

- KOSTT -
*Challenges and opportunities
of electricity industry*
- Kosovo Case -

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Liberalization Process

Started in 1997 - Directives 96/92/EC

EC Directive 2003/54

- Key European legislation to establish the Internal Market of Electricity
- Establish common rules for Gen, TSO, DSO

EC Regulation 1228/03

- Rules for CBT and transmission of electricity

Energy Community
Treaty

(signed in October 05)

Security of Supply

Competitiveness

Environmental Protection

Kosovo - Signatory Party – Implementation of “Acquis Communautaire “ ?!

Legal & Institutional Setup

Primary Legislation in Energy Sector in Kosovo (June 04)

- Law on Energy -
- Law on Electricity -
- Law on Energy Regulator -



July 04

Establishment of
Energy Regulatory Office



Independent Institution
for Regulation:

- Licensing
- Regulation of Prices
- Market Monitoring
- Costumer Protection

Dec 04

Establishment of
Ministry of Energy & Mining



Government Institution
for developing of:

- Sector Policy
- Strategy
- Action Plan

July 06

Establishment of
ITSMO



Independent Company
for Transmission, System
and Market Operation



Undertaken actions

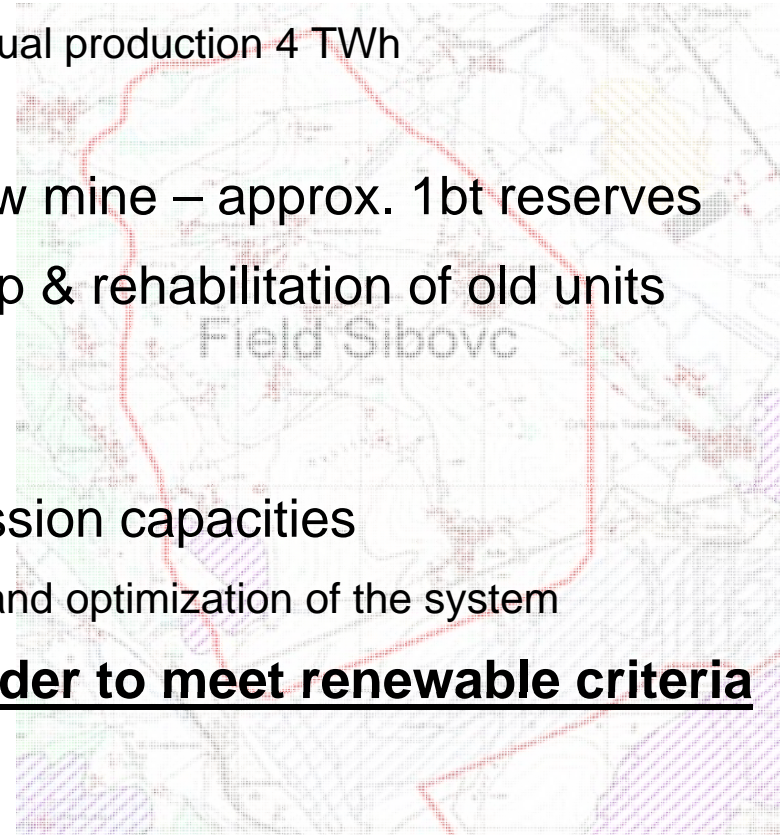
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| ... | Energy office under Prime ministers' office ... |
| 2004 | Primary Energy Legislation Establishment of: Regulator (ERO), Ministry (MEM) |
| 2005 | Kosovo Energy Strategy Signing of Energy Community Treaty Start of incorporation process of Vertically Integrated Enterprise (unbundling) |
| 2006 | TSO boundaries – ERO guidelines Establishment of KOSTT – nominated by MEM First Licensing of Energy Activities in Kosovo – by ERO KOSTT licensed for TSO & MO functions Approval of Market Rules Approval of Allowed Revenues for first regulatory period |
| 2007 | Approval of Grid Code & Metering Code Approval of Retail Tariff and Transmission Use of System charges Implementation of Market Rules and Regulated Tariffs ... Procedures, Contracts & Agreements under the preparation or waiting for approval |

Challenges of Kosovo

- Implementation of “Acquis Communautaire”
 - Unbundling
 - Transparent & non-discriminatory TPA to the network
 - Tariff reform
- Achieving EU environmental & renewables standards
- Investments required in the entire chain of electricity industry – proper prioritization of investments
 - Before new GenCap - investments needed in **transmission network**
- Protecting costumers from the prices-increase tendency
- Implementation of approved rules, codes and other technical documents & fulfillment of license conditions
- Major obstacle – unsolved political status

Opportunities of Kosovo - Source for base energy -

- Strategic position for providing base energy
- Large volume of lignite reserves (14 billion tones)
- Currently 2 mines in operation – more than 6 mt annual production
 - Supplying 2 power plants – approx. annual production 4 TWh
 - To be exhausted by 2011
- Strategy Plan for investments in new mine – approx. 1bt reserves
- Followed by 2000 MW New GenCap & rehabilitation of old units
 - To meet Kosovo increasing demand
 - Export base energy
- Before Investments in new transmission capacities
 - To make possible import/export/transit and optimization of the system
- **Development of small HPPs in order to meet renewable criteria**





Kosovo in the region

Strategic Zone





POWER SYSTEM OF KOSOVA

400kV, 220kV and 110kV

- Supply problems
- Overloaded lines
- Lack in transformation. Needs three new 150MVA Trans.

