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# **Transmission System and Market Operator of Kosovo (KOSTT)**

## **The Market Rules** (Transition 1)

March  
2007

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## LIST OF ABBREVIATIONS

<b>AA</b>	Accession Agreement
<b>Actual TLF</b>	Actual Transmission Loss Factor
<b>Average TLF</b>	Average Transmission Loss Factor
<b>DLF</b>	Distribution Loss Factor
<b>DN</b>	Distribution Network
<b>DSO</b>	Distribution System Operator
<b>ERO</b>	Energy Regulatory Office
<b>KEK</b>	Korporata Energjetike e Kosoves (Power Corporation of Kosovo)
<b>KOSTT</b>	Operator Sistemi Transmisioni dhe Tregu Sh.A (Transmission, System and Market Operator J.S.C)
<b>MO</b>	Market Operator
<b>MC</b>	Metering Code
<b>MD</b>	Metering Data
<b>MS</b>	Metering System
<b>MR</b>	Market Rules
<b>MRFA</b>	Market Rules Framework Agreement
<b>TDF</b>	Total Demand Forecast
<b>TLF</b>	Transmission Loss Factor
<b>TS</b>	Transmission System
<b>TSO</b>	Transmission System Operator

To fulfil the requirements under the Law on Electricity, Law 2004/10, Articles 27.3, 27.4 and 27.5, the Market Operator drafted and the Energy Regulatory Office approved the following Market Rules on 21<sup>st</sup> December 2006 and on **KOSTT** request, **ERO** has approved additional amendments on 15<sup>th</sup> March 2007 .

# THE ELECTRICITY MARKET RULES

## PART I PRELIMINARY CLAUSES

### Chapter I

#### Objectives, the Scope of Application and Definitions

##### Article 1

##### Objective

1. The **Market Objectives** are those objectives specified for the **Market Operator** (hereinafter **MO**) in its **Licence** and any conflict between the **Market Objectives** and the **Licence** will be interpreted in favour of the **Licence**.
2. The **Market Objectives** are:
  - a) the efficient discharge by the **MO** of the obligations imposed upon it by its **Licence**;
  - b) the efficient, economic and co-ordinated operation by the **Transmission System Operator** (hereinafter **TSO**) of its **Transmission System** (hereinafter **TS**);
  - c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity.
3. The **Market Rules** (hereinafter **MR**) seek to establish an electricity market in a coherent framework that will clearly set out how parties can trade with each other.
4. The Objective of the **MR** is to facilitate the **Market Objectives**.

##### Article 2 The Scope

1. In order for a market to operate, **Trading Parties** are required to trade energy. However, this is not feasible without an environment where the physical energy can be managed. This is the role of the **TSO**. The **MR** set out how parties can

- trade with each other but just as importantly, they set out how these parties will interact with the **TSO** in order that physical balance is managed.
2. The primary terms under which the **TSO** will run the system are set out in the **Grid Code**. The **MR** must remain consistent with the **Grid Code**. There are considerable interactions between the **MR** and the **Grid Code**.
  3. The **MR** are specified as the responsibility of the **MO**, whose responsibilities are set out in the Article 27 and 28 of the Law on Electricity.
  4. The **MO** is a legal entity as defined in the licence: “the legal person responsible for the organisation and administration of trade in electricity and payment settlements among producers, suppliers and customers”, established under the Law and licensed by the **Energy Regulatory Office** (hereinafter ERO).
  5. Article 27.3 of the Law on Electricity and Article 2 of the Electricity Market Operator License sets out the **MO** responsibilities as the economic management of the electricity system, and the management of electricity purchases and sales under terms set out by law. It also includes responsibilities for:
    - a) maintaining records of all contractually agreed upon obligations between suppliers and eligible customers;
    - b) receipt of **Offers** (tenders) for the supply of electrical energy;
    - c) applying the tendering procedure;
    - d) notifying participants in trading and the **TSO** of the settlement process;
    - e) accepting information from the **TSO** regarding the settlement changes required based on technical capacity and any exceptional situations in the transmission or distribution network;
    - f) setting the final price of energy for each specified time period and notifying all parties involved in trading;
    - g) establishing the accounting system for trading at the final price achieved, and providing information on the actual operation of the generators and availability of generation capacity for each time period; and
    - h) public announcement of market historic trends for any required time interval.

### **Article 3**

#### **General Provisions on Definitions and Notation**

1. The **MR** are described in four main Parts, which are each sub-divided into Chapters, Articles, Paragraphs and Sub-paragraphs. References to a Part, Chapter or Article are made by identifying the relevant Part number, Chapter number or Article number.
2. In the following articles, all the conventions, definitions and notations used in the **MR** are set out for reference.
3. Terms used in the **MR** shall have the same meanings as the terms used in the Legislation.

4. In reference to paragraph 3, any modification or re-enactment of the legislation after the date when the **MR** comes into force, shall apply.
5. The heading or title of any Part, Chapter, Article or Annex are provided for information, and shall not affect the construction thereof.
6. The conventions cover issues such as the treatment of timing and direction of flow. These are given at Article 4.
7. The measurements units section sets out how energy and power will be measured. These are given at Article 5.
8. The bulk of this section is devoted to listing Defined Terms, which gives a comprehensive alphabetical list of such terms as used in the **MR** as well as a precise definition of each. These are given at Article 6.
9. The next Article deals with notations used in mathematical equations where variables will have subscripts denoting such elements as the **Settlement Period** to which the variable in question applies. These are listed at Article 7.
10. The final Article in this Chapter is Article 8, which lists the mathematical variables used in the equations, giving their definitions in terms of the relevant Defined Terms as given in Article 6.
11. Any Defined term will be printed in bold and will be capitalised and will have the meaning assigned to it in Article 6.
12. In the **MR**, unless the context otherwise requires:
  - a. words in the singular may be interpreted as including the plural;
  - b. the word “including” is to be construed without limitation;
  - c. a derivative term of any defined or interpreted term shall be construed in accordance with the relevant definition or interpretation.

#### **Article 4** **Conventions**

1. Generation and interconnector import is positive sign, demand and interconnector export is negative sign.
2. Losses are applied to the offtake from **TS**, scaling them up to the equivalent generation level.
3. Timing convention is noted at start-time (unless otherwise specified) – e.g. 11:00 is the **Settlement Period** starting at 11:00:01.
4. Minutes = start of whole minute.
5. Timing at constant time - Central European Time which is UTC+1 as adjusted for summer/winter time.
6. Physical positions and interconnector trades are “nominated”.

## Article 5 Measurement Units

1. Contracts and settlement are in MWh.
2. Generation level and nominations are in MW.

## Article 6 Definitions

Terms used in the **MR** shall have the following meaning:

**“Accession Agreement (hereinafter AA)”**- has a meaning as provided by Article 1 of the Electricity Market Operator License;

**“Actual Transmission Loss Factor (hereinafter Actual TLF)”**- is the actual **Transmission Losses** in a period measured as the difference between flows onto and off the **TS** expressed as a percentage of the flows entering the system;

**“Affiliate”**- has a meaning as provided by Article 1 of the Electricity Market Operator License;

**“Allowed Internal Loss Level”** – is the level of losses as a percentage of the flows entering the system set by ERO;

**“Allowed Losses”** – are the **Allowed Internal Losses** in € as defined by ERO based upon the (**“Allowed Internal Loss Level”**) plus the losses in the flows transiting the system (**“Allowed Transit Loss Level”**);

**“Allowed Transit Loss Level”** – is the level of losses as a percentage of the flows **Transiting** the system set by ERO;

**“Application Fee”**- is a fee approved by the **ERO** that is chargeable by the **MO** to a **Party Applicant** to cover the reasonable costs of administration of accession to the **Market Rules Framework Agreement (hereinafter MRFA)**;

**“Available Transfer Capacity (hereinafter ATC)”** – is the interconnector transfer capacity at a border, determined by the **Transmission System Operator** as being available to the **Market Operator** to allocate.

**“Average Transmission Loss Factor (hereinafter Average TLF)”**- is a forecast average **TLF** used in the calculation of rates of system charges;

**“Balancing Trade”** is an **Interconnector Trade** which has been deemed to occur due to failure to return inadvertent transfers at the appropriate time, and which is the responsibility of **KEK Supply**;

**“Business Day”**- is any day between Monday and Friday except for an official public holiday;

**“Charge Rate”**- is the price in an invoice document;

**“Confidential Information”**- has a meaning as provided in Article 3 of the Law on the Energy Regulator and Article 2 of the Rule on Confidentiality of information;

“**Day**” - means 24 hours beginning at midnight or else 23 hours or 25 hours as appropriate when clocks are reset for summer or winter time;

“**De-energise**”- is the rendering of Plant or Apparatus such that it ceases to take electrical current or such other further definition as is set out in the **Grid Code**;

“**Default**”- is a material breach of a material provision of the **MR** that has not been remedied including a failure to pay money owed or as further set out in Article 15.1;

“**Defaulting Party**”- is a **Party in Default**;

“**Direction of Flow**”- is the indicator on orientation of meter flows such that an importing meter will record flows as a progressive increase in the dial readings with any net export in a period being recorded as a decrease in reading, with the reverse being the case where a meter is set up as an exporting meter

“**Discontinuance Date**”- is the effective date when a **Party** wishes to a cease to be bound by the **MR** as set out in its **Discontinuance Notice**;

“**Discontinuance Notice**”- is a written notice submitted by a **Party** to both the **ERO** and the **MO** notifying of an intent to cease to be bound by the **MR**;

“**Discontinuing Party**”- is a **Party** terminating its accession to the **MRFA**;

“**Dispute**”- is any disagreement or difference arising between the **MO** and any **Party** or **Parties** under or in connection with the **MR** or the **MRFA**;

“**Dispute Resolution**”- shall in the first instance be via the **ERO** dispute settlement procedure, however this shall not restrict the parties rights to use other legal remedies as provided by the law;

“**Distribution Network or Distribution System (here in after DN or DS)**”- has a meaning as provided in Section B(g) of the UNMIK Regulation No. 2004/22, dated 30 June 2004, and Article 3 of the Law on electricity;

“**Distribution System Operator (hereinafter DSO)**”- has a meaning as provided in Article 3 of the Law on Electricity;

“**Distribution Network Operator Charge (hereinafter DSO Charge)**” – is the charge applied on behalf of the **DSO** as set by **ERO**;

“**Distribution Loss Factor (DLF)**” - is the assessed ratio between energy delivered from the **TS** into **DNs** and for a particular **Supply Meter** and energy delivered through that meter. The **DLF** applied at any **Supply Meter** will be as reasonably determined from time to time by the **DSO** after consultation with the **ERO** and notified to the **MO** and will be determined by the connection voltage of that meter or as otherwise agreed;

“**Effective Date of Accession**”- is date of a **Party Applicants** accession to the **MR**;

“**Electricity Trade Prices**” – prices to be provided by **KEK Supply** (normally in €/MWh) to be used in third party billing;

“**Eligible Customer**”- has a meaning as provided in Article 3 of the Law on Electricity;

“**Energy Account**” - is an account nominated in MWh maintained on behalf of a **Party** over a period which is used together with an appropriate price to calculate amounts due to or from that **Party**;

“**Energy Regulatory Office (ERO)**”- is the independent regulatory body established under the Law on the Energy Regulator, Numbered 2004/9;

