible and cost-effective, and the reasonable timeframe for their distribution and installation. Such assessments shall be conducted no later than by 01 January 2020. In accordance with the said assessment, Regulatory shall prepare a timeline matrix for the implementation of intelligent metering systems, with the deadline set at no longer than within ten (10) years.

5.2. in the event that the installation of intelligent meters is positively assessed, at least eighty percent (80%) of customers shall be equipped with intelligent metering systems by 2025.

6. The Regulatory shall ensure interaction between metering systems implemented in its territory, and, in this aspect, shall take into consideration the utilization of relevant standards and good practices, as well as the significance of internal electricity market development.

7. The Regulatory shall ensure the provision of single points of contact to provide consumers with all necessary information concerning their rights, current legislation and the means of dispute settlement available to them in the event of dispute. Such contact point may be a part of general consumer information points.

8. For efficient out-of-court dispute settlements should operate a customer body which shall respond directly to the Board of the Regulatory.

Article 49

Protection of customers in need

1. The Ministry in charge for social welfare shall develop, in cooperation with the Ministry in charge for energy, Ministry of Finance and in consultation with the Regulatory and other stakeholders of the electricity sector, a detailed program for establishing the status of socially customers in need, the scope of rights, as well as measures aimed at protecting the socially customers in need in order to meet their electricity demand.

2. The program of treatment of customers in need referred to under paragraph 1. of this Article shall be approved by the Government and shall include at least the following elements:

2.1. definition of customers in need benefiting from the above established program defined in this Article as:

2.1.1. not include more than a minority of electricity customers in Kosovo;

2.1.2. be limited to natural gas customers with lowest income using electricity for supplying her/his permanent housing where for the definition of low income, beside the income, all available assets shall be taken into account.

2.2. make reference to a maximum level electricity consumption per person reflecting seasonality; when defining electricity consumption level per person, total consumption of up to three hundred (300) KWh/month for a family with up to four (4) members shall be considered.

2.3. manner of direct support by the Government to customers in need from revenue sources other than tariff charges by licensees, to avoid cross subsidies and price distortion; and

- 2.4. funding for support for customers in need should be accomplished in a non-discriminatory manner, and in particular should not be funded from electricity customers.
3. Household customers benefiting from a financial support for payments for the electricity supply service shall not be allowed to use such funds for other purposes.
4. Household customers who have obtained the decision on their socially customer in need status shall have the right to special protection in accordance with this Law and the program developed under paragraph 1. of this Article.
5. Customers in need are entitled to a supply service pursuant to this Article as long as the conditions from the paragraph 1. of this Article are fulfilled, which shall be verified at least every six (6) months by the authority responsible for the social welfare. If, due to a change of circumstances a customer loses the socially customer in need status he shall be deleted from the relevant register, but his data shall remain available for a period of five (5) years after his registration into the said register. The concerned Distribution System Operator shall, in writing and within eight (8) days, notify the customer in need and his supplier regarding the deletion of said customer in need from the concerned register.
6. The difference between costs and revenues from the activity of a supplier for socially in need gas customers shall be covered by the Government.
7. A supplier under public service obligations shall be obliged to offer a supply contract to all in need electricity customers and shall begin supplying without delay after the customer in need submits a request accompanied with the evidence on meeting requirements from the paragraph 1. of this Article.
8. The Distribution System Operators shall establish and keep a register of customers in need. The registers shall contain the socially customer in need's first and last name, the customer in need's personal identification number, the address at which he/she is supplied with electricity, the number under which he/she is listed, the type of special treatment to which he/she is entitled and the benefits that are granted to him/her under the status of customer in need. Data from the register may be presented only to the customer in need who has applied for registration into the relevant register and to his/her supplier.
9. Rights and obligations linked to customers in need, based on paragraphs 1. and 2. of this Article, shall be duly applied and implemented by the Distribution System Operator. In particular, the Distribution system operator shall take appropriate measures to protect final customers in remote areas who are connected to the electricity.
10. The supplier offering electricity to customers in need shall set up mechanisms for providing assistance to customers in need aimed at avoiding the disconnection of electricity due to unpaid bills.
11. Based on the applicable legal acts, appropriate measures, such as formulating national energy plans, shall be taken in providing social security benefits to ensure the necessary electricity supply to customers in need, or providing for support for energy efficiency improvements, to address energy poverty where identified, including in the broader context of poverty. Such measures shall not impede the effective opening of the market and its functioning, as regulated by this law, and shall be notified to the Energy Community Secretariat. Such notifications shall not include measures taken within the general social security system.

