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## Report of the Ombudsperson

**Ex officio No. 39/2022**

**Evaluation of the new tariff structure in Kosovo as opposed to human rights**

Prishtinë, 23 May 2022

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## Introduction

On 13 December 2021, the Energy Regulatory Office (ERO) commenced the extraordinary review of electricity tariffs. ERO reasoned that rising prices in international markets, combined with increased domestic energy demand, produced the necessity of tariff review.

Since the domestic production cannot meet all the demand for electricity, there is a need for import, which will exceed the quantities allowed by ERO in the course of regular tariff review. Additional import at the same time represents additional costs for operators, which have not been foreseen with the maximum allowed revenues for the relevant tariff year 2021.<sup>1</sup>

This Opinion evaluates the lawfulness, and above all, the elements of human rights that may have been violated by ERO's decision on determination of the tariff structure in coordination with the commitments of the Ministry of Economy and the Government of Kosovo to subsidize the tariff. We have also taken in consideration the practice of European countries and other countries in setting tariffs in regulated and unregulated markets.

Kosovo has been a contracting party to the Energy Community Treaty since 2006 and as such, must approximate and implement the EU legislation listed in Article 10 of the Treaty establishing the Energy Community. Furthermore, the Stabilization and Association Agreement (SAA) of 2016, in terms of energy, places the Energy Community at the basis of Kosovo's integration into the EU energy markets. Article 114 -Energy- emphasizes that cooperation shall be focused on priority areas related to the *acquis* of the Community in the field of energy and shall be based on the Treaty, with a view of gradual integration of Kosovo into European energy markets. Further, the medium-term priorities of the *acquis*, Chapter 15- Energy and Chapter 21.

As a signatory to the Energy Community Treaty, legislation directly applicable at the community level has direct applicability in Kosovo as well. This legislation also includes provisions on promoting fair competition and easy access for different suppliers and fostering capacity for new electricity generation should be of the utmost importance for Member States in order to allow consumers to take full advantage of the opportunities of a liberalized internal market in electricity.<sup>2</sup>

Kosovo is also facing the context of the signing of the Sofia Summit Declaration on the implementation of the Green Agenda for Kosovo. This statement, among other things, invites the countries of the Western Balkans, including Kosovo, to inform consumers and implement legislation for their protection. Also, during 2022 and by 2023, Kosovo is expected to conclude the adoption of the Energy Strategy and the National Energy and Climate Plan, documents that will also accelerate energy market reforms including market design and promotion of fully competitive market.

## Background of electricity tariffs in the Republic of Kosovo

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<sup>1</sup> Energy Regulatory Office, (2021), Press release regarding the opening of the extraordinary tariff review, Prishtina: ERO.

<sup>2</sup> THE ENERGY COMMUNITY LEGAL FRAMEWORK 4.2 Editon – page 69.

The year 2022 has found the whole Europe in a severe situation as per the electricity supply, thus driving it to a general energy crisis. This crisis came as a result of many factors, starting from the high consumption during the period of isolation from the COVID-19 pandemic, the ongoing increase of the overall demand for electricity, the increase of the demand for gas from the Asian continent and low level gas stockpiles in Europe.<sup>3</sup>

All the above factors had an impact on the energy sector in Kosovo, which in addition to significantly affected security of electricity supply also lead to a change in the tariff structure as well as imposing of a higher price to final consumers. This situation required an extraordinary review of tariffs by the Energy Regulatory Office (ERO).

This review occurs only in cases where there is a huge discrepancy (exceeding the materiality threshold 5%) between the estimation of assumed revenues during the tariff setting process and during their implementation.<sup>4</sup> The new tariff structure is the third in a row implemented in Kosovo. This chapter will discuss in chronological order the establishment of 3 tariff structures from 2007 to 2022.



### ***Tariff structure from 2007 up to 2017***

In 2007 the first tariff structure was established, which was applied until 2017, thus making it the longest implemented structure in Kosovo. This tariff structure was designed based on several functions, namely on (1) time of use element, (2) seasonality element and (3) an element with progressive tariff block.<sup>5</sup> These functions are described in detail below.

In the first function, that of the time of use, the main purpose was for the consumer to avoid the greatest consumption during the peak hours, thus facilitating the tariffs during the night period and encouraging the consumption during this interval of the day. In the second function, that of seasonality, the same practice is used pushing consumers to use electricity rationally and more efficiently during the winter period. Last but not least, the function of the progressive tariff block imposed a higher price on larger amounts of electricity consumption which was meant to contribute to a consumption which has affordable costs for consumers and raises the level of energy efficiency.