“**Force Majeure**”- is in relation to any **Party** any event or circumstances beyond the reasonable control of such **Party** and which results in or causes the failure of that **Party** to perform any of its obligations under the **MR** including, but not solely limited to any one or more of the following acts: Acts or restraints of governments or public authorities; war, resolution, riot or civil commotion; strikes, lock-outs or other industrial action; blockage or embargo; failure of supplies of power, fuel, transport, equipment or other goods or services; damage to the premises or storage facilities by explosion, fire, corrosion, ionising radiation, radioactive contamination, flood, natural disaster, or negligent act or accident; and breakdown or failure of equipment whether of the **Party**’s or others;

“**Generation Account Metered Energy**” – is the net metered output of a **Party**’s generators in a period;

“**Generating Unit**”- has a meaning as provided by Article 1 of the Electricity Market Operator License;

“**Generation Account**” – is the **Energy Account** of a **Generator**;

“**Generator**”- is a **Trading Party** licensed to generate electricity (but also includes a **Trading Party** acting as a generator but specifically exempted from holding a **Licence**), as determined by the Law on Electricity;

“**Generator Market Operator Charge**”- is a monthly sum (in €) derived for each **Generator** from applying the **Market Operator Charge** to the sum of **Generation Account Metered Energy**;

“**Generator Meter**”- is a meter at a **Generating Unit** used for recording energy flow;

“**Generator Network Share**”- is the sum (in €) representing the share of **Transmission Network Allowed Revenue** to be recovered from **Generators**;

“**Generator System Management Charge**”- is a monthly charge (in €) resulting from applying the **System Management Charge** to a **Generation Account Metered Energy** volume;

“**Grid Code**”- has a meaning as provided by Article 1 of the Electricity Market Operator License;

“**Interconnector**”- is a defined electricity line or lines connecting to an adjacent **TS** over which electricity can be traded with parties outside the domain of the **SO**;

“**Interconnector Trade**”- is a trade across interconnectors nominated by **KEK Supply** to the **MO** specifying the rate (in MW), start and stop time and **Direction Of Flow**, although **Balancing Trades** will not be nominated they will still be classified as **Interconnector Trades**.

“**Interconnector Trade Volume**” – is the volume in MWh of an **Interconnector Trade**;

“**Invoice Charge Type**”- is a specific type of charge being specified in an **Invoice Line Item**;

“**Invoice Document**” is a collection of **Invoice Line Items** relating to a specific billing month and submitted by the **MO** to a **Trading Party** for payment;

**“Invoice Line Item”**- is a single item in an **Invoice Document** relating to a specific month and **Charge Type**;

**“Invoice Query”**- is a **Dispute** raised by a **Trading Party** concerning the validity of one or more **Invoice Line Items**;

**“Licence”**- has a meaning as provided by Article 3 of the Law on Energy and Article 2 of the Rule on Licensing of Energy Activities in Kosovo;

**“Licensed Trader”** - has a meaning as provided by Article 23.1 of the Law on Electricity;

**“KEK”** – means the Power Corporation of Kosovo (Korporata Energjetike e Kosoves);

**“KEK Distribution”** – means the distribution activity of the Power Corporation of Kosovo (Korporata Energjetike e Kosoves);

**“KEK Generation”** – means the Generation activity of the Power Corporation of Kosovo (Korporata Energjetike e Kosoves);

**“KEK Supply”** – means the Supply activity of the Power Corporation of Kosovo (Korporata Energjetike e Kosoves);

**“KOSTT”**- means the Transmission, System and Market Operator J.S.C Operator (Sistemi Transmisioni dhe Tregu Sh.A);

**“KOSTT Energy Loss Account”**- is an account nominated in MWh which records the KOSTT transmission loss incentive position over a period;

**“Market Objectives”**- are the guiding principles to which the MR will seek to be consistent;

**“Market Operator (MO)”** has a meaning as provided by Article 1 of the Electricity Market Operator License;

**“Market Operator Allowed Revenue”**- is a sum (in €) notified by the **ERO** to the **MO** as the total expected revenue over a defined period (usually a year) that the **MO** is to receive for operating the market and managing **Settlement**;

**“Market Operator Charge”**- is a charge (in €/MWh) derived by dividing the **Market Operator Allowed Revenue** by the **Market Operator Charge Base**;

**“Market Operator Charge Base”**- is the **Total Annual Generation** plus the **Total Demand Forecast** (in MWh) in respect of **Market Operator Charges**;

**“Market Rules (MR)”**- has a meaning as provided by Article 1 of the Electricity Market Operator License;

**“Market Rules Framework Agreement (MRFA)”**- is an agreement in the form set out in Schedule 1 to the **MR** by which the **Party** signatories agree to be bound by the **MR**;

**“Metering Code (hereinafter MC)”**- has a meaning as provided by Article 1 of the TSO License;

**“Metering Data (hereinafter MD)”**- is meter readings provided to the **MO** from a **MS** by the relevant **Party** who will be either the **TSO** or a **DSO**;

“**Metering System (hereinafter MS)**”- has a meaning as provided by Article 1 of the TSO License;

“**Metering Database**”- is the database containing **MD** as defined in the **MC**;

“**Metering Equipment**”- has a meaning as provided by Article 1 of the TSO License;

“**Modification**” is a change to the text of the Market Rules;

“**Monthly Allowed Transmission Losses**” - is the monthly sum of the allowed internal losses and the allowed transit losses in MWh;

“**Monthly Generator Account Delivery**”- is the net monthly generation of a **Party**;

“**Monthly Loss Adjustment**” – is the difference in MWh between the actual losses and the allowed losses in the month;

“**Monthly Supply Account Metered Energy**”- is the monthly total of the supplier’s demand plus **Transmission Losses** measured in MWh;

“**Monthly Supply Metered Demand**”- is the monthly total of the supplier’s demand measured in MWh;

“**Monthly Total Demand**” - is the monthly total of the Kosovo demand measured in MWh;

“**Monthly Transit**” – is the sum of the **Transits** over the **Settlement Periods** of the month in MWh;

“**Monthly Transmission Losses**” - is the monthly total of the losses on the **TS** measured in MWh;

“**Net Monthly Import/Export**” - is the difference between metered import and export over the month measured in MWh;

“**Net Annual Inflow**” - is the sum over the year of the **Net Monthly Inflow** measured in MWh;

“**Net Monthly Inflow**” - is the total generation over the month minus any station or unit load plus the **Net Monthly Import/Export** measured in MWh;

“**Net Monthly Total Generation**” - is the monthly total of the Kosovo generation minus the associated power station loads measured in MWh;

“**Net Monthly Interconnector Trade**” - is the difference between traded import and export over the month measured in MWh;

“**Net Weekly Import**” - is the difference between metered import and export over the week measured in MWh;

“**Net Weekly Interconnector Trade**” - is the difference between traded import and export over the week measured in MWh;

“**New Party**”- is a **Party** other than an **Original Party** who accedes to the **MR** by signing an **AA**;

“**Non-eligible Customer**”- is any customer who must purchase their electricity from a **Public Supplier**;

**“Non-Performing Party”**- is a **Party** that is unable to carry out its obligations under the **MR** due to a circumstance of **Force Majeure**;

**”Operational Procedure”**- Is a procedure under the **MR** that is in the public domain and approved/agreed by the **ERO**;

**“Original Party”**- is a **Party** who acceded to the **MR** by signing the **MRFA**;

**“Party”**- is a signatory to the **MRFA** or an **AA**;

**“Party Applicant”**- is a potential **Party** wishing to sign an **AA**;

**“Party Details”**- is the details concerning a **Party** or **Party Applicant** submitted to the **MO** by an **Original Party** or a **Party Applicant** to the **MRFA** as from time to time updated;

**“Pentad Peak Demands”**- are the five highest recorded hourly demands in **MWs** scaled up by **TLF** which are in separate weeks being from Monday to Sunday;

**“Physical Meter”** is a real (as opposed to a **Notional Meter**) meter in a **MS** that is recorded in the **Supply Meter Register**;

**“Potential Pentad Demand”**- is the highest recorded hourly demands in **MWs** scaled up by **TLF** in any week being from Monday to Sunday;

**“Public Supplier”**- is a **Supplier** licensed by the **ERO** to perform the public supply of electricity as set out in the Law on Electricity;

**“Registered Supplier”**- is the **Supplier** registered to a **MS** in the **Supply Meter Register**;

**“Regulated Market Price”**- is the price at which energy is registered as transferred between a vertically integrated **Generation Account** and the associated **Supply Account** for a particular month as determined by the **ERO**;

**“Reserve”**- is an ancillary service of capacity procured by the **SO** to cover contingencies in accordance with the **Grid Code** and may include both Secondary Reserve and Standing Reserve as appropriate;

**“Settlement”**- is the collective name for processes used to determine usage of the system by each **Party** and the financial liabilities and subsequent payments derived from this;

**“Settlement Period”**- A period of fifteen minutes starting on the hour, quarter hour, half hour or three quarter hour over which energy delivery and contract delivery are measured;

**“Supplier”**- has a meaning as provided by Article 1 of the TSO License;

**“Supplier Market Operator Charge”**- is a monthly sum (in €) derived for each **Supplier** from applying the **Market Operator Charge** to the sum of **Supply Account Metered Energy** for each **Settlement Period** in the month;

**“Supplier Network Charge”**- is the charge (in €/MWh) applied to **Supply Unit Metered Energy** of each **Supply Meter** designed to recover **Supplier Network Share**;

**“Supplier Network Share”**- is the sum (in €) representing the share of **Transmission Network Allowed Revenue** to be recovered from **Suppliers**;

“**Supplier Peak Demand**”- is the average of the suppliers demand at the times of the five **Pentad Peak Demands** scaled up for **Transmission Losses**;

\*“**Supplier Peak Demand Forecast**”- is the **MO**’s forecast of the average of the suppliers demand at the times of the five **Pentad Peak Demands** scaled up for **Transmission Losses**;

“**Supplier System Management Charge**”- is a monthly charge (in €) resulting from applying the **System Management Charge** to the absolute value of **Supply Account Metered Energy** volume for each **Settlement Period** in the month;

“**Supply Account**” – is the **Energy Account** of a **Supplier**;

“*Supply Account Metered Energy*”- is the total of the supplier’s demand plus **Transmission Losses** over a period measured in **MWh**;

“**Supply Meter**”- is a meter measuring the offtake of energy from either the **TS** or a **DN** whose details are recorded in the **Supply Meter Register** maintained by the **DSO**;

“**Supply Meter Reading**”- is the reading taken at a relevant **Supply Meter** at a specified point in time within a specific **Settlement Period**;

“**Supply Meter Register**”- is a database maintained by the **DSO** recording details of each **Supply Meter** including the **Supplier** with whom the meter is registered and all information necessary to estimate offtake at that meter;

“**Supply Peak Demand**”- is the average of the five (5) **Pentad Peak Demands** in **MWs** for the previous year;

“**Supply Peak Demand Forecast**”- is the **SO**’s forecast of the average of the 5 **Pentad Peak Demands** in **MWs** for the current year;

“**Supply Unit Metered Energy**”- is the energy metered as being offtaken at a relevant **Supply Meter** in a **Settlement Period**, which is derived from **Supply Meter Readings** taken at the start and end of the period;

“**System Management Charge**”- is a charge (in €/MWh) resulting from the division of **System Operation Allowed Revenue** by the **System Management Charge Base**;

“**System Management Charge Base**”- is the **Total Annual Generation** plus the **Total Demand Forecast** (in **MWh**);

“**System Operation Allowed Revenue**”- is a sum (in €) notified by the **ERO** to the **MO** as the total expected revenue over a defined period (usually a year) that the **TSO** is to receive in its capacity as provider of system operator services and procurer of ancillary services. This revenue also includes **Allowed Losses** in the defined period.