Article 50

Obligation to connect customers and producers

1. System operators shall provide connection to the system of all customers or producers;
2. The party requesting connection shall adhere to certain obligations:
 - 2.1. having electrical switchgear equipment installed 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 Transmission Grid Code and Distribution Grid Code as applicable;
 - 2.3. having signed a written agreement with the operator with which it wishes to connect, 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, including balance responsibility.
3. The terms and conditions for the connection to the transmission or distribution systems shall be transparent and efficient procedures for non-discriminatory connection, provided in the published Transmission Grid Code or Distribution Grid Code as well as with relevant connection methodologies and approved by the Regulatory.

Article 51

Refusal of System Connection

1. The Transmission System Operator shall not be entitled to refuse the connection of a new power plant on the grounds of possible future limitations to available network capacities, such as congestion in distant parts of the transmission system. The Transmission System Operator shall supply necessary information for interested party.
2. The Transmission System Operator shall not be entitled to refuse a new connection point, on the ground that it will lead to additional costs linked with necessary capacity increase of system elements in the close-up range to the connection point.
3. Customers or producers referred to in Article 58 of this Law shall not have the right to connection in the system, if they do not meet the connection requirements defined by the Transmission Grid Code and Distribution Grid Code.
4. The Transmission System Operator and 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 does not meet the technical norms or other conditions prescribed in the Transmission Grid Code and Distribution Grid Code. 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 Regulatory 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 Regulatory connect a customer or producer to its system where the Regulatory decides an appeal in favor of that customer or producer.

Article 52

Suspension and temporary interruptions in electricity supply

1. System operators shall have the right to temporarily suspend the supply of electricity under the terms prescribed in the Law on the Energy Regulator and Regulation on the General Conditions of Electricity Supply.

2. System operators shall have the right 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 Regulatory with regard to the protection of customers in need and avoiding cut-offs during the winter season.

3. System operator shall conduct electricity supply interruptions to customers in accordance with the rules established in the Law on the Energy Regulator. Those rules shall include the right of system operator to disconnect final customers who:

3.1. have not signed a contract with a supplier within fifteen (15) days of receipt by that customer of a draft contract for signature;

3.2. are receiving electricity without authorization in breach of any relevant provision of this law and the Penal Code.

CHAPTER IX METERING AND BILLING

Article 53

Metering devices

1. Electricity supplied to customers or placed into the transmission or distribution system by producers shall be measured with metering devices located at the boundary of the transmission system or distribution system with the customer, as provided in detail in the Metering Code, approved by the Regulatory.

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 customers or producers are allowed 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 its compliance with the respective 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.

6. The Transmission System Operator, or Distribution System Operator, as appropriate, upon explicit agreement with customers, shall offer access to metering data to the customer or its supplier. The Transmission System Operator and Distribution System Operator shall define the format of metered data and procedure under which the supplier and customer shall have access to such data. Customers shall not be subject to any additional charges for such services.

Article 54

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 55

Billing and Payment

1. Customers shall pay for the electricity consumed in accordance with General Conditions of Energy Supply or other applicable contractual conditions.

2. Conditions and procedures for billing, collection and payments shall be determined by the Rule on General Conditions of Energy Supply, issued by the Regulatory.

CHAPTER X

CROSS-BORDER ELECTRICITY FLOWS

Article 56

Compensation mechanism between Transmission system operators

1. Transmission System Operator shall participate in cross border compensation mechanism between TSOs for costs incurred as a result of hosting cross-border flows of electricity in the networks of respective TSO.

2. The compensation referred to in paragraph 1. of this Article shall be paid by the operators of

national transmission systems from which cross-border flows originate and the systems where those flows end.

3. Compensation payments shall be made on a regular basis with regard to a given period of time in the past. Ex-post adjustments of compensation paid shall be made where necessary, to reflect costs actually incurred.

Article 57

Cross-border flow management

1. Transmission System Operator shall enable cross-border flows in Kosovo's transmission network in accordance with the Market Rules and international agreements binding for Kosovo as signatory party to the Energy Community Treaty and interconnector transmission capacities and transmission network as a whole and not threatening the electricity supply.

2. All 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.

3. Charges for access to interconnectors shall be divided between the Transmission System Operator and the operators of other national systems referred to in Article 44 of this Law, in accordance with this law, agreed procedures, and any applicable international agreements or obligations. The charges shall not be distance related.

4. If the revenues received by the Transmission System Operator cannot be efficiently used in total for the purposes of paragraph 2. of this Article, the Regulatory 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.