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<sup>3</sup>Consultation Report Review of the Tariff Structure for Regulated Household Customers supplied by USS. Page 6. Accessible at [https://www.ero.ks.org/zre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20konsultative%20per%20strukturen%20tarifore\\_1.pdf](https://www.ero.ks.org/zre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20konsultative%20per%20strukturen%20tarifore_1.pdf)

<sup>4</sup> Ibid.

<sup>5</sup> Ibid, page 12.

The progressive tariff block during the period 2007 to 2017 looked like this:

Consumption block (kWh/month)	Price (cent/kWh)		
		Winter season	Summer season
0 – 200	Low tariff	5.55	3.99
	Low tariff	2.79	1.99
200 – 600	High tariff	7.70	5.51
	Low tariff	3.86	2.76
> 600	High tariff	11.17	8.00
	Low tariff	5.58	4.01

*Table 1. the structure of tariff blocks from 2007 till 2017<sup>6</sup>*

This structure which was in force until 2017, has changed from this year. In 2017, the new tariff structure remained in force until 2021, when Kosovo faced an energy crisis and increased prices. The second structure in force was simpler than the previous one. The latter removed the functions (2) the element of seasonality and (3) an element of progressive tariff block, while placed a fixed tariff per customer which was 1.74 EUR, with a high tariff of 6.75 cents / kWh and a low tariff of 2.89 cents / kWh<sup>7</sup>. This fee was in effect until the end of 2021.

In the second half of 2021, the first indicators come into sight which alerted of the energy crisis which would affect Kosovo in early 2022. Calculating that the expenditures of energy enterprises exceeded the planned figures, on 28 October 2021, KEDS and KESCO submitted a request for extraordinary review of Maximum Allowed Revenues (MAR) to ERO.<sup>8</sup> According to this request, KEDS and KESCO emphasize that the reasons for tariffs review came as a result of rising prices in international markets, as well as high domestic consumption.<sup>9</sup> According to the arguments submitted by the energy companies, as well as the calculations of the last tariff process, ERO initiates an extraordinary review.<sup>10</sup> As a result of the public consultation of the consultative report, on 9 February 2022, ERO set the new tariff structure, which will be in force until 31 March 2023.

According to the new tariff structure, the tariff blocks are restored and the application of the tariff on the time of use element continues to be applied. The tariff block in the new tariff structure was set at 800 kWh, while the high tariff was set at 21 cents / kWh as well as the low tariff at 9 cents / kWh.<sup>11</sup> The comparison of functions for each tariff structure from 2007 to 2022 is presented below:

<sup>6</sup> Ibid, page 11 & 12.

<sup>7</sup> Ibid, page 13.

<sup>8</sup> Energy Regulatory Office (ERO). 2021. 'Extraordinary Review of Maximum Allowed Revenues for Regulated Operators'. Par. 2. Accessible at: <https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Shqyrtim%20i%20Jashtezakonshem%20i%20Te%20Hyrave%20te%20Lejuara%20maksimale%20per%20Operator....pdf>

<sup>9</sup> Ibid.

<sup>10</sup> Ibid, par. 6.

<sup>11</sup> Energy Regulatory Office (ERO). (2022). 'Final Report on the Tariff Structure of Regulated Electricity Consumers: A Response to Comments'. Page 22. Accessible at [https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore\\_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf](https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf)

	Tariff structure (2007 – 2017)	Tariff structure (2017 – 2021)	Tariff structure (2022 - 2023)
<b>Time of use</b>	Po	Po	Po
<b>Seasonality</b>	Po	Jo	Jo
<b>Block tariff</b>	Po	Jo	Po

The next chapter will explain how this tariff structure guarantees consumers' rights and how many of them are breached.

### **Block tariff in the energetic system of Republic of Kosovo**

Tariff block is a system through which the price of electricity is categorized based on the amount of electricity used. The categorization is such that for the amount of energy of the first block, the price of electricity is lower while with the shifting to other blocks, the price of energy increases also. In this way the price is more affordable for consumers who use electricity for essential needs and encourages energy savings for all consumers in all blocks.