“**Tariff Methodology**”- is the document issued by **ERO** for the regulation of prices under Article 46 of the Law on the Energy Regulator;

“**Termination Notice**”- is a notice submitted by the **MO** to a **Party** notifying that the **Party** will cease to be bound by the **MR** from a specified date;

“**Third Party Charges**” – are charges where **KOSTT** is not one of the Parties to the invoice.

“**Third Party Transactions**” – are transactions where **KOSTT** is not one of the Parties to the transaction.

“**Total Annual Generation**” – is the sum of the generation flowing onto the **TS** in the year minus the associated power station loads.

“**Total Demand Forecast (hereinafter TDF)**”- is a forecast made by the **SO** of the average sum (in MWh) of metered demand at the Boundary of the **TS**, scaled up by **TLF** over the period (usually a year) that the **Market Operator Allowed Revenue** or **System Operation Allowed Revenue** is to apply;

“**Transit**” – is the minimum in a **Settlement Period** of the import into the Kosovo system and the export from the Kosovo system in MWh;

“**Transmission Losses**” - are the total of the losses on the **TS** over a period measured in MWh;

“**Transmission Loss Factor (TLF)**”- is the calculated ratio of energy metered for delivered into the **TS** from **Generating Units** and from **Interconnectors** (both import and export where exports are negative) and energy metered as offtaken from the **TS** for onward delivery into **DNs** and/or **Eligible Customers** during any **Settlement Period**;

“**Transmission Loss Reconciliation Charge**” - is the amount to be paid each month between **KOSTT** and **KEK** to reconcile the difference between the actual losses incurred and those included in the tariff;

“**Transmission Network Supplier Charge**” – is the monthly charge from **KOSTT** to **Suppliers** for the provision of **Transmission Network** services to their customers;

“**Transmission Use of System charge (TUoS)**” - has the same meaning as **Transmission Network Supplier Charge**;

“**Trading Party**”- is a **Generator**, **Supplier**, **Interconnector Trader** or other party that has acceded to the **MR** in order to trade electricity;

“**Trading Party Cash-flow Account**”- is the financial account of a **Trading Party**;

“**Transmission Network Allowed Revenue**”- is a sum (in €) notified by the **ERO** to the **MO** as the total expected revenue over a defined period (usually a year) that the **SO** is to receive in its capacity as a transmission network provider;

“**Transmission System or Transmission Network**”- has a meaning as provided in Section B(g) of the UNMIK Regulation No. 2004/22, dated 30 June 2004;

“**Transmission System Operator (hereinafter TSO)**”- has a meaning as provided by Article 3 of the Law on Electricity.

## Article 7 Notation Conventions

In the **MR**, the following subscript notations apply in equations:

“**A**” - is a **Trading Party** account;

“**d**” - is the **Day**;

“**j**” - is the **Settlement Period** or the hour as the context dictates;

“**P**” - is a **Trading Party**;

“**Y**” - is an **Interconnector**.

## Article 8 Data Catalogue

In the **MR**, the following variables apply in equations:

- “ATG”- is the forecast of the Annual **Total Generation**;
- “ATLF”- is the forecast **Average Transmission Loss Factor**;
- “CMOG<sub>A</sub>”- is the **Generator Market Operator Charge**;
- “CMOS<sub>A</sub>”- is the **Supplier Market Operator Charge**;
- “CP<sub>A</sub>”- is the **Trading Party Cashflow Account of Trading Party “A”**;
- “CSMG<sub>A</sub>”- is the **Generator System Management Charge**;
- “CSMS<sub>A</sub>”- is the **Supplier System Management Charge**;
- “DD”- is the duration (in days) specified by the **ERO** for which a notification of **Transmission Network Allowed Revenue** is to apply;
- “Demand<sub>pj</sub>”- is the demand of Party p (in MW) for hour “j” as measured at the Transmission/Distribution Boundary;
- “GNC”- is the monthly **Generator Network Charge**;
- “GNS”- is the **Generator Network Share** in €;
- “MOC”- is the **Market Operator Charge** in €/MWh;
- “QEG<sub>Aj</sub>”- is the **Generation Account Metered Energy for Generation Account “A” in Settlement Period “j”**;
- “QES<sub>Aj</sub>”- is the **Supply Account Metered Energy (QES<sub>Aj</sub>) for Supply Account “A” for Settlement Period “j”**;
- “QMOCB”- is the **Market Operator Charge Base**;
- “QSMCB”- is the **System Management Charge Base**;
- “SMC”- is the **System Management Charge** in €/MWh;
- “SNC”- is the **Supplier Network Charge** per MWh;
- “SNS”- is the **Supplier Network Share** in €;
- “TDF”- is the **TDF** in MWh;
- “TLF<sub>j</sub>”- is the Transmission Loss Factor (**TLF**) applying for **Settlement Period “j”**;
- “TMOC”- is the **Market Operator Allowed Revenue**;
- “TSMC”- is the annual rate of **System Operation Allowed Revenue**;

## Chapter II

### Parties and Accounts

#### Article 9 Parties

1. The parties to the **MR** are:
  - a) The **MO**, whose main role is to be responsible for the organisation and administration of trades in electricity and payment settlements among producers, suppliers and customers” i.e. to manage the **Settlements** process. It will accede to the **MR** in the capacity of “owner” with responsibility also for managing rule change procedures (**Modifications**). It will maintain aggregated accounts for energy, and financial settlement. The **MO** will also play a primary role in network information provision.
  - b) The **TSO** will accede to the **MR**. Its essential role is the physical balancing of the system under the terms of the **Grid Code**. However, the **TSO** uses these commercial rules to trade energy and services with market participants (known as **Trading Parties**) (balancing energy and ancillary services). It also uses the **MO** as its agent for financial settlement of these bilateral contracts as well as for levying its charges on market participants for network provision and network services.
  - c) The **DSO** (also known as the **DNO**) will accede to the **MR** in the capacity of a service provider. These services are: the management of customer meter databases, and the provision of meter readings for **Settlement** purposes. The **DSO** needs no accounts under the **MR**, however there are provisions for the **MO** to collect distribution charges on behalf of the **DSO**.
  - d) **Generators** accede to the **MR** in the capacity of **Trading Parties**. They will maintain a **Generation Account** for recording energy contract and metered energy volumes. The **Generator** will also hold an account for financial settlement.
  - e) **Suppliers** accede to the **MR** in the capacity of **Trading Parties**. They will maintain a **Supply Account** for recording energy contracts and metered energy volumes. The **Supplier** will also hold an account for financial settlement.
2. Certain **Parties** will maintain accounts with the **MO** for recording energy data or financial data. The **MO** uses these accounts to arrange **Settlement** and is responsible for keeping the accounts, which are related (e.g. an energy account will have an impact on the financial account), in line.

## Article 10 Participants

1. The following shall be **Parties** and shall accede to the **MR** with the specified **Participation Capacities** of:
  - a) **MO** who will:
    - i. maintain a process for all **Parties** to accede to the **MR**;
    - ii. maintain accounts on behalf of **Trading Parties** the **DSO** and the **SO**;
    - iii. manage the **Settlements** process;
    - iv. invoice and collect money owed to or (as the case may be) by **Trading Parties** under the terms of the **MR**;
    - v. acting as agent of the **TSO**, invoice and collect money owed to or (as the case may be) by **Trading Parties** as allowed under the **Licence** granted to the **Transmission System Operator** by the **ERO**;
    - vi. acting as agent, of the **DSO(s)**, invoice money owed by **Trading Parties** as allowed under the **Licence** granted to the **DSO(s)** by the **ERO**;
    - vii. acting as agent, of **Trading Parties**, invoice money owed by **Trading Parties** as allowed under the **Licence** granted to the **Trading Parties** by the **ERO**;
    - viii. manage the process of **Modification** of the **Market Rules**;
    - ix. provide market information in accordance with the provisions of the **MR**;  
and
    - x. perform all other function assigned to it under the **MR**;
    - xi. but will not trade in or be registered as owning energy or generating capacity;
  - b) **TSO** who will:
    - i. manage the **TS** in accordance with the terms of the **Grid Code**;
    - ii. procure ancillary services and reserves
    - iii. account for inadvertent deviations and their return; and
    - iv. perform all other function assigned to it under the **MR**; and
    - v. but will not otherwise trade in or be registered as owning energy or generating capacity;
  - c) **DSO(s)** who will:
    - i. maintain a register of premises and consumption meters; and
    - ii. manage a process of registration of **Suppliers** with responsibility for meters;
    - iii. but will not otherwise trade in or be registered as owning energy or generating capacity;

- d) **Generator** who will accede to the **MR** in the capacity of **Trading Parties** and will:
    - i. operate in accordance with the **Grid Code**;
    - ii. nominate output levels in accordance with the **Grid Code** and the **MR**;
    - iii. submit meter reading information for all energy delivered into the **TS** or the **DN** from their premises and will not deliver any energy onto the system outside the terms of the **MR** (the meter reading submission is actually performed by the network operator but the party retains responsibility); and
    - iv. undertake all other obligations as set out in the **MR**;
  - e) **Supplier** who will accede to the **MR** in the capacity of **Trading Party** and will:
    - i. Contract with consumers and take responsibility for offtake at all offtake meters registered in the **Supplier's** accounts and connected either to the **TS** or the **DN**;
    - ii. submit meter reading information for all energy offtaken at those meters and to not take delivery of electrical energy by any other means; and
    - iii. undertake all other obligations as set out in the **MR**;
2. A reference to a **Trading Party** will be a reference to that **Party** engaged in any one of the specified capacities identified in Article 10.1 regardless of any other capacities in which that **Party** may also have acceded to the **MR**.

## **Article 11**

### **Energy Accounts**

- 1. The **MO** will maintain **Energy Accounts** for **KOSTT**, **Trading Parties** and **DSOs**.
- 2. The **KEK Energy Account** will represent the net energy position being the sum of the inadvertent interconnector transfers for the month together with the residual amount from the previous month.
- 3. The **KOSTT Energy Loss Account** will represent the sum of the **Transmission Losses** for the month.
- 4. The other accounts will be for use of system billing purposes.

## Chapter III

### Accession to the Market Rules and Discontinuance

#### Article 12 General Provisions

1. To participate in the market, all parties must accede to the **MR**. The joining procedure is known as Accession and involves the party in agreeing to be bound by the **MR**. This accession will be performed through either the **MRFA** or the **AA**.
2. The form of the **MRFA** and the **AA** is set out in Schedule 1 of the **MR**.
3. **Original Parties** will sign the **MRFA** and **New Parties** will sign an **AA**.