Strong node PEJA III

Strong node at FERIZAJ

New 400kV line before TC KOSOVA C

Distribution reinforcement

Legjenda

- TC
- HC
- Linjë 400kV
- Linjë 220kV
- Linjë 110kV
- TS



MONTE NEGRO

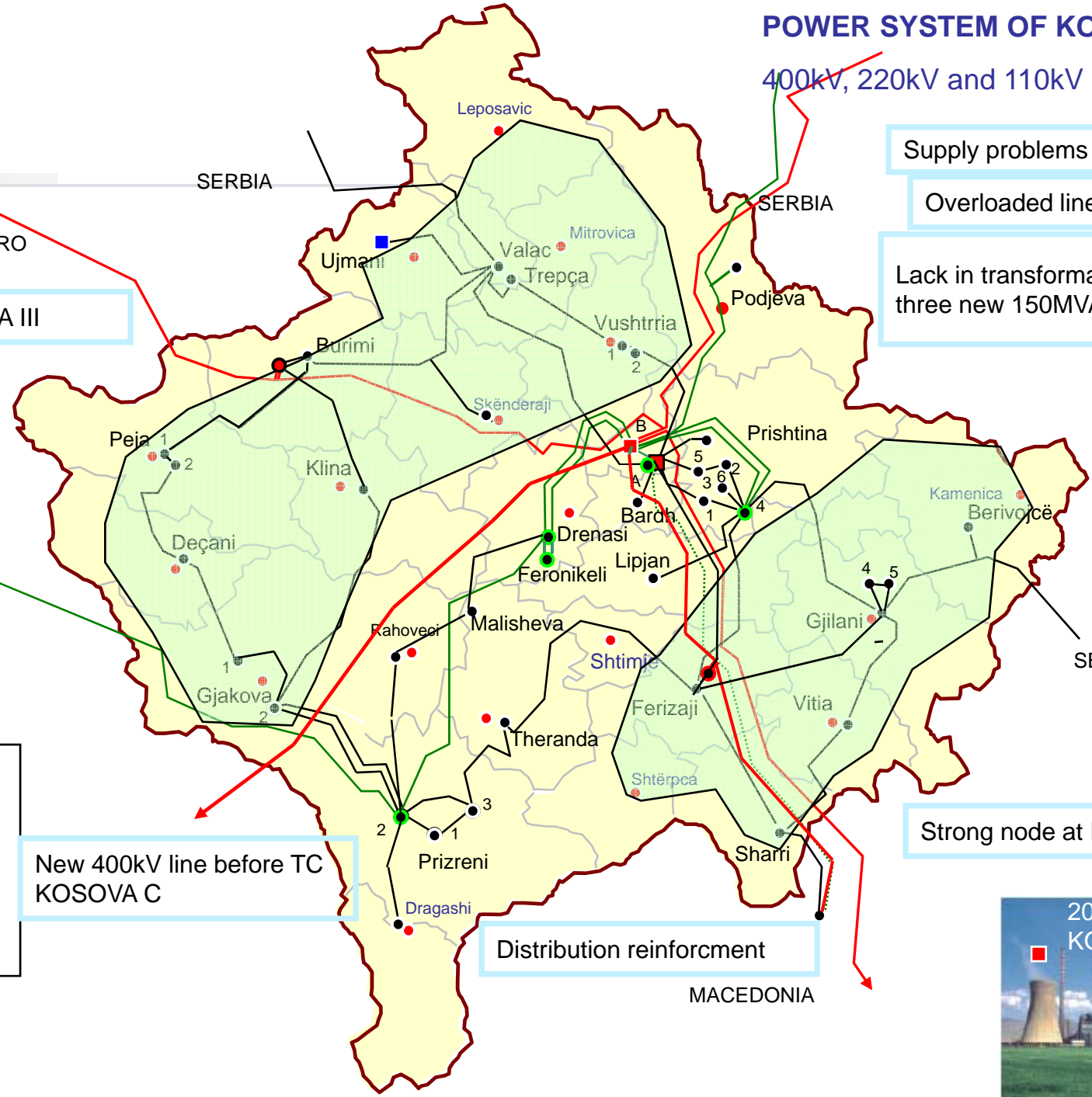
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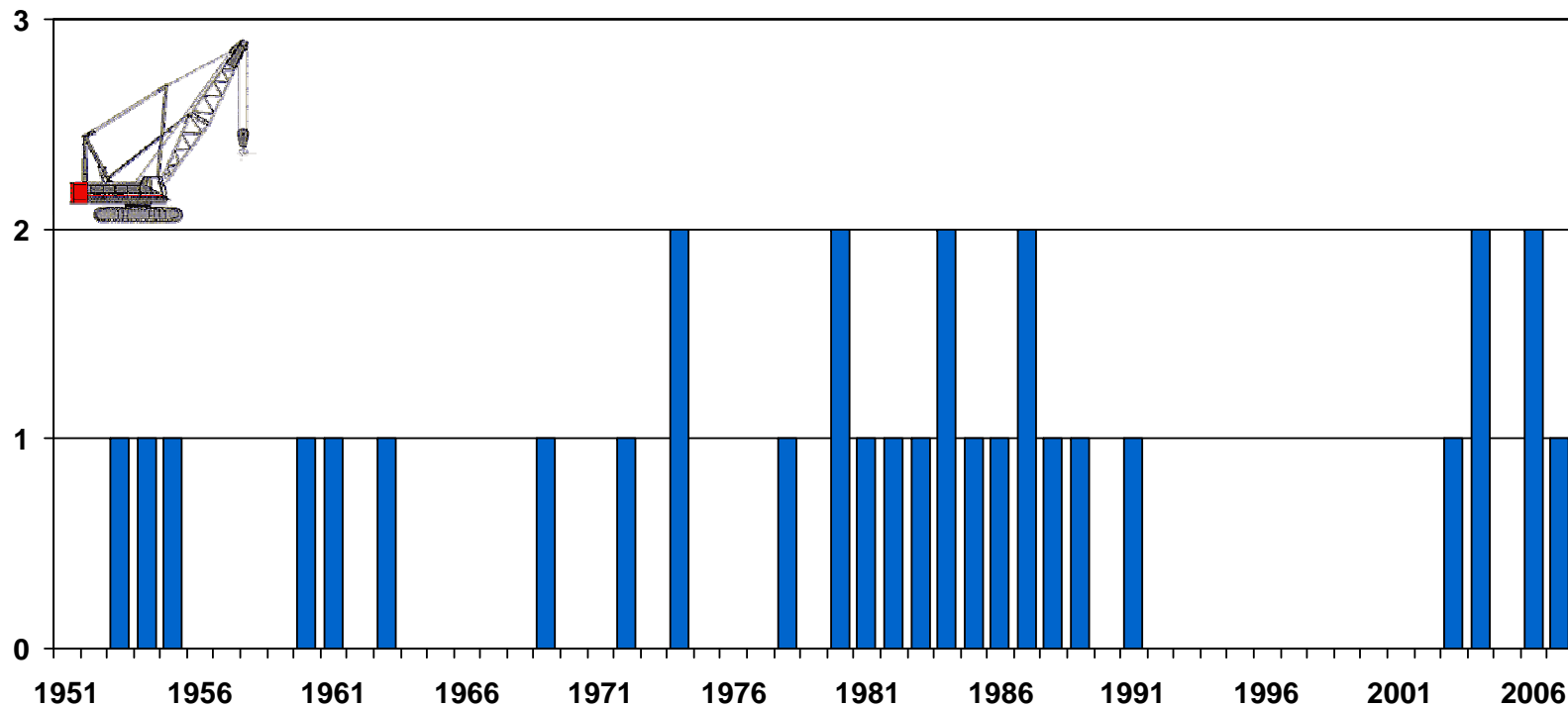
ALBANIA

MACEDONIA



Capital Investments

- No investments in 10 years / irrational use
- Between 2002 – 2006 the ITSMO has initiated investments and long-term development plan for 5-10 years





Transmission LongTerm Investment Plan

- KOSTT's investment plans and requirements are focused in 5 areas:
- Projects to rehabilitate and reinforce the internal Kosovo TN and interconnections to neighbouring systems
- The modernisation of SCADA/EMS system and the development of the associated telecommunications network
- Metering and Data Acquisition systems for operational and commercial purposes
- The IT hardware and software systems needed to support Market Operations
- The agreements, systems and equipment needed to procure, utilise and pay for Ancillary Services



Important transmission projects -Approved Projects-

1. Installation of SCADA/EMS (Control and monitoring from Dispatch Centre)

- provides accurate information
- increases the security and reliability of power system of Kosovo
- Increase of possibilities to control and supervise power system