In the Republic of Kosovo, the tariff block has been used to save electricity, to create social stability for consumers with low incomes and to provide efficiency for the electro-energetic system. Being aware of the fact that our country cannot meet the demand for electricity from domestic production (local capacity), the tariff block has been in use earlier, in such a way that the total consumption of electricity is reduced, leaving no heavy dependence on electricity imports through international energy exchanges.<sup>12</sup> Restoring of the block tariff in the energy system of the Republic of Kosovo has been understandable and welcomed in case it is decided to save electricity, but this was not presented in ERO reasoning.

The Energy Regulatory Office (ERO) has emphasized that the limit of 800 kWh of electricity consumed per month is due to domestic production capacity and not as a measure to stimulate electricity savings or increase efficiency measures of energy by the consumers.<sup>13</sup> In fact, in the comments sent to ERO by the Secretariat of the Energy Community, it is literally stated as follows:

“We fully support the introduction of 'block-tariff' **as a measure to stimulate electricity savings** and charge more for electricity consumed above a certain threshold.”

<sup>12</sup> Energy Regulatory Office, Public Consultation, Tariff Structure Consultation Report, accessible at [https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20konsultative%20per%20strukturen%20tarifore\\_1.pdf](https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20konsultative%20per%20strukturen%20tarifore_1.pdf), (accessible in March, 2022)

<sup>13</sup> Energy Regulatory Office, Public Consultation, Final Report on Tariff Structure\_ Response to Comments, available at [https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore\\_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf](https://www.ero-ks.org/zrre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf), (accessible in March, 2022)

While ERO has justified the imposition of a block tariff at the level of 800 kWh due to domestic production (local capacity) which can cover the above amount, while the rest spent above the level of 800 kWh must be imported.

With setting of the tariff block, consumers are part of the categorization of electricity prices. Consumption-based price changes present specific price advantages, as for the same product (electricity), consumers who spend up to 800 kWh of electricity per month pay a lower price per kWh, while for consumers who spend above the level of 800 kWh of electricity per month, increased prices are applied for each kWh spent. Law no. 2004/18 on Internal Trade<sup>14</sup>, in Article 48 – Misleading actions, in point ‘c’ stipulates:

“The price or the manner in which the price is calculated, or **the existence of a specific price advantage** (lithe need for a service, part, replacement or repair)”

According to Law No. 2004/18 on Internal Trade, such a method applied through the imposition of a block tariff where price differentiation takes place, is a bad management action and inadequate towards the consumer.

Tariff block is not included in Law no. 05 / L-085 On Electricity<sup>15</sup> of Republic of Kosovo. As a methodology that has been used before, even though it is not included in this law, the tariff block is not regulated by the Law which aims to define rules and measures for the functioning of the electricity sector, that is the Law no. 05 / L-085 on Electricity. Among other things, the tariff block is in contradiction with point 3 of Article 48 – Customer Protection of this Law. This point of the Law determines:

“While performing its activities, **the supplier shall act in a manner that ensures equal treatment of electricity customers.**”

This Article of Law no. 05 / L-085 on Electricity is easily understood and clearly states that consumers are equal, no differentiation is made between them and stand without privileges regarding decisions in the energy system of the Republic of Kosovo.

Tariff block as a methodology for balancing the energetic system of the Republic of Kosovo is also presented against the points of Law no. 05 / L-084 on the Energy Regulator<sup>16</sup>. Through this Law, which defines the powers, duties and functions of the Energy Regulatory Office, and also provides protection to the consumer, as well as defines the criteria for regulating tariffs and conditions for energy supply, points can be noted at which tariff blocks contradicts. Point 1.14 of Article 15 - Duties and responsibilities of the Regulator states:

“to help in achieving, in the most cost-effective way, the development of secure, reliable and efficient non-**discriminatory** systems that are consumer oriented, and to promote system adequacy and, in line with general energy policy objectives, energy efficiency as well as the integration of large and small scale production from renewable energy sources and distributed production in both transmission and distribution networks.”

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<sup>14</sup> Official Gazette of the Provisional Institutions of Self-Government in Kosovo, Law no. 2004/18 On Internal Trade, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2473>, (accessed in March, 2022)

<sup>15</sup> Official Gazette of the Republic of Kosovo, Law no. 05 / L-085 On Electricity, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12744>, (accessed in March, 2022)

<sup>16</sup> Official Gazette of the Republic of Kosovo, Law no. 05 / L-084 On the Energy Regulator, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12694>, (accessed in March, 2022)



Division of consumers based on the level of consumption, having in regard that the product is the same (electricity), constitutes discrimination and is in contradiction with point 1.14 of Article 15 - Duties and responsibilities of the Regulator of Law no. 05 / L-084 on the energy Regulator.