#### Article 13 Acceding to the MR

1. Any legal entity may accede to the **MR** using the procedures set out in the provisions of this Paragraph.
2. A **Party Applicant** shall submit to the **MO**:
  - a) a duly completed application form in such form as the **MO** may from time to time prescribe giving its **Party Details** as at the time of its application;
  - b) an undertaking from the **Party Applicant** (in the form prescribed in the application form) that the **Party Details** of such **Party Applicant** are complete and accurate; and
  - c) the prevailing **Application Fee**.
3. **Party Details** shall include:
  - a) its full name and contact details;
  - b) the name, address and facsimile number of the person for whose attention official written notices should be marked;
  - c) the **Participation Capacities** (if any) which the **Party Applicant** has or (at the time at which such details are notified to the **MO**) intends or expects to have, and the date from which it has or intends or expects to have each such capacity;
  - d) such supporting documentation as the **MO** may reasonably require in order to validate that the Party has or will have such participation capacities;
  - e) the identity of any other **Party** which is an **Affiliate** of the **Party Applicant**; and

- f) any other details that the **MO** may reasonably require to allow the **MO** to fulfil its activities under the licence and the **MR**.
4. Upon receipt of the items referred to in [Article 13.2](#), the **MO** shall:
- a) check that the application form has been duly completed by the **Party Applicant** and the relevant supporting documentation and prevailing **Application Fee** have been duly provided;
  - b) notify:
    - i. each **Party**; and
    - ii. the **ERO**;of the name of the **Party Applicant**, and the **Participation Capacities** (if any) notified by the **Party Applicant** in its **Party Details**, and
  - c) where it considers it appropriate to do so, as soon as reasonably practicable, prepare an **AA** for the **Party Applicant** and send it to such **Party Applicant** for execution.
5. Subject to and in accordance with the provisions of this [Article 13.4](#), each **Party** hereby irrevocably and unconditionally authorises the **MO** to execute and deliver on behalf of such **Party** an **AA** duly executed by a **Party Applicant**.
6. Upon receipt by the **MO** of an **AA** duly executed by a **Party Applicant**, the **MO** shall promptly:
- a) execute and deliver such **AA** on behalf of all **Parties**;
  - b) send a certified copy of such **AA**, duly executed by the **Party Applicant** and the **MO**, to the **Party Applicant**;
  - c) give notice of the accession of such **Party Applicant** to:
    - i. each **Party**; and
    - ii. the **ERO**.
7. If the process in clause 6 above is halted by any **Dispute** as to whether a **Party Applicant** is entitled to accede to the **MRFA** and the **ERO** rules in favour of the **Party Applicant** such **Party Applicant** shall be entitled to accede to the **MRFA** and the **MO** shall forthwith execute and deliver an **AA**, duly executed by the **Party Applicant**, in order to effect such accession.
8. The accession of a **Party Applicant** to the **MRFA** shall be effective on and from the later of the date specified in the **AA** and the date when the **MO** executes and delivers such **AA** on behalf of all **Parties**.
9. The **MO** shall from time to time set the **Application Fee** payable by a **Party Applicant** with approval of the **ERO**. Such **Application Fee** shall not exceed the amount which represents the reasonable costs of the **MO** in processing an application for accession as a **Party**.
10. Once the party has acceded it will be required to register energy accounts and metering systems and provide necessary information to facilitate trading in accordance with the relevant procedures.

## Article 14 Discontinuing Parties

1. A **Party** may cease to be bound by the **MR** in accordance with the provisions of this Paragraph. The **MO** will as soon as reasonably practicable after the receipt of a **Discontinuance Notice** notify all other **Parties** of a **Party** ceasing to be bound by the **MR**.
2. A **Party** may at any time by giving written notice (“**Discontinuance Notice**”) to both the **ERO** and the **MO** apply to cease to be bound by the **MR**. A **Party** shall not cease to be bound by the **MR** pursuant to this Paragraph (and any **Discontinuance Notice** shall be of no effect) until 1700 hours on the fifth **Business Day** after the day on which the last of the following requirements is met:
  - a) any sums owing under the **MR** by such **Party** (whether or not the subject of a **Dispute**) are paid by such **Party**;
  - b) the final settlement has been carried out (and all payments have been made) in relation to the most recent month;
  - c) the **Party** is not a **Registered Supplier** with respect to any **Meter** in the **Supply Meter Register**;
  - d) the **Party** has no **Generating Unit** registered in its **Generation Account**;
  - e) there is no outstanding breach by such **Party** of the provisions of the **MR** which is capable of remedy; and
  - f) such **Party** is not subject to any **Licence** condition by virtue of which it is required to continue to comply with the **MR** or which would otherwise be infringed if such **Party** ceased to comply with the **MR**.
3. The **Discontinuing Party** shall as soon as reasonably possible give notice to both the **ERO** and the **MO** when the requirements set out in [Article 14.2](#) have been met and in such notice shall certify the date on which the last of such requirements was met.
4. Following receipt of a notice from a **Party** under Article 14.3 the **MO** will as soon as reasonably practicable inform the **Party** of the **Discontinuance Date**.
5. Notwithstanding [Article 14.4](#), the **MO** or (as the case may be) the **Discontinuing Party** shall remain liable, subject to and in accordance with the **MR**, to the other and (in the case of the **Discontinuing Party**), to each other **Party**, after the **Discontinuance Date**:
  - a) for any amount which was or becomes payable under the **MR** in respect of any period before the **Discontinuance Date**; and
  - b) in respect of any outstanding breach of any provision of the **MR** where such breach was not (for the purposes of [Article 14.2\(e\)](#)) capable of remedy or (notwithstanding that Paragraph) was capable of remedy but was not remedied.

## Article 15 Default

1. For the purposes of this Paragraph there shall have occurred a **Default** in relation to a **Party** (the “**Defaulting Party**”) in any of the following events or circumstances:
  - a) where, in respect of the **Defaulting Party’s** liability for any sums under the **MR** other than **Third Party Charges**, which have become due for payment by the **Defaulting Party** under the **MR** in respect thereof:
    - i. the **Defaulting Party** has not paid the amount in full twenty-eight (28) **Business Days** after the due date for payment; and
    - ii. on or after the twenty-eighth **Business Day** after the due date for payment the **MO** has given notice to the **Defaulting Party** requiring payment of such amount; and
    - iii. the **Defaulting Party** has not paid such amount in full seven (7) **Business Days** after the date of the **MO’s** notice under [Article 15.1\(a\)\(ii\)](#); or
  - b) where:
    - i. the **Defaulting Party** is in material breach of any material provision (other than a payment obligation) of the **MR**; and
    - ii. the breach is capable of remedy by the **Defaulting Party**; and
    - iii. the **MO** has given notice (making reference to this [Article 15](#)) of such breach to the **Defaulting Party**; and
    - iv. within [fourteen (14)] **Days** after the **MO’s** notice under [Article 15.1\(b\)\(iii\)](#), the **Defaulting Party** does not remedy the breach in all material respects, where the breach is capable of remedy within such period of fourteen (14) **Days**; or
    - v. where the breach is not capable of remedy within [fourteen (14)] **Days** the **Defaulting Party** shall provide the **MO** with a programme (setting out the steps to be taken by the **Defaulting Party** and the timetable for taking such steps) for the remedy of the breach as soon as is reasonably practicable; and
    - vi. in the case in [Article 15.1\(b\)\(v\)](#)
      - (1) the **Defaulting Party** does not remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that Paragraph or under a revised programme pursuant to [Article 15.1\(b\)\(vi\)\(2\)](#); or
      - (2) where, notwithstanding the reasonable diligence of the **Party**, it is not reasonably practicable for the **Party** to remedy the breach in accordance with that programme, and the **Defaulting Party** does not provide to the **MO** a revised such programme; and
    - vii. the breach remains unremedied in any material respect after the expiry of seven (7) **Days** after a further notice by the **MO** to the **Defaulting Party** to

the effect that the **Defaulting Party** has not complied with [Article 15.1\(b\)\(iv\)](#) or (v); or

c) where:

- i. the **Defaulting Party** is in material breach of any relevant provision (other than a payment obligation) of the **MR**; and
- ii. the breach is not capable of remedy; and
- iii. the **MO** has given notice of the breach to the **Defaulting Party**; and
- iv. at any time within the period of twelve (12) months following the **MO**'s notice under [Article 15.1\(c\)\(iii\)](#), there occurs a further material breach by the **Defaulting Party** of the same provision of the **MR**; and
- v. the **MO** has given a notice of such further breach to the **Defaulting Party** and a period of [seven (7)] **Days** has expired following such notice; or

d) where:

- i. the **Defaulting Party** suspends payment of its debts or admits its inability to pay its debts as they fall due;
  - ii. the **Defaulting Party** is unable to pay its debts or any voluntary arrangement is proposed in relation to such debts or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - iii. the **Defaulting Party** has a receiver of the whole or any material part of its assets or undertaking appointed; or
  - iv. the **Defaulting Party** has an administration order made in relation to it; or
  - v. the **Defaulting Party** passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
- e) where the **Licence** (if any) granted to a **Defaulting Party** is determined or revoked or otherwise ceases to be in force for any reason whatsoever.

2. For the purposes of [Article 15.1\(b\)\(i\)](#) and [15.1\(c\)\(i\)](#) a breach other than a wilful breach of a provision of the **MR** is excluded where the **MR** specifically provides some other remedy for such breach and such other remedy may reasonably be considered to be adequate in the circumstances.
3. For the purposes of [Article 15.1\(b\)\(i\)](#) and [15.1\(c\)\(i\)](#) a breach is a material breach of a relevant provision where, and only where in the case of a material provision, the breach is wilful or reckless, or in the case of any other provision, as a result of the breach any other **Party** is in material breach of any material provision of the **MR** or any legal requirement or incurs any material liability or expense.

## **Article 16**

### **Consequences of Default**

1. Upon the occurrence of a **Default**, and at any time after such occurrence at which the **Default** is continuing, the **MO** may, having obtained the written approval of the **ERO**, take one or more of the following steps while such **Default** persists and

for the duration of such **Default** (in each case at such time as it sees fit and having regard to all the circumstances of the **Default**):

- a) give notice (“**Termination Notice**”) to the **Defaulting Party** to the effect that the **Party** shall cease to be bound by the **MR** with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice;
  - b) post a **Termination Notice** (making a reference to this [Article 16](#)) on the **MO Web-Site**;
  - c) suspend one or more of the rights referred to in [Article 16.2](#) (subject to any prior consultation or approval as specified in [Article 16.2](#)) in respect of the **Defaulting Party**, either generally or progressively and either wholly or partially and for such period as the **MO** considers appropriate;
  - d) with the prior approval of the **ERO** require, where applicable, the **Defaulting Party** to **De-energise** the **Defaulting Party’s** Plant or Apparatus (and each Party hereby irrevocably and unconditionally consents to such **De-energisation**).
2. The rights referred to in [Article 16.1\(c\)](#) are:
- a) the rights to receive reports and data, and
  - b) other restrictions on trading designed to not allow an increase in debt.
3. The taking of any steps by the **MO** under this [Article 16.3](#) in relation to a **Defaulting Party** shall not affect or alter the liabilities of such **Defaulting Party** under the **MR** (accrued or accruing in respect of the period prior to, on or after the date when such step is taken) and, without prejudice to the generality of the foregoing, a **Defaulting Party** shall be liable for all sums (including taxes) which it is required under the **MR** to pay in respect of trading charges and other sums prior to the **De-energisation** of the **Defaulting Party’s** Plant or Apparatus and/or the **Defaulting Party** ceasing to be a **Party** pursuant to [Article 16.1\(c\)](#).
4. Each of the **TSO** and the **DSO** shall ensure that it has the necessary rights to effect or procure the **De-energisation** of Plant or Apparatus, following an instruction from the **MO** pursuant to [Article 16.1\(d\)](#).
5. In relation to any instruction to **De-energise** Plant or Apparatus issued pursuant to [Article 16.1\(d\)](#):
- a) the **MO**, the **TSO** and/or the **DSO** (as the case may be) shall use all reasonable endeavours to comply (or procure compliance) as quickly as practicable with any such instruction; and
  - b) the **Defaulting Party** (failing which each **Party**) at the time of receipt of the request for indemnification, the **TSO** and/or the **DSO** shall indemnify and keep indemnified the **MO** on demand against any and all liability, loss or damage which the **MO** may suffer by reason of such **De-energisation not taking place**.
6. The provisions of this [Article 16](#) are without prejudice to any other rights or remedies or consequences which are expressly provided under the **MR** to arise in the event of any failure by a **Party** to comply with the requirements of the **MR**.