5. The congestion management procedures shall be based on the following principles:

5.1. network congestion problems shall be addressed with non-discriminatory market-based solutions which give efficient economic signals to the market participants and transmission system operators involved but preferentially with non-transaction based methods, methods that do not involve a selection between the contracts of individual market participants;

5.2. transaction curtailment procedures shall only be used in emergency situations where the transmission system operator must act in an expeditious manner and re-dispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner;

5.3. except in cases of force majeure, market participants who have been allocated capacity shall be compensated for any curtailment;

5.4. the maximum capacity of the interconnections and the transmission networks affecting cross-border flows shall be made available to market participants, complying with safety standards of secure network operation;

5.5. market participants inform the transmission system operators concerned a reasonable time in advance of the relevant operational period whether they intend to use allocated capacity;

5.6. any allocated capacity that will not be used shall be reattributed to the market, in an open, transparent and non-discriminatory manner;

5.7. transmission system operator shall, as far as technically possible, net the capacity requirements of any power flows in opposite direction over the congested interconnection line in order to use that line to its maximum capacity;

5.8. having full regard to network security, transactions that relieve the congestion shall not be denied.

6. For the purposes of the cross-border exchanges in electricity and the operational network security thereto, the Transmission System Operator, the Market Operator and any other electricity undertaking in charge shall not discriminate between the cross-border contracts and national contracts.

Article 58

Charges for the Use of Network

1. Prices applied by the Transmission System Operator for use of the network shall be transparent and non-discriminatory and shall take into consideration network's security requirements and reflect real costs incurred. Such prices shall not be related to the distance.

2. Tariffs applied for the use of the network by producers and consumers shall take into consideration losses, network maintenance, other operation costs, and infrastructural investment costs.

3. In setting the tariffs for the use of network, the following shall also be taken into account:

3.1. payments and collections resulting from compensation under compensation mechanism between transmission System Operators (inter-TSO);

3.2. actual payments and collections and expected payments for future periods, estimated based on past periods.

4. Network access charges as per this Article shall have no impact on declared export and declared import charges in relation to congestion management.

5. No network charges shall be applied in individual transactions for declared energy transits.

Article 59

Important information for cross-border flows

1. The Transmission System Operator shall be responsible for developing a general scheme for the calculation of the total transmission capacity and the transmission reliability margin, based upon the electrical and physical characteristics of the network. The Transmission System

Operator shall submit such scheme, and any subsequent amendment to the scheme, for approval to the Regulatory, and shall publish the scheme when it is approved.

2. The Transmission System Operator shall also publish approximate assumptions of the available daily transmission capacity, by informing on reserved transmission capacities. Such estimates shall be published on specified intervals day-ahead of the transmission day and shall include, at all times, preliminary weekly and monthly estimates, as well as the indicative note on expected reliability of the available capacity.

3. The Regulatory shall provide the Energy Community Secretariat, or other competent institutions, with all information on cross-border electricity flows, which may be required by applicable agreements, or in the context of obligations under the Energy Community.

4. The Transmission System Operator shall develop mechanisms for coordination and exchange of information, which guarantee the safety of the transmission system from the congestion management aspect.

Article 60

New direct current interconnections

1. New direct current interconnectors and any considerable enhancement of existing direct current interconnector capacities developed after entry into force of this law, at the request of the investor, may be exempt from obligations to provide third party access, as per stipulations in Article 44 of this law, subject to fulfillment of the following conditions:

1.1. investment improves competition in electricity supply;

1.2. risk levels related to the investment are such that the investment could not be carried out if exemption from obligations to provide third party access is not granted;

1.3. interconnection is property of a person that is legally separate from the Transmission System Operator;

1.4. interconnection users are subject to application of charges for the use of its capacities;

1.5. no part of the interconnection's assets or costs is covered through any tariff component applied for the use transmission or distribution networks in which the interconnection is connected;

1.6. exemption from the obligation to provide third party access does not harm competition or effective functioning of the internal market or the market of another country with which the interconnector is connected.

2. In special cases, paragraph 1. of this Article is applicable also for interconnectors with alternative power, at the condition that costs and risks of the said investment being especially high in comparison to costs and risks normally related to the connection with the transmission network of a neighboring country through an alternative power interconnector.

3. Exemptions may cover a portion or entire capacity of the new interconnector or additional

capacities of the existing interconnector, as stipulated in paragraph 1. of this Article.