Different tariffs based on the level of electricity consumption are in contradiction with other points of Law no. 05 / L-084 on the Energy Regulator. Actually, in Article 47 - Tariff methodology<sup>17</sup>, in point 3.1. defines:

“Tariffs shall be reasonable, **non-discriminatory**, based on objective criteria, including those specified in paragraph 5 of Article 15 of this Law, and determined in a transparent manner”

Taking into account that the tariffs applied in the energy system of the Republic of Kosovo from February 9, 2022 are different in the categories of consumption, this represents discrimination and violation of this point of Article 47 - Tariff methodology.

<b>Paragraph 4 of Article 15 – Duties and Responsibilities of the Regulator of the Law No. 05/L-084</b>	<b>Applicability in the case of the decision to increase the price of electricity</b>
4.1. ensures that various customer categories do not benefit from the same treatment and protection, and that final consumption price regulation shall be made available only to ensure the provision of universal services for household consumer and customers that are entitled to the universal service	<b>Applied</b>  <b>In the spirit of EU Directive 2019/944, the ERO decision violates the principle of prohibition of state interference with discriminatory subvention between consumers at a regulated supply price.<sup>18</sup></b>
4.2. ensures that electricity prices that are subject to price regulation with the aim of providing universal service are cost-reflective. Cost-reflectivity shall cover real costs of electricity supply, including cost of generation short-term marginal cost, reflecting full generation portfolio, necessary investments, appropriate rate of return, cost of imports, cost of supply services, and bed debts	<b>Applied</b>
4.3. in its decision to regulate prices for final consumers, then Regulator shall determine	It has not been applied, as no deadline has been set for the abolition of end-user price

<sup>17</sup> Official Gazette of the Republic of Kosovo, Law no. 05 / L-084 On the Energy Regulator, Article 47, accessible at: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12694> , (accessed in March, 2022)

<sup>18</sup> EU Directive No. 2019/944 – Article 5.



a final date for the revocation of final customer price regulation, as well as an action plan for such revocation, thus clearly depicting the provisional nature of final customer price regulation	regulation, nor an action plan to achieve it.
4.4. conducts annual reviews of methodologies and the approved price levels for final customers, as well as of the existence of necessity to regulate prices for certain customer categories based on the public service objectives pursued. Such reviews shall be submitted to the Energy Community Secretariat, which, based on regional market analyses, may propose other measures for the removal of price regulation for certain categories	<b>Applied</b>
4.5. ensures compliance of transmission and distribution system operators, and where relevant, system owners, as well as of all natural gas and electricity enterprises, with their obligations under this Law, the Law on Energy, the Law on Electricity and the Law on Natural Gas, including provisions regarding the cross-border issues	<b>Applied</b>

Block tariff was applied previously only in some developed countries, in which this methodology of the energy system is no longer being applied. Among the developed countries that have applied the block tariff was Italy. Italy commenced application of block tariff as early as 1970 as a result of the oil crisis and the reduction of demand as well as due to social reasons.<sup>19</sup> The progressive tariff structure or block tariff has been mandatory for all customers, regardless of the supplier in Italy. But seeing the new directives, focused on renewable sources, and policies aimed at advancing the energy sector, Italy decided that during the period 2016-2017 to reform the energy system in order to overcome the problems associated with the tariff block.<sup>20</sup> Another reason for the block tariff removal was the oldness of such a methodology in a sector which is advancing day by day and is becoming even more digital.

At that time Italy, like many other European countries, was facing the consequences of an oil crisis and had an increased need to encourage energy savings across sectors. Moreover, a

<sup>19</sup> PROGRESSIVE TARIFFS FOR RESIDENTIAL ELECTRICITY CONSUMPTION. AN OPTION FOR GERMANY?, accessible at [http://climatepolicyinitiative.org/wp-content/uploads/2011/12/Tews\\_Progressive-Tariffs-for-Residential-Electricity-Consumption.pdf](http://climatepolicyinitiative.org/wp-content/uploads/2011/12/Tews_Progressive-Tariffs-for-Residential-Electricity-Consumption.pdf), (accessed in March 2022

<sup>20</sup> ARERA, Publications, Annual Report, 2016, accessible at [https://www.arera.it/allegati/relaz\\_ann/16/ReportBortoni\\_2016.pdf](https://www.arera.it/allegati/relaz_ann/16/ReportBortoni_2016.pdf), ((accessed in March , 2022)

rapid development of the natural gas network was taking place in Italy in order to promote the use of this energy efficient system not solely in the industrial sector but also for heating and cooking in the household sector. The rapid distribution of natural gas was at that time another reason to support the use of electricity in the home only for "compulsory uses" (lighting and appliances) and not for thermal uses.