7. Where the **MO** gives a **Termination Notice** to a **Defaulting Party**, with effect from the date specified in the notice the **Defaulting Party** will cease to be bound by the **MR** and [Article 16.1](#) shall apply.
8. The giving of a **Termination Notice** and the application of [Article 16.3](#) shall not affect the rights and obligations of the **MO** and the **Defaulting Party** under the **MR** (including rights and obligations in respect of the **Default**, and in respect of amounts including interest payable by a **Defaulting Party**, and rights and obligations arising pursuant to any provision of the **MR** in respect of the **Defaulting Party's** ceasing to be bound by the **MR**) accrued up to the date referred to in [Article 16.1\(a\)](#), which shall continue to be enforceable notwithstanding that Paragraph.
9. Where the **MO** has given a **Termination Notice** it shall inform all **Parties** and put notification on its website.

## Chapter IV

### Operational Communications

#### Article 17 General Provision

1. For communication with the **TSO**, **Parties** are bound by the **Grid Code**, which will specify SCADA requirements, response times and security. Communication for **Settlement** does not require the same level of immediate response and much of it is post-event communication. This **Chapter** therefore sets out minimum requirements for telephone and facsimile back-up.

#### Article 18 Telephone / Facsimile

1. Each **Party** shall be responsible for the provision and maintenance (at the cost of the **Party**) of telephone, internet connection and facsimile.

## Chapter V

### Metering Requirements

#### Article 19 Metering Equipment

1. The technical, design and operational minimum standard for **Metering Systems** used for **Settlement** is that determined in the **Metering Code**.
2. The **Metering Equipment** in every **MS** used for **Settlement** calculations shall be capable of registering the throughput of the relevant meters up to any point in time such that the MWh throughput of that **MS** during a **Settlement Period** can be determined and this information made available to the **MO** in the period specified in the **MR**.
3. The provision, installation and maintenance of **Metering Equipment**, and associated recording and transmittal equipment with the capability required pursuant to [Article 19.2](#) shall be the responsibility of the relevant system operator as detailed in the **MC**.
4. Where the **ERO** determines that a consumer is an **Eligible Customer** and the equipment with the capability required pursuant to [Article 19.2](#) is not installed, the **TSO** or (as the case may be) the **DSO** will immediately take steps to ensure that such equipment is installed as soon as reasonably possible but the **Eligible Customer** may not exercise its rights as an **Eligible Customer** until such equipment is installed and is operational.
5. Nothing precludes the installation of **Metering Equipment** of a higher standard to that required pursuant to the **MR**.

#### Article 20 Metering Registration

1. All **Metering Equipment** in every **MS** that is required for the purposes of the **MR** shall be registered in accordance with the requirements of the **MC**.
2. **Parties** will be required to register relationships and configurations between meter data so that appropriate aggregation can be performed to facilitate trading in accordance with the relevant procedures.

#### Article 21 Failure to Provide Metering Data (MD) of Generator and Eligible Customer Meters

1. A **MS** of a **Generating Unit**, generator connected to the **Distribution Network** or an **Eligible Customer** in respect of which **MD** has not been supplied shall be

deemed for the purposes of **Settlement** to have delivered or (as the case may be) offtaken that quantity of energy that the **TSO** estimates, based on historical data and on the such other **MD** it has received, during the period for which **MD** was not supplied.

## **Article 22** **Interconnector Meters**

1. There will be at least one physical **MS** at each circuit of an **Interconnector**.

**Chapter VI**  
**Capacity Register and CAC Transfer**

**Article 23**

1. This Chapter is currently inactive.

## Chapter VII

### Interconnector Trading

#### Article 24 General Provision

1. **KOSTT** being recognised as a separate TSO is in the process of acceding to the regional arrangements.
2. **KOSTT** and **KEK Supply** will then obey the regional rules in terms of interconnector trading and associated issues.
3. Where inadvertent transfers occur which are not remedied in appropriate timescales a **Balancing Trade** may have been deemed to occur. Should this happen these will be the financial responsibility of **KEK Supply** and they will be billed accordingly.
4. **Trading Parties** acknowledge that the **TSO**, with approval from the Regulator, is responsible for the determination of the **Available Transfer Capacities (ATC's)**.
5. **The MO** shall publish details regarding allocation and nomination of interconnector capacity on its website in the form of an operational procedure.

#### Article 24a Interconnector Capacity Auctions

1. The **MO** will auction the **ATC** on a monthly and annual basis.
2. The **MO** will establish and maintain a register of those **Trading Parties** with interconnector capacity rights.
3. **Trading Parties** will be permitted to trade interconnector capacity rights with other **Trading Parties** according to the provisions in the procedure.
4. **Trading Parties** are required to nominate their interconnector capacity in accordance with the procedure.
5. Use-it-or-lose-it provisions shall apply, according to the provisions in the procedure for capacity allocation.
6. All capacity rights purchased will be paid for in advance, according to the provisions in the procedure and the Interconnector Framework Contract.

#### Article 25 KEK Supply Duties and Rights

1. **KEK Supply** will inform the **SO** of agreed trades with other parties in the region:
  - a) Size of the trade in MW;
  - b) Duration and start and stop times of the trade;
  - c) Any other operational conditions.

2. Will inform the MO of the price associated with the trade, counterparty details and payment details.
3. There will be no explicit Network Provision Charges, System Management Charges or Market Operator raised in respect of Interconnector Trades. These will be deemed to be included in the charges paid by KEK Supply. Charges will be in accordance with Chapter XII.
4. When **KEK Supply** trades with **Licensed Trader** then:
  - a) the transaction will be deemed to occur just inside the geographic boundary of Kosovo;
  - b) hence the scheduled energy import (or export) will be added to (or subtracted from) **KEK Supply's** energy account; and
  - c) the **Licensed Trader** will not need to have an energy account.

## **PART II SYSTEM OPERATION**

### **Chapter VIII**

#### **Demand Forecasting**

##### **Article 26**

##### **General Provision**

1. **Suppliers** are to provide to the **TSO** week-ahead demand predictions and **KEK Supply** is to provide week-ahead load shedding predictions. These are to be updated day ahead and on the day where necessary.

##### **Article 27**

##### **National Demand Forecasts**

1. The **TSO** will produce week-ahead forecasts of the expected hourly total national demand
2. The **TSO** will update the demand forecast on the day ahead.
3. (Where necessary) the **TSO** will update the forecast on the day.

##### **Article 28**

##### **Supplier Demand Forecasts**

1. **Suppliers** will provide week-ahead forecasts of the expected hourly total demand of their customers.
2. **Suppliers** will update the demand forecast on the day ahead.
3. Where necessary **Suppliers** will update the forecast on the day.

##### **Article 29**

##### **Load Reduction Forecasts**

1. **KEK** will provide week-ahead forecasts of the expected load reduction under the ABC scheme or any replacement.
2. **KEK** will update the load reduction forecast on the day ahead.
3. Where necessary **KEK** will update the forecast on the day.

##### **Article 30**

##### **Publication**

1. This data will be published on the MO website when available.

##### **Article 30a**

##### **Publication**

1. The timing of submissions in this Chapter will be in accordance with the Grid Code or relevant procedures.

## Chapter IX

### Generation Forecasting

#### Article 31 General Provision

1. **KEK Generation** is to provide to **TSO** week-ahead hourly generation output predictions which are to be updated day ahead and on the day.

#### Article 32 Generation Forecasts

1. **KEK generation** will provide week-ahead forecasts of the expected Generation.
2. **KEK** will update the generation forecast on the day ahead.
3. Where necessary **KEK** will update the forecast on the day.
4. The timing of submissions will be in accordance with the Grid Code or relevant procedures.

#### Article 33 Publication

1. This data will be published on the MO website.

## **Chapter X**

### **Interconnector Nominations**

#### **Article 34**

##### **General Provision**

1. **KEK Supply** is to provide to **KOSTT** week-ahead hourly nominations predictions with actual nominations on the day ahead.

#### **Article 35**

##### **Interconnector Trade Forecasts**

**KEK Supply** will provide week-ahead nomination predictions of the expected **Interconnector Trades**.

#### **Article 36**

##### **Interconnector Nominations**

1. **KEK** will submit the **Interconnector Trade** nomination by 10 am on the day ahead in accordance with the interconnector nomination procedure.

#### **Article 37**

##### **Publication**

1. This data will be published on the MO website according to the relevant procedure.

## **PART III SETTLEMENT**

### **Chapter XI**

#### **Energy Settlement Calculation**

##### **Article 38 General Provision**

1. Two energy accounts will be kept: the **KEK** net energy position and the **KOSTT Transmission Losses** position. The **KEK** energy account will not be directly financially settled. However **KEK** will be responsible for maintaining a net zero energy position over time in accordance with the Grid Code.

##### **Article 39 Settlement and Energy Imbalance Prices**

1. The settlement process does not currently use bids and offers and non-delivery charges nor does it create **Settlement Period** energy imbalance prices.

##### **Article 40 Net Monthly Total Generation**

1. The **Net Monthly Total Generation** is equal to the sum of the power station generation outputs flowing onto the **TS** in the month minus the associated unit transformer loads and station transformer loads at the commercial boundary between generation and transmission.

##### **Article 40a Annual Total Generation**

2. The **Annual Total Generation** is equal to the sum of the generation flowing onto the **TS** in the year minus the associated power station loads being the sum of the twelve monthly values.

##### **Article 41 Monthly Generation Account Delivery**

1. For each **Generator 'A'** the **Monthly Generator Account Delivery** is equal to the sum of its generation flowing onto the **TS** in the month minus the associated power station loads unit transformer loads and station transformer loads at the commercial boundary between generation and transmission.

**Article 42**  
**Total Monthly Demand From the TS**

1. The **Monthly Total Demand** is equal to the sum of the demand flowing off the transmission system in the month. Note that in line with the technical convention this number will be negative.

**Article 43**  
**Net Total Monthly Traded and Actual Import over Interconnectors**

1. The **Net Monthly Import/Export** is equal to the sum of the import flows onto the TS in the month plus the sum of the export flows off the TS in the month.
2. The **Net Monthly Interconnector Trade** is equal to the sum of the nominated import **Interconnector Trades** in the month plus the sum of the nominated export **Interconnector Trades** in the month, for the avoidance of doubt this will include **Balancing Trades** in both directions.
3. The **Net Weekly Import/Export** is equal to the sum of the import flows onto the TS in the week plus the sum of the export flows off the TS in the week.
4. The **Net Weekly Interconnector Trade** is equal to the sum of the nominated import **Interconnector Trades** in the week plus the sum of the nominated export **Interconnector Trades** in the week, for the avoidance of doubt this will include **Balancing Trades** in both directions.