4. When issuing decisions on case by case grant of exemptions, in conformity with decisions of regulatory authorities of countries involved, conditions will be imposed on the length of exemption and non-discriminatory access to the interconnector, as well as on the manner of interconnector functioning during and after the elapse of the exemption phase. In imposing such conditions, special consideration shall be paid to new transmission capacities to be developed, enhancement of existing capacities, project timeframes and specific circumstances of interested countries. The decision on exemption shall be taken in coordination with regulatory authorities of countries involved.

5. Prior to granting the exemption, Regulatory shall decide on rules and mechanisms for capacity management and allocation, in common agreement with the regulatory authority of interested country. Rules on restricted capacity management shall include the obligation to provide unutilized capacities to the market. In assessing criteria mentioned above in items on sub-paragraph 1.1., 1. 2. and 1.6. of paragraph 1. of this Article, results of the capacity allocation procedure shall be taken into consideration.

6. Where Regulatory and regulatory authorities of interested countries have reached an agreement to grant the exemption, within six (6) months, they shall inform the Regulatory Board of the Energy Community and Energy Community Secretariat on the decision, which shall contain, in specific:

6.1. reasons based on which the exemption was granted or rejected, including financial information justifying the need for such exemption;

6.2. analysis on the effect of granted exemption on competition and effective functioning of the internal market;

6.3. reasons related to the timeframe and capacity for which the exemption is granted;

6.4. results of the consultation process in Regulatory.

7. No later than two (2) months from the day following the servicing of the notification per paragraph 6 of this Article, the Energy Community Secretariat may issue a decision on the basis of which it may request from Regulatory to amend or derogate its exemption decision. The two (2) month deadline may be extended if it is considered necessary for the Energy Community Secretariat to obtain additional information. Said timeframe may also be extended at the consent of Regulatory and Energy Community Secretariat.

8. Regulatory shall take into consideration the opinion of the Energy Community Secretariat recommending the amendment or derogation of the exemption decision. In the event when the final Regulatory decision differs from the opinion issued by the Energy Community Secretariat, Regulatory shall ensure its publication accompanied with the reasons on which such a decision was grounded.

9. Regulatory Board of the Energy Community shall issue a decision on exemption in the event where:

9.1. regulatory authorities involved fail to issue a decision within six (6) months from the date of the submission of the final application for exemption in front of relevant

regulatory authorities;

9.2. it is so requested by the regulatory authorities involved.

10. The decision on exemption, including any condition imposed, shall be justified and published.

11. Conditions and procedures for granting authorizations for the construction of new interconnectors, as per stipulations of this Article, shall be approved by means of a Decision of the Regulatory issued within one (1) year from the entry into force of this law. Authorizations shall enter into force upon obtainment of necessary permits and authorizations envisaged in the legislation in force for construction of lines, including rights of title on the parcel needed for the construction of the line.

12. Upon elapse of the exemption period, if the owner will not use the interconnection line under the regime of free access to third parties, as per rules and requirements regulating the functioning of the national network, it shall initially provide the right of purchase at the residual accounting value of the asset for the portion located under the national territory to the Transmission System Operator. In case when the Transmission System Operator rejects the said offer, the owner, while respecting rules prescribed in the decision of the Regulatory issued as per paragraph 11. of this Article, may offer the sale of assets located within the country's territory to third parties, which shall utilize the line in accordance with rules and requirements regulating the activity of the national transmission network.

CHAPTER XI TRANSITIONAL, PUNITIVE, SPECIAL AND FINAL PROVISIONS

Article 61

Not authorized usage of electricity

1. This Article defines criminal offences specifically related to electricity theft, electricity meter tampering, and 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 such criminal offences, the following provisions shall be applicable:

1.1 any person who takes, uses, deviates, extracts or benefits from any electricity that is being supplied by and through an electricity transmission or distribution network without the permission or authorization of the authorized supplier shall be punished by a fine or imprisonment, in accordance with provisions of the Criminal Code of the Republic of Kosovo;

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 or imprisonment, in accordance with provisions of the Criminal Code of the Republic of Kosovo;

1.3. any person who allows an unauthorized connection or reconnection in the transmission or distribution networks located in the property which is under its possession, ownership or control, and any persons who enables unauthorized connection or reconnection in the transmission or distribution networks located in the property which

is under its possession, ownership or control, and who does not immediately notify the authorized supplier on the existence of such unauthorized connection or reconnection, shall be punished by a fine and imprisonment, as per provisions of the Criminal Code of of the Republic of Kosovo.