Italy also set the maximum energy usable by consumers. Two different tariff structures were defined for households, one for supplying houses of primary residence with a limited power usage (no more than 3,3 kW peak, limit assured by a breaker installed onboard the meter) and a higher one for holiday houses or for "energy intensive" households (i.e. with a contractual capacity higher than 3,3 kW).<sup>21</sup> All this for reasons of saving electricity and using it only for "compulsory uses".

The tariff structure for the first group (consumers who made up the majority of Italian households) is designed as a "progressive tariff". The lower and upper limits of each block were defined (in kWh / year or in kWh / month for monthly billing). These were then the boundaries of the three blocks:

1. Up to 900 kWh / year for the application of the lowest price
2. 901-1800 kWh / year for the average price
3. Over 1800 kWh / year for the highest price

Over the next 45 years, the number of blocks increased from three to four / five and the form of prices for each block changed several times, based on the economic development and events that characterized the energy sector in Italy. Below is a table with data on the transformation of the tariff block in the energy system of Italy over the years<sup>22</sup> (expressed in % of the highest price applied).

Viti	0-900 kWh/year	901-1800 kWh/year	1801-2640 kWh/year	2641-3540 kWh/year	3541-4440 kWh/year	4441 even more
1991	29%	62%	100%	100%	100%	100%
2000	21%	29%	50%	100%	92%	50%
2007	32%	40%	61%	100%	92%	61%
2015	43%	43%	62%	85%	85%	100%

Tariff block in Italy was removed from the energetic system during the period 2016-2017. Italian Parliament and the Government identified the existing structure of electricity tariffs for households as not consistent with the objectives mentioned below:

<sup>21</sup> CEER, Council of European Energy Regulators, Electricity Distribution Network Tariffs CEER Guidelines of Good Practice, accessible at <https://www.ceer.eu/documents/104400/-/-/1bdc6307-7f9a-c6de-6950-f19873959413> , (accessed in March 2022)

<sup>22</sup> Ibid.

- It is ineffective in promoting efficient heating and cooking technologies as it applies an unjustified burden on the operating costs of efficient heat pumps, electric vehicles and induction hobs.
- Does not reflect costs and prevents the user from making a neutral economic comparison between simultaneous technologies based on the energy sector.
- Blocks tariff impede transparency and awareness of users, as price blocks make energy bills extremely complex to be read and difficult to understand, by hindering people from having a clear idea of the price they are paying for each kWh, and accordingly for the benefits that can be gained from an investment in energy efficiency.

Block-tariff is still applied nowadays, but the countries that apply it are less developed countries with social problems. This is because developed countries have already liberalized the electricity market, are in line with the Directives and provide more opportunities for the well-being of energetic sector. While, some of the countries which even today apply the block tariff are:

**Cape Town** – Capital-city of South Africa

**Langeberg** – Municipality in South Africa

Application of tariff block in Cape Town has made that the level of consumption from 600 kWh to differentiate the consumers. For the level of 0 - 600 kWh of consumed electricity per month, household customers must pay 0.16 € / kWh, while for each kWh of electricity above the level of 600 kWh of electricity consumed per month, household customers must pay 0.20 € / kWh.<sup>23</sup> Given that economic development in South Africa is minor and has many problems in social aspects, application of the block tariff aims to balance social problems and provide affordable supply while aiming to save electricity.