**Article 44**  
**Net Monthly and Annual Inflow**

1. The **Net Monthly Inflow** is equal to the sum of the **Net Monthly Total Generation** and the **Net Monthly Import/Export**.
2. The **Net Annual Inflow** is equal to the sum over the year of the **Net Monthly Inflow**.

**Article 45**  
**Monthly Supply Account Metered Energy**

1. While **KEK Supply** is the only **Supplier** its **Supply Account Metered Energy** times the **TLF** equals the **Net Monthly Inflow**.

**Article 46**  
**Allowed Transmission Losses**

1. The **Monthly Allowed Transmission Losses** are the sum of the **Net Monthly Inflow** times the **Allowed Internal Loss Level** and the **Monthly Transit** times the **Allowed Transit Loss Level**.

#### **Article 47**

#### **Transmission Losses**

1. The **Monthly Transmission Losses** is equal to the sum of the **Net Monthly Inflow** and the **Monthly Total Demand** (which is a negative number).
2. The **Actual TLF** is equal to the **Monthly Transmission Losses** divided by the **Net Monthly Inflow** expressed as a percentage.
3. The **Monthly Loss Adjustment** is equal to the **Monthly Transmission Losses** minus the **Monthly Allowed Transmission Losses**.

#### **Article 48**

#### **KEK Net Energy Position**

1. The **KEK Net Energy Position** from the previous month will roll over into the current month forming the opening balance.
2. The **KEK Weekly Net Energy Position** from the previous week will roll over into the current week forming the opening balance.
3. The net position is equal to the opening balance plus the **Net Monthly Import/Export** minus the **Net Monthly Interconnector Trade**.
4. The net weekly position is equal to the opening balance plus the **Net Weekly Import** minus the **Net Weekly Interconnector Trade**.

#### **Article 49**

#### **KEK Balancing Responsibility**

1. KEK is responsible over time for maintaining a net zero position on the **KEK Net Energy Position** account.
2. To this end the **TSO** is required to schedule balancing flows in accordance with the regional arrangements and **KEK** will as appropriate generate, load-shed or arrange interconnector trades to meet the scheduled flows.
3. Where **KEK** fails to balance and the **TSO** is forced to accept a **Balancing Trade**, **KEK** will be financially responsible for it.

#### **Article 50**

#### **Pentad Calculation**

1. For **Transmission Network Supplier Charge** charging purposes it is necessary to calculate the five highest hourly demands plus losses in the year. Note that

demand plus losses is equal to minus generation minus net imports. Generation and interconnector flows are available automatically in 15 minute values while this is not necessarily true for demand

2. For each hour the MO calculates the total generation plus the net total interconnector import (i.e. if the interconnectors are exporting this latter value will be negative).
3. For each week (from midnight Sunday to midnight Sunday) the MO calculates the **Potential Pentad Demand** being equal to the maximum hourly value of the generation plus net import in the week.
4. For each year the MO chooses the five highest **Potential Pentad Demands** to be the **Pentad Peak Demands**.
5. The **Supply Peak Demand** is equal to the linear average of the five **Pentad Peak Demands**.

#### **Article 51 Pentad Publication**

1. This data will be published on the MO website when available.

## Chapter XII

### Third Party Data

#### Article 52

##### General Provision

1. In order to perform third party billing the **MO** requires certain data (meter data, loss factors, prices, etc) from **Parties**. This section covers the requirements for the orderly receipt of that data.

#### Article 53

##### Meter Data Access

1. **Parties** shall allow and facilitate **the TSO's** or DSO's access to substations in order to take meter readings in accordance with the **MC**.
2. **Trading Parties** will, in accordance with the relevant procedure, provide **the TSO** with details of metering arrangements including the meter's physical position, responsible parties and substation access process, for third party billing in a timely manner.

#### Article 54

##### Regulated Prices

1. The **ERO** will provide the **MO** with any regulated prices and associated data for third party billing.

#### Article 55

##### Electricity Trade Prices

1. **KEK Supply** will provide the **MO** with any contract prices and associated data for third party billing in a timely manner.

#### Article 56

##### Interconnector Trade Volumes

1. **KEK Supply** will provide the **MO** with any **Interconnector Trade Volumes** and associated data for third party billing in a timely manner.

#### Article 57

##### Loss Factor Information

1. Where loss factors are to be applied to metered amounts **KEK Supply** will provide the **MO** with values and associated data for third party billing in a timely manner.

## Chapter XIII

### KOSTT Direct Charges and Dues

#### Article 57a ERO Provided Data

1. In this Chapter where data for expected peak demands, expected annual total demands and expected annual total generation are provided by the regulator in the first year these will be used instead of the calculated values. These energy calculations shall apply from the second year onwards. For the avoidance of doubt post-year reconciliation will still take place.

#### Article 58 Network Provision Charges

1. **Parties** acknowledge that from time to time the **ERO** will notify the **MO** of the annual rate of **Transmission Network Allowed Revenue** (in €) to apply for the next months ahead and the **MO** will calculate the **Generator Network Share** (*GNS is currently a sum equal to 0% of the Transmission Network Allowed Revenue*) and the **Supplier Network Share** (*SNS is currently a sum equal to 100% of the Transmission Network Allowed Revenue*) in accordance with instructions from the **ERO**.
2. When the **ERO** has notified the **MO** of a new rate of **Transmission Network Allowed Revenue** the **MO** will request from the **TSO**:
  - a) the **Supply Peak Demand** for the previous year and the **hours of the Pentad Peak Demands**; and
  - b) the **Supply Peak Demand Forecast** for the current year.
3. The **MO** will for each Supplier calculate the **Supplier Peak Demand** and the **Supplier Peak Demand Forecast**, where:

$$SPD_P = \text{Average} (\text{Demand}_{p_j} * TLF_j) \text{ for the Pentad hours } j$$

$$SPDF_P = SPD_P * SPDF/SPD$$

where:

- a)  $SPD_P$  is the **Supplier Peak Demand**;
- b)  $TLF_j$  is the **TLF** for hour  $j$ ;
- c)  $SPDF_P$  is the **Supplier Peak Demand Forecast**;
- d)  $SPD$  is the **Supply Peak Demand** notified in accordance with [Article 58.2\(a\)](#); and
- e)  $SPDF$  is the **Supply Peak Demand Forecast** notified in accordance with [Article 58.2\(b\)](#).

4. On receipt of the forecasts from the **TSO** specified in [Article 58.2](#), the **MO** will calculate the **Supplier Network Charge (SNC)** using the formula:

$$SNC = SNS / SPDF$$

where:

- a) SNS is the **Supplier Network Share** calculated pursuant to [Article 58.1](#); and
  - b) SPDF is the **Supply Peak Demand Forecast** notified in accordance with [Article 58.2\(b\)](#).
5. The **MO** will invoice each relevant **Trading Party** once a month a **Transmission Network Supplier Charge (CTNS<sub>a</sub>)** calculated using the following formula:

$$CTNS_a = SNC * SPDF_p / 12$$

where *SNC* is **Supplier Network Charge** calculated pursuant to [Article 58.4](#).

6. The **MO** will at the end of each year reconcile the **Supplier Peak Demand** with the **Supplier Peak Demand Forecast** and issue invoices or credit notes as necessary and as agreed with the **ERO**.

### **Article 59** **System Management Charge**

1. **Parties** acknowledge that from time to time the **ERO** will notify the **MO** of:
  - a) the annual rate of **System Operation Allowed Revenue (TSMC)** in € to apply for the next months ahead; and
  - b) the expected period (*DD*) to which such allowed revenue will apply.
2. When the **ERO** has notified the **MO** of a new rate of **System Operation Allowed Revenue** the **MO** will request from the **SO** forecasts of:
  - a) total metered demand at the boundary to the **Transmission System** scaled up by transmission losses (the **TDF (TDF)** in MWh); and
  - b) the **Total Annual Generation (ATG)**;

each for the period notified in [Article 59.1\(b\)](#) for which the charges are to apply noting that if the period is less than a calendar year the above shall be taken to apply to the actual period.

3. On receipt of the forecasts from the **TSO** specified in [Article 59.2](#), the **MO** will calculate the **System Management Charge Base (QSMCB)** and the **System Management Charge (SMC)** using the formulae:

$$QSMCB = TDF + ATG$$

$$SMC = TSMC / QSMCB$$

where:

- a) *TDF* is **TDF** derived pursuant to [Article 59.2\(a\)](#);
- b) *ATG* is the **Total Annual Generation** derived pursuant to [Article 59.2\(b\)](#); and

- c) *TSMC* is **System Operation Allowed Revenue** derived pursuant to [Article 59.1\(a\)](#).
4. In respect of each calendar month the **MO** will calculate:
- a)  $n$ , which is the number of hours in the month;

$QGAD_A$ , which is **Monthly Generator Account Delivery** for **Generation Account “A”** for the month

- b)  $QSAD_A$ , for each Supplier which is **Monthly Supply Account Metered Energy** for **Supply Account “A”** for the month derived from the formula:

$$QSAD_A = -\sum_{j=1}^n QES_{Aj} \times TLF_j$$

where  $QES_{Aj}$  is **Supply Account Metered Energy** for **Supply Account “A”** in each **Settlement Period “j”** within the month and  $TLF_j$  is the **TLF** prevailing in each **Settlement Period**.

5. The **MO** will invoice each relevant **Trading Party** once a month in respect of each relevant **Generation Account “A”** a **Generator System Management Charge** ( $CSMG_A$ ) and each relevant **Supply Account “A”** a **Supplier System Management Charge** ( $CSMS_A$ ) calculated using one of the following formulae:

$$CSMG_A = QGAD_A * SMC$$

$$CSMS_A = QSAD_A * SMC$$

where:

- a)  $QGAD_A$  is **Monthly Generator Account Delivery** calculated pursuant to [Article 41](#);
- b)  $SMC$  is **System Management Charge** calculated pursuant to [Article 59.3](#); and
- c)  $QSAD_A$  is **Monthly Supply Account Metered Energy** calculated pursuant to [Article 59.4\(b\)](#).

## Article 60 Market Operator Charges

1. **Parties** acknowledge that from time to time the **ERO** will notify the **MO** of:
- a) the annual rate of **Market Operator Allowed Revenue** ( $TMOC$ ) in € to apply for the next months ahead; and
- b) the expected period ( $DD$ ) to which such allowed revenue will apply.
2. When the **ERO** has notified the **MO** of a new rate of **Market Operator Allowed Revenue** the **MO** will request from the **SO** forecasts of:
- a) total metered demand at the boundary to the **Transmission System scaled up for transmission losses** (the **TDF** ( $TDF$ ) in MWh); and
- b) the **Total Annual Generation** ( $ATG$ );

each for the period notified in [Article 60.1\(b\)](#) for which the charges are to apply noting that if the period is less than a calendar year the above shall be taken to apply to the actual period.