2. Construction of new SS 400/110kV “Peja 3” connected at 400kV interconnection line SS Kosova B – SS Ribarevina (Montenegro)

2.1 Construction and refurbishment of three 110kV lines and one new SS 110/10kV

- elimination of congestions
- reduce of power losses
- increase of network security & stability of the Kosovo transmission network

3. New HV switch gears at SS “Kosova A” 220/110kV, protection, metering, new command building etc.

- Increase of network security and stability of power system of Kosovo



Important transmission projects -Proposed Projects-

- 1. Construction of new SS 400/110kV “Ferizaj 2”, connected at 400kV interconnection line SS Kosova B – SS Skopje 5 (Macedonia)**
- 1.2 Construction of three 110kV lines connected at SS Ferizaj 2**
 - elimination of network congestions
 - reduce of power losses
 - increase stability of electricity supply & the network security
- 2. Additional 150MVA autotransformers at SS Kosovo-A, SS Prizreni-2 & SS Prishtina-4**
 - satisfying N-1 criterion
 - increase of network security & stability of the Kosovo power system

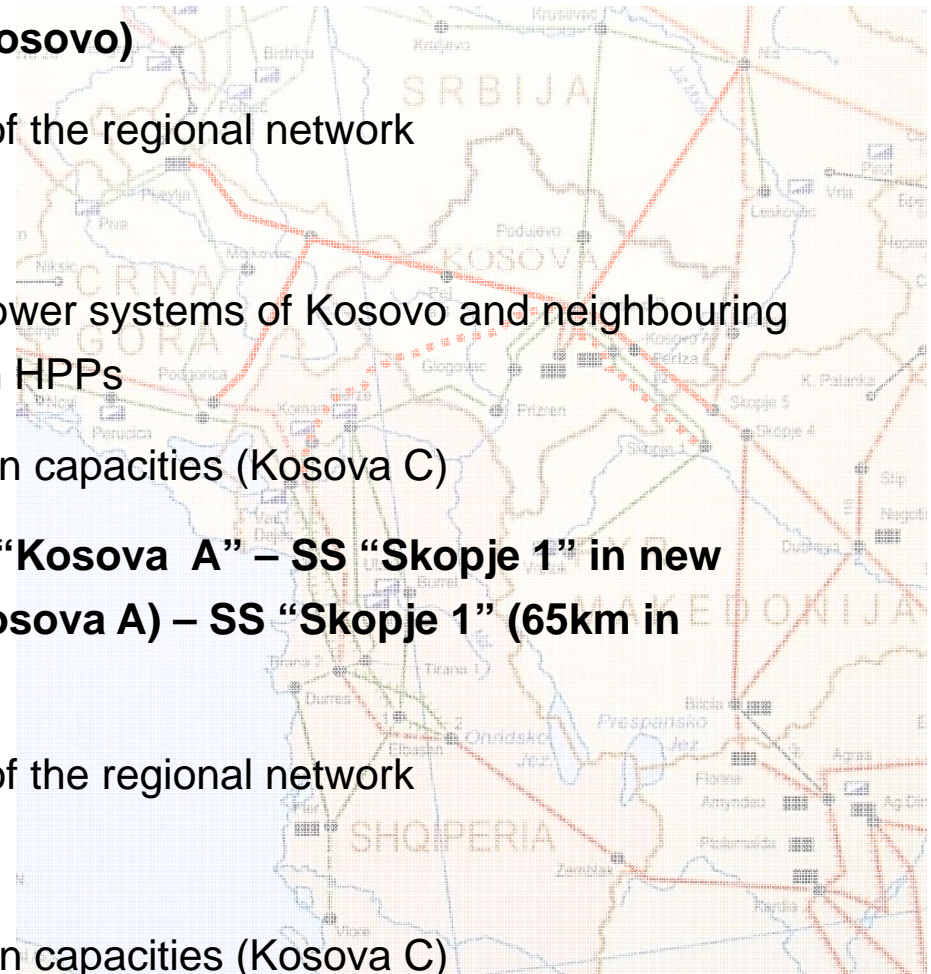
New Interconnection to Neighboring Systems -Proposed Projects-

1. New interconnection 400kV line 253 km, between SS “Kosova B” – SS “Kashar” (75km in the territory of Kosovo)

- contributes to the reinforcement of the regional network
- increase of NTC,
- optimisation of complementary power systems of Kosovo and neighbouring systems (especially with Albanian HPPs)
- accommodation of new generation capacities (Kosova C)

2. Adapting the 220kV line, 83 km, SS “Kosova A” – SS “Skopje 1” in new 400kV line SS “Kosova B” (or SS Kosova A) – SS “Skopje 1” (65km in Kosovo territory)

- contributes to the reinforcement of the regional network
- increase of NTC
- accommodation of new generation capacities (Kosova C)



Thank You

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