Langeberg, a municipality in South Africa, also applies the block tariff system to the power system.<sup>24</sup> But, in this municipality, the division is done in four blocks which are:

1. The first block includes consumers who consume 0 - 50 kWh of electricity per month and the cost for each kWh spent is 0.05 € / kWh
2. The second block includes consumers who consume 51 - 350 kWh of electricity per month and the cost for each kWh spent is 0.066 € / kWh
3. The third block includes consumers who consume 351 - 600 kWh of electricity per month and the cost for each kWh spent is 0.092 € / kWh
4. The fourth block includes consumers who consume more than 600 kWh of electricity per month and the cost for each kWh spent is 0.10 € / kWh

Having in regard application of block tariff in other countries we can see that in addition to saving electricity, one of the main reasons for applying the block tariff is to achieve "social

<sup>23</sup> City of Cape Town, UNDERSTANDING RESIDENTIAL ELECTRICITY TARIFFS IN CAPE TOWN – 2021/22, accessible at:

<https://resource.capetown.gov.za/documentcentre/Documents/Procedures,%20guidelines%20and%20regulations/Understanding-residential-electricity-tariffs.pdf> , (accessed in March, 2022)

<sup>24</sup> Langeberg Municipality, Understanding Incline Block Tariffs for Prepaid Meters, accessible at <https://www.langeberg.gov.za/component/content/article/198-front-page-articles-1/front-page-articles/389-incline-block-tariffs-for-prepaid-meters?Itemid=158>, (accessed in March, 2022)

peace" by gradually increasing the price of energy based on the level of consumption. In this way, Republic of Kosovo has already restored the tariff system with blocks, distinguishing the price of electricity at the level below 800 kWh and above 800 kWh. But, such a system, however, is opposite with some of the points of the laws cited above.

#### **Findings:**

1. The resetting of the block tariff in the energetic system of the Republic of Kosovo has been understandable and was appreciated in case its purpose was to save electricity, but this was not presented in the reasoning of ERO.
2. According to ERO, setting the limit of 800 kWh of electricity does **not** come as a measure to stimulate energy savings or increase energy efficiency measures by consumers.
3. **Potential violations of consumers under the legislation:**
  - a. Constitution of Republic of Kosovo (Article 24 –Equality Before the Law)
  - b. Law No. 2004/18 on Internal Trade
  - c. Law No. 05/L-085 on Electricity
  - d. Law No. 05/L-084 on the Energy Regulator

### **Subvention by Kosovo Government**

Rising energy prices in order to cover electricity supply revenues can present problems in coping of consumers in paying it. This is because for some customers, the raised tariffs may present difficulties in fulfilling their financial obligations. Another important factor is not putting in function the Consumer in Need Fund. Therefore, this is a concern and problematic which may reflect on citizens' way of living.

Rising energy prices in order to cover electricity supply revenues can present problems in paying for consumers. This is because that for some customers, the raised tariffs may present difficulties in fulfilling their financial obligations. Another important factor is the non-functioning of the Consumer in Need Fund. Therefore, this is a concern and problem which may reflect on citizens' lives.

In order to cover the rising costs of energy purchase and to reduce the impact of energy tariffs on consumers, the Government of Kosovo in the 60th meeting decided to allocate the amount of 90,000,000.00 € (90 million euros)<sup>25</sup>. These funds are attached to the amount of 10,000,000.00 € (10 million euros) previously allocated by the Government of Kosovo to cope with rising electricity prices and ensure electricity supply. Such subsidy by the Government directly reflects the change in prices proposed by the Energy Regulatory Office (ERO).

**The scenario without subvention by the**

**The scenario with the subvention by the**

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<sup>25</sup> Energy Regulatory Office, Public Consultation, Final Report on Tariff Structure Response to Comments, Tariffs after the subsidy of the Government of Kosovo, accessible at [https://www.ero-ks.org/zre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore\\_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf](https://www.ero-ks.org/zre/sites/default/files/Publikimet/Pjesemarresit%20ne%20Treg/Furnizim/Raport%20p%C3%ABrfundimtar%20p%C3%ABr%20Struktur%C3%ABn%20Tarifore_P%C3%ABrgjigje%20ndaj%20Komenteve.pdf), (accessed in March, 2022)

Government of Kosovo	Government of Kosovo
21% increase in energy components of business customer tariffs	0% increase in electricity components of business customer tariffs
Increase of 21% of energy tariffs of household consumers for the level of consumption up to 800 kWh	Increase of 0% of electricity tariffs for household customers for the level of consumption up to 800 kWh
Application of the Tariff 0.21 € / kWh for energy consumed at the time of high tariff and 0.09 € / kWh for energy consumed at low tariff	Application of the Tariff 0.1252 € / kWh for electricity consumed at the time of high tariff and 0.059 € / kWh for energy consumed at low tariff

Taking into account funds allocated by the Government of Kosovo through subsidies, increase in the price of electricity bills will affect only some categories, while some other categories will not be affected by the decisions of the Energy Regulatory Office (ERO). In this way, household consumers who consume less than 800 kWh of electricity per month will not have price changes in their bills, while household consumers who consume more than 800 kWh of electricity per month will be affected by price increase.