3. On receipt of the forecasts from the TSO specified in [Article 60.2](#), the MO will calculate the **Market Operator Charge Base (QMOCB)** and the **Market Operator Charge (MOC)** using the formulae:

$$QMOCB = TDF + ATG$$

$$MOC = TMOC / QMOCB$$

where:

- a) *TDF* is the **TDF** derived pursuant to [Article 60.2\(a\)](#);
  - b) *ATG* is the **Total Annual Generation** derived pursuant to [Article 60.2\(b\)](#); and
  - c) *TMOC* is **Market Operator Allowed Revenue** derived pursuant to [Article 60.1\(a\)](#).
4. The MO will invoice each relevant **Trading Party** once a month in respect of each relevant **Generation Account "A"** a **Generator Market Operator Charge (CMOG<sub>A</sub>)** and each relevant **Supply Account "A"** a **Supplier Market Operator Charge (CMOS<sub>A</sub>)** calculated using one of the following formulae:

$$CMOG_A = QGAD_A * MOC$$

$$CMOS_A = QSAD_A * MOC$$

where:

- a) *QGAD<sub>A</sub>* is **Monthly Generator Account Delivery** calculated pursuant to [Article 41](#);
- b) *MOC* is **Market Operator Charge** calculated pursuant to [Article 60.3](#); and
- c) *QSAD<sub>A</sub>* is **Monthly Supply Account Metered Energy** calculated pursuant to [Article 59.4\(b\)](#).

## Article 61 Transmission Loss Reconciliation

1. The **Transmission Loss Reconciliation Charge** is the product of the **Monthly Loss Adjustment** and the *Regulated Market Price*.
2. When positive the charge is from **KEK Supply** to **KOSTT** and when negative from **KOSTT** to **KEK Supply**.
3. The MO will at the end of each year reconcile in accordance with the **Tariff Methodology** and issue invoices or credit notes as necessary and as agreed with the **ERO**.

## Chapter XIV

### Invoicing to Third Parties

#### Article 62

##### Third Party Invoicing

1. The **MO** is required under its licence to issue invoices where it is not a party to the transaction.
2. **Parties** to each **Third Party Transaction** are required to submit any necessary data (prices, meter flows, losses etc.) together with the methodology for calculating the invoice (whether based on MW, MWh, MVAR, power factor, losses, loss factor etc.) to the **MO** on a timely basis.
3. Invoicing of **Third Party Transactions** will be in accordance with the timetable in Chapter 15.

#### Article 63

##### Limitation of MO Responsibilities

1. The **MO** does not take any responsibility for the accuracy of data provided by third parties for invoicing purposes. In particular it takes no responsibility for defining the invoice calculation methodology.
2. The **MO** does not take any responsibility for the payment process in respect of **Third Party Transactions**, in particular:
  - a) It takes no responsibility for ensuring that the invoiced party pays;
  - b) For the avoidance of doubt it takes absolutely no responsibility for non-payment;
  - c) The money does not flow through the **MO's** bank account;
  - d) It takes no responsibility for the calculation or collection of interest payments;
  - e) It takes no responsibility for the payment of any taxes associated with the transaction and due in Kosovo or any other country; and
  - f) It takes no responsibility for late invoicing, in particular where this is caused by late submission of data by either or both of the parties.

#### Article 64

##### List of Third Party Invoices

1. Invoices will be raised on behalf of the following pairs of third parties:
  - a) **KEK Generation** to **KEK Supply**;
  - b) Ujmani to **KEK Supply**;
  - c) Lumbardhi to **KEK Supply**;
  - d) Coal Co-gen to **KEK Supply**;
  - e) Importers to **KEK Supply**;
  - f) **KEK Supply** to exporters;
  - g) **KEK Supply** to Ferronikili;
  - h) **KEK Distribution** to **KEK Supply**.

## Chapter XV

### Invoicing and Payments

#### Article 65 General Provision

1. Invoices will be despatched once a month by the **MO** to **Trading Parties** and others. **Trading Parties** and others are required to clear all monies accrued for the preceding calendar month in accordance with the Settlement Timetable.
2. Invoices will be despatched in respect of the following transactions:
  - a) **KOSTT** direct charges and dues
  - b) Between **KEK Supply** and **KEK Generation**
  - c) Between **KEK Supply** and **Importers**
  - d) Between **Exporters** and **KEK Supply**
  - e) Between **KEK Supply** and **Independent Generators**
  - f) Between **KEK Supply** and **Eligible Customers**
  - g) Between **KEK Distribution** and **KEK Supply**
3. Invoices will be inclusive of all applicable taxes.

#### Article 66 Pre-invoice process

1. On the 5<sup>th</sup> **Business Day** following the month the **MO** will submit a statement of metered volumes that are associated with the **Invoice** to follow.
2. On the 10<sup>th</sup> **Business Day** following the month the **MO** will submit a pro-forma **Invoice**.
3. All **Trading Parties** will be required to validate the metered volumes and the proforma invoice in accordance with the relevant Operational Procedures. If **Trading Parties** fail to confirm the metered volumes or the proforma invoice the values will be assumed to be correct and the **MO** will continue with the billing process.

#### Article 67 Invoice cycle and Settlement Timetable

1. The **MO** will submit an **Invoice Document** and all supporting data on the 15<sup>th</sup> **Business Day** in the month following.

2. If the **MO** fails to submit an **Invoice Document** on the date specified in [Article 67.1](#) then it will use all reasonable endeavours to submit such document as soon as possible thereafter.
3. **Trading Parties** will pay all monies due in respect of an **Invoice** (and the **MO** will pay any monies due to **Trading Parties**) on the 7th **Business Day** following the issue of the invoice.
4. **Invoice Queries** may be raised by a **Trading Party**. If this happens then they will pay the undisputed amount of the Invoice and the rest will be settled when the **Query** is resolved. Any payments of overdue amounts will be charged with an annual interest at 8% unless it was due to a bona fide query in which the interest rate charged will be at 4.5%. A bona fide query is one which is supported by evidence, where evidence is defined as source data which supports the contention that settlement is incorrect.

### **Article 68** **Invoice Documents**

1. A separate **Invoice Line Item** will apply in respect of each **Invoice Charge Type** and in respect of each **month**
2. An **Invoice Line Item** will include the following data:
  - a) Month identifier ;
  - b) **Invoice Charge Type**;
  - c) **Trading Party Cashflow Account** identifier;
  - d) Losses-adjusted energy (MWh);
  - e) **Charge Rate** per MWh or per MW (which may also be a rebate rate); and
  - f) **Invoice Payment** (which may also be a rebate).
3. The **Invoice Charge Type** may be one of the following:
  - a) **Transmission Network Supplier Charge**;
  - b) **Generator System Management Charge**;
  - c) **Supplier System Management Charge**;
  - d) **Generator Market Operator Charge**;
  - e) **Supplier Market Operator Charge**;
  - f) **Distribution Network Operator Charge**;
  - g) **Party to Party Energy Invoice**
4. In the event that data has been estimated or substituted this will be done in accordance with the relevant Operational Procedure and will be explicitly identified on the Invoice.

## Article 69 Invoice Queries

1. Where a **Trading Party** raises a bona fide **Dispute** in accordance with the appropriate procedure as to an invoice amount (an **Invoice Query**), the undisputed amount is payable in all cases on the due date. In the case of sums owed by or to the relevant **Trading Party** account, payment must be made as invoiced with the **Disputed** amount subject to ex post restitution.
2. Withheld payments in respect of an **Invoice Query** or overpayments accrue an annual interest at 4.5% between the due date and resolution payments (if any).
3. Where the outcome of the **Invoice Query** is that it was not bona fide or else that, the **MO** had not acted reasonably in either managing the **Invoice Query** or else in calculating the payment in **Dispute** then the annual interest rate will be 8%.
4. Interest is payable on cash sums representing the difference between the paid amount and the correct sum after **Dispute** resolution and will either be payable by or to the **MO** as appropriate.
5. On resolution of an **Invoice Query**, payment must be made within three (3) **Business Days** from **Dispute** resolution. After that date, interest on the outstanding amount will accrue annually interest at 8%.

## **PART III GOVERNANCE**

### **Chapter XVI**

#### **Operational Procedures**

##### **Article 70**

##### **Adoption of Operational Procedures**

1. In order to facilitate the efficient and orderly operation of the MR, various **Operational Procedures** will be put in place.
2. The **MO**, according to its responsibilities, will prepare the procedures it believes are necessary for the efficient and orderly operation of the market.
3. Each prepared procedure will be issued to the **ERO** and **Parties** for comment.
4. If there is no objection from **ERO** the procedure will be implemented

##### **Article 71**

##### **Disputes about Operational Procedures**

1. In the event that a Party **Disputes** the content of a procedure or **Disputes** the need for a procedure, the **Dispute** will be submitted to the **ERO** for decision.

## Chapter XVII

### Modification of the MR

#### Article 72 Modification

1. **Modification** of the **MR** will take place upon instruction from **ERO**.

#### Article 73 Modification Process

1. **Parties** may raise issues concerning the **MR** with the **MO**.
2. The **MO** will bring the issue to the attention of **ERO**
3. **ERO** will decide whether the issue is worth pursuing.
4. If it is the **MO** will prepare a draft **Modification** including legal drafting.
5. The **MO** on behalf of **ERO** will consult with Traders on the **Modification**.
6. **ERO** will decide whether to approve the **Modification** and the date of implementation.
7. The **MO** will then modify the **MR** according to the **ERO** instruction on that date.
8. The new **MR** will be published on the website.

## Chapter XVIII

### General Provisions

#### Article 74 Access to the MR

1. The **MO** shall provide a copy of the **MR** to any **Party** or person on request, subject to payment by such **Party** or person of an amount (as approved by the **MO** from time to time) not exceeding the reasonable costs of the **MO** in making and providing such copy.
2. The **MO** will publish the **MR** on the **Market Operator Web-site** in a form in which they may be easily downloaded and copied.

#### Article 75 Notices

1. Save as otherwise expressly provided in the **MR**, any notice or other communication to be given by one **Party** to another under or in connection with the matters contemplated by the **MR**, shall be addressed to the recipient and sent to the address or facsimile number of such other **Party** provided pursuant to [Article 15.2](#).
2. Such notice or other communication shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (air mail if overseas) or facsimile, and shall be deemed to have been received:
  - a) in the case of delivery by hand when delivered; or
  - b) in the case of first class prepaid post, on the second day following the day of posting or (if sent air mail overseas or from overseas) on the fifth day following the day of posting; or
  - c) in the case of facsimile, on the acknowledgement of the addressee's facsimile receiving equipment, where such acknowledgement occurs before 17:00 hours on the day of the acknowledgement (and in any other case on the day following the day of acknowledgement).
3. **Parties** acknowledge that they will inform the **MO** of any changes in **Party Details** and the **MO** undertakes to update its records accordingly.

#### Article 76 Commencement Date

1. Following the approval of the **MR** by the **ERO**, the **MR** shall enter into force upon the date on which the **MRFA** is executed.

## **Article 77** **Force Majeure**

1. If any **Party** (the “**Non-Performing Party**”) shall be unable to carry out any of its obligations under the **MR** due to a circumstance of **Force Majeure** the **MR** shall remain in effect but:
  - a) the **Non-Performing Party**’s relevant obligations;
  - b) the obligations of each of the other **Parties** owed to the **Non-Performing Party** under the **MR**; and
  - c) any other obligations of such other **Parties** under the **MR** between themselves which the relevant **Party** is unable to carry out directly as a result of the suspension of the **Non-Performing Party**’s obligations;
  - d) shall be suspended for a period equal to the circumstances of **Force Majeure** provided that:
    - e) the suspension of performance is of no greater scope and of no longer duration than is required by the **Force Majeure**;
    - f) no obligations of any **Party** that arose before the **Force Majeure** causing the suspension of performance are excused as a result of the **Force Majeure**;
    - g) the **Non-Performing Party** gives the other **Parties** prompt notice describing the circumstances of **Force Majeure**, including the nature of the occurrence and its expected duration, and continues to furnish regular reports with respect thereto during the period of **Force Majeure**;
    - h) the **Non-Performing Party** uses all reasonable efforts to remedy its inability to perform; and
    - i) as soon as practicable after the event which constitutes **Force Majeure** the **Parties** shall discuss how best to continue their operations so far as possible in accordance with the **MR** and the **Grid Code**.