1.4. any person who modifies any meter used for the measurement of electricity, which is installed in any facility by the authorized supplier, or interferes with such meter's correct registration of electricity spent, shall be punished by a fine and/or imprisonment, in accordance with provisions of the Criminal Code of of the Republic of Kosovo. For the purposes of this paragraph, interference with a metering equipment or electricity metering includes, but is not limited to the following actions:

1.4.1. tampering of metering equipment;

1.4.2. unauthorized removal or damage of official stamps or seals placed on the metering equipment by authorized persons, with the aim of its securing;

1.4.3. installation or use of tampered meters;

1.4.4. installation or use of tampered power transformers;

1.4.5. tampering, altering or circumventing power transformers or voltage transformers;

1.4.6. damaging or unauthorized altering of the design, functioning, performance, or build of any metering or measurement equipment; and

1.4.7. installation or use of any other equipment or method that interferes with the registration, calibration and exact and/or regular electricity metering.

1.5. for the prosecution of criminal offences established under sub-paragraph 1.4. of this Article, possession of artificial means used for causing an alteration of the register of the meter or prevention of the meter from duly registering shall be considered sufficient evidence that the alteration or prevention has been caused intentionally by the person in whose custody or control the meter is.

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 imprisonment as specified in paragraph 1.7. 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 provisions of the Criminal Code of of the Republic of Kosovo.

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 imprisonment as specified in sub-paragraph 1.7. 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, the organization and every 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 of a partner shall be deemed to be guilty of having committed that criminal offence.

4. Nothing contained in paragraphs 2. and 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 the Criminal Procedure Code.

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

6.1. for Officers 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 the Republic of Kosovo.

6.2. for legal persons or other organizations: 1st offence five thousand (5.000) Euros; 2nd offence twenty thousand (20.000) Euros; for each offence following the 2nd offence fifty thousand (50.000) Euros.

Article 62

Transitional Provisions

1. All sublegal acts approved on the basis of the Law No. 03/L-201 on Electricity shall be harmonized with this law within nine (9) months from its entry into force.

2. With a view of implementing this law the Ministry shall issue the secondary legislation as set forth by this law.

3. In absence of a liquid market, system balancing shall be conducted through regulated tariffs, set by the Regulatory in accordance with imbalance pricing procedures;

4. During the period preceding the establishment of the market of ancillary services, in accordance with Article 26 of this law, conditions and prices for their provision shall be determined in the methodology for pricing and other conditions for the provision of ancillary services at regulated prices. This methodology shall be prepared by the Market Operator in cooperation with the Transmission System Operator, and shall be submitted for approval to the Regulatory. The Transmission System Operator shall report on monthly basis to the Regulatory on contracts executed for the provision of ancillary services, with providers of such services, and on the realization of such contracts.

5. During the period that Transmission System Operator will operate as a joint enterprise with Market Operator it may delegate its market responsibilities to Market Operator.

6. Until conditions for the fictionalization of the electricity market are met, producer shall provide ancillary and balancing services at regulated conditions, in compliance with procedures adopted by Regulatory.

7. The suppliers to whom public service obligation related to universal service or price of supply has been imposed shall keep separate accounts for supply of customers under regulated prices and for supply at market prices. The suppliers shall ensure that such accounts are audited.

8. Until the market has only one supplier compensation, payment of electricity produced from renewable energy sources becomes compensation fees for electricity production from these sources which collects the supplier with the exception of the amount for which manufacturers have connected contract for sale, under the provisions of this law.

9. After entry into force of this Law, recent members of the Board of Directors of the Transmission System Operator, including the Chairperson and the Audit Committee, shall continue to perform their functions till the end of their regular mandate.

Article 63

Special Provisions

All contracts and licenses issued prior to the entry into force of this law shall remain unchanged until termination.

Article 64

Repeal provisions

1. This law shall repeal:

1.1. The Law No. 03/L-201 on Electricity;

1.2. Administrative Instruction No.01/2009 on description of conditions for determination of eligible consumers for the year 2009;

1.3. Administrative Instruction nr.03/2009 for Amending and Supplementing Administrative Instruction No.01/.2009 on description of condition for determination of eligible consumers for year 2009;

1.4. Administrative Instruction No.04/2009 on opening of the electricity market for all non-household costumers;

1.5. Administrative Instruction No. 02/2008 on setting conditions for determination of the third group of eligible consumers for 2008;

1.6. Administrative Instruction No. 01/2007 on prescribing the conditions for determining eligible customers for the year 2007;

1.7. Administrative Instruction No. 01/2006 on the conditions for determining eligible customers for the year 2006.

Article 65
Entry into force

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

Law No. 05/L-085
16 June 2016

Promulgated by Decree No.DL-026-2016, dated 01.07.2016, President of the Republic of Kosovo Hashim Thaçi.