## **Article 78** **Assignment**

1. A **Party** shall not assign and/or transfer and shall not purport to assign or transfer any of its rights or obligations under the **MR**, provided that a **Party** may assign by way of security only all or any of its rights over receivables under the **MR**.

## **Article 79** **Confidentiality provisions**

1. Each **Party** who receives **Confidential Information**:
  - a) shall not disclose such **Confidential Information** to any **Party** except as permitted by the provisions contained in the **MR**;

- b) shall only use or reproduce the **Confidential Information** for the purpose for which it was disclosed or another purpose contemplated by the provisions of the **MR**; and
- c) shall not permit any person who is not bound by the **MR** to have access to the **Confidential Information** unless that person is:
  - i. a prospective bona-fide purchaser of such disclosing **Party** upon obtaining a strict undertaking of confidentiality from such bona-fide prospective purchaser; or
  - ii. an outside professional consultant or adviser upon obtaining an undertaking of confidentiality from such consultants; or
  - iii. any bank or financial institution from whom such disclosing **Party** is seeking or obtaining finance upon obtaining an undertaking of confidentiality from such bank or financial institution; or
  - iv. the **ERO** or any government department or any governmental or regulatory agency having jurisdiction over the disclosing **Party** or required by laws of any relevant jurisdiction, or the terms of any relevant **Licence** or the regulations of any recognised stock exchange.
- 2. The provisions of this [Article 79](#) shall not apply to any information which at the time of disclosure is in the public domain otherwise than as a consequence of a breach by the disclosing **Party** of its obligations under this [Article 79](#).
- 3. The provisions of this [Article 79](#) shall continue to bind a **Party** notwithstanding that such **Party** has ceased to be bound by the **MR**.

#### **Article 80** **Liability**

- 1. Under the **MR** the **MO** and all other **Parties** shall be permitted, pursuant to this [Article 80](#), to exclude any liability arising under or in respect of the **MR** to the fullest extent permitted under Kosovo law.

#### **Article 81** **Currency**

All payments made pursuant to the provisions of the **MR** shall be in Euros.

#### **Article 82** **Jurisdiction**

- 1. Parties to the **MR** can use the **dispute resolution** mechanisms as set out in the Rule on Dispute Settlement Procedure in the Energy Sector, adopted by the **ERO** on 17<sup>th</sup> January 2006;

2. In case if the procedure under Article 1 do not produce effect the **Dispute** which may arise out of or in connection with the **MR** and accordingly any suit, action or proceeding (collectively proceedings) arising out of or in connection with the **MR** shall be brought and may be brought in court of relevant jurisdiction.
3. For the avoidance of doubt nothing contained in the foregoing provision of this [Article](#) shall be taken as permitting a **Party** to commence proceedings in the courts where the **MR** otherwise provides for the proceedings to be referred to arbitration or otherwise determined.
4. Any **Party** which is not a company incorporated under Kosovo law shall provide to the **MO** an address of the contact person in Kosovo for service of process on its behalf.

## Schedule 1: Market Rules Framework Agreement

This **Agreement** is made on and with effect from [ ] between the **Parties** whose names and principal offices are set out in the Schedule hereto.

### WHEREAS:

(A) Pursuant to the **Market Operator's Licence**, the **Market Operator** (hereinafter "**MO**") is required, with effect from [ ], to have in force at all times a document setting out the terms of the balancing and settlement arrangements (as defined under article 27.5 of the Law on Electricity, Law No. 2004/10) and to adopt as the document in force with effect from 1<sup>st</sup> January 2007 the document designated by the **Energy Regulatory Office** (hereinafter "**ERO**", for that purpose.

(B) Pursuant to Article 27.5 of the Law on Electricity, Article 24.6.b of the Rule on Licensing of Energy Activities in Kosovo, and Article 7 and 8 of the Electricity Market Operator Licence, the following parties:

the **Transmission System Operator**, being the holder for the time being of a **Licence** with the Registration Number: ERO\_Li\_15/06 dated;  
\_\_\_\_\_

the **MO**, being the holder for the time being of a **Licence** with the Registration Number: ERO\_Li\_16/06 dated \_\_\_\_\_;

the **Distribution System Operator**, being the holder for the time being of a **Licence** to distribute electricity with the Registration Number \_\_\_\_\_, dated \_\_\_\_\_;

**KEK Supply**, being the holder of a **Licence** with the Registration Number \_\_\_\_\_, dated \_\_\_\_\_;

any **Generator** [name],, being the holder of a **Licence** with the Registration Number \_\_\_\_\_, dated \_\_\_\_\_;

any **Interconnector Trader** [name], being the holder of a **Licence** with the Registration Number \_\_\_\_\_, dated \_\_\_\_\_;

are required to be party to the **Market Rules Framework Agreement** being an agreement, by which the **Market Rules** (hereinafter **MR**) is made binding between the parties to that agreement and to comply with the **MR**.

(C) The **Parties** are entering into this Agreement for the purpose of giving effect to and binding themselves by the **MR**.

**NOW IT IS HEREBY AGREED** as follows:

## 1. Interpretation

### 1.1 In this Agreement (including the Recitals hereto):

"**Authorised Party**" means a person authorised by all of the **Parties** pursuant to the **MR** to sign on behalf of each such **Party** any **Accession Agreement** (hereinafter **AA**) whereby a person is admitted as a **New Party**;

"**Effective Date of Accession** " means:

(i) with respect to each of the **Original Parties**, the date of this Agreement; and

(ii) with respect to any Party Applicant who is admitted as a **New Party** and (as respects such Party Applicant) the other **Parties**, the date of the relevant **AA**;

"**New Party**" means a person, other than an **Original Party**, who is admitted as a party to this Agreement;

"**Party**" means, subject as provided in paragraph 3, the Original Parties and each New Party;

"**Market Operator's Licence**" means the **Licence** granted pursuant to Articles 15.2(a) and 37 of the Law on the Energy Regulator, Article 16.2 of the Law on Energy, and Article 27 of the Law on Electricity, as modified from time to time;

"**Market Rules (MR)**" has a meaning as provided by Article 1 of the Electricity Market Operator License..

### 1.2 In this Agreement, the terms "**AA**", "**Discontinuing Party**", "**Discontinuance Date**", "**Regulator**", "**Party Applicant**", "**Network**", "**Transmission System**" shall have the meanings ascribed to such terms respectively in the **MR**.

## 2. New Parties

2.1 A **Party Applicant** may be admitted as a **New Party** subject to and in accordance with the provisions of the **MR** by execution and delivery of an **AA** signed by such **Party Applicant** and the **Authorised Party**.

2.2 Upon execution and delivery of an **AA** in accordance with paragraph 2.1, the **Party Applicant** shall become a **Party**.

## 3. Discontinuing Parties

A **Party** which becomes a **Discontinuing Party** shall with effect from the **Discontinuance Date** cease to be a **Party**. However this is without prejudice to any provision of the **MR** as to the continuance in force of any of its provisions in respect to any rights, obligations and liabilities of any such **Party** with respect to any other **Party**.

4. **Market Rules**

4.1 The **MR** is hereby given effect between and made binding upon each **Party** with effect from the **Effective Date of Accession**.

4.2 With effect from the **Effective Date of Accession**, each **Party** undertakes to each other **Party** to comply with and to perform its obligations in accordance with and subject to the **MR**.

5 **Severance**

If any provision of this Agreement is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Agreement, which shall continue in full force and effect notwithstanding the same.

6. **Governing Law**

This Agreement shall be governed by and construed in accordance with the applicable law in Kosovo

7. The Framework Agreements is compiled in [18] copies, each party receipt of two copies and the last two copies will be submitted at the ERO.

**AS WITNESS** the hands of the duly authorised representatives of the parties hereto the day and year first above written.

**SIGNED** for and on behalf of )

**MARKET OPERATOR** )

**SIGNED** for and on behalf of )

**TRANSMISSION SYSTEM OPERATOR** )

)

**SIGNED** for and on behalf of )

**DISTRIBUTION SYSTEM OPERATOR** )

)

[All licensed Generators and licensed Suppliers will be obliged to execute the Framework Agreement]

## Schedule 2: Accession Agreement

Pursuant to Article 27.5 of the Law on Electricity, Article 24.6.b of the Rule on Licensing of Energy Activities in Kosovo, Article 7 and 8 of the Market Operator's Licence and the Framework Agreement, parties to this accession agreement agree as in the following:

**THIS ACCESSION AGREEMENT** is made on [ ] between:

- (1) The **Market Operator** on its own behalf and on behalf of all the other parties to the **Market Rules Framework Agreement (hereinafter MRFA)**, the "**Authorised Party**"; and
- (2) [*Insert name of Party wishing to be admitted to the Market Rules*] (the "**Party Applicant**") whose principal office is at [ ]

### **WHEREAS:**

- (A) by the **MRFA** dated [ 1<sup>st</sup> December 2006] made between the **Original Parties** named therein and as now in force between the **Parties** by virtue of any **Accession Agreement** (hereinafter **AA**) entered into by any **New Party** before the date of this **AA** (the "**Framework Agreement**"), the **Parties** agreed to give effect to and be bound by the **Market Rules**;
- (B) the **Party Applicant** has complied with the requirements of the **Market Rules** as to accession and wishes to be admitted as a **Party**.

### **IT IS HEREBY AGREED** as follows:

1. In this **AA**, words and expression defined in or for the purposes of the Framework Agreement and not otherwise defined herein shall have the meanings ascribed thereto under the Framework Agreement.
2. The Authorised Party (acting on its own behalf and on behalf of each of the other Parties) hereby admits the **Party Applicant** as an additional **Party** under the Framework Agreement with effect from the date of this **AA**] on the terms and conditions hereof.
3. The **Party Applicant** hereby accepts its admission as a **Party** and undertakes with the Authorised Party (acting on its own behalf and on behalf of each of the other **Parties**) to perform and to be bound by the Framework Agreement as a **Party** as from the date hereof.
4. For all purposes in connection with the Framework Agreement the **Party Applicant** shall be treated as if it has been a signatory of the Framework Agreement [*from the date hereof*], and as if this **AA** were part of the Framework Agreement, and the rights and obligations of the **Parties** shall be construed accordingly.
5. This **AA** and the Framework Agreement shall be read and construed as one document and references (in or pursuant to the Framework Agreement) to the Framework Agreement (howsoever expressed) should be read and construed as reference to the Framework Agreement and this **AA**.

6. If any provision of this AA is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by any other Competent Authority such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this AA, which shall continue in full force and effect notwithstanding the same.
7. This AA shall be governed by and construed in accordance with the applicable law in Kosovo.

This AA is compiled in [ 6 ] original exemplars, each party receipt of two exemplars and the two others will be submitted at the Energy Regulatory Office. The Market Operator, according to the requirements of the Market Rules, will deliver a certified copy of such AA to all parties.

**AS WITNESS** the hands of the duly authorised representatives of the parties hereto the day and year first above written.

**SIGNED** for and on behalf of )  
**MARKET OPERATOR** )  
by its legal representative )

**SIGNED** for and on behalf of )  
[Party Applicant] )  
by its legal representative )