Customer	A	B	C	D	E
<b>Monthly consumption</b>	300 kWh	450 kWh	600 kWh	800 kWh	1000 kWh
<b>Invoice according to the new tariffs</b>	18.87 €	27.37 €	35.86 €	47.19 €	68.64 €
<b>Increase</b>	0 €	0 €	0 €	0 €	10.12 €

Electricity should be considered as an essential product without which living is unimaginable and for which the same price should be paid, regardless on the amount spent. Based on this, the increase in the amount of energy when the level of consumption of 800 kWh of electricity per month is exceeded is a violation of human rights. This is also due to the fact that setting of the tariff block at the level of consumption of 800 kWh of electricity per month is not justified by the Energy Regulatory Office (ERO) as an incentive measure to save electricity, but as a result of failure to meet demand from the domestic electricity production of the Republic of Kosovo.

The subvention of Kosovo Government fully covers the increased cost of electricity for business consumers. Consumers' differentiation and failing to ensure an equal position compared to household consumers is another discrimination made through subsidies. This is because as a single product, consumers in households that consume more than 800 kWh of electricity per month have to pay more expensive and with higher tariffs the consumed energy, while business consumers are not affected by the increased tariffs as this difference is covered by a subsidy from the Government of Kosovo. The allocated amount of 100,000,000.00 € (100 million euros) is as a result of taxes paid by all citizens of the Republic of Kosovo and non-linear subsidy is opposite with the equality of consumers and represents human rights violation.

The subsidy of the Government of Kosovo is not comparable for consumers through bills, as in electricity bills received by consumers, the subsidy of the Government of Kosovo is not accessible. Such a thing is also in contradiction with the point 1.4. of Article 38 - Obligations of suppliers under public service obligations of Law no. 05 / L-085 On Electricity<sup>26</sup>. This point stipulates:

“Bills delivered for electricity at reasonable, **easily and clearly comparable**, transparent and non-discriminatory prices”

By not presenting the prices without as well as with the subsidy of the Government of Kosovo, the prices become incomparable and consequently the invoice contradicts the above point of Law no. 05 / L-085 On Electricity. Also, not appearing of the subvention in the invoice is contrary to point 1.2. of Article 4 - Consumer rights of the Law no. 06 / L-034 On Consumer Protection<sup>27</sup>. This point determines:

“**The right to consumer information** and education”

Discrimination of consumers has been done for many years now in terms of differentiation of consumers who use electricity, and who do not pay for it. The northern part of Kosovo Republic territory even though use the electricity produced and imported by the relevant actors of the energy sector of our country, do not pay for electricity. This is a violation and contradiction with many Laws of the Republic of Kosovo. Law no. 05 / L-084 On the Energy Regulator in Article 45 - Cost-reflectivity in supply tariffs, point 1 states:

“In fixing the charges to be levied to final customers for energy supplied, an energy enterprise shall ensure that the price charged by it **at any time to any final customer** for the supply of energy **is the same** as the price charged by such an energy enterprise at that time to any other final customer for a comparable supply of energy, **irrespective of where such final customers are located or reside**, and such charges shall fully reflect the costs borne by the energy enterprise in providing a supply to that final customer.”

Not paying electricity usage obligations to the electricity supplier, and at the same time not disconnecting them from the line of electricity supply, makes these customers more privileged, as well as at the same time causes discrimination for the rest of the customers in other parts of the territory of Republic of Kosovo. Furthermore, in order not to cause

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<sup>26</sup> Official Gazette of the Republic of Kosovo, Law no. 05 / L-085 On Electricity, Article 38, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12744> , (accessed in March 2022)

<sup>27</sup> Official Gazette of the Republic of Kosovo, Law no. 06 / L-034 On Consumer Protection, Article 4, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=16551> , (accessed in March, 2022)

deviations in the energetic system of our country, payment of the amount of electricity consumed by the customers in northern part of the territory of the Republic of Kosovo is done through taxes paid by the rest of the citizens of our country. Such a thing constitutes a serious violation of human rights and is contrary to the principles of equality.

Extraordinary review of electricity tariffs and tariff structure brought changes in the organization structure of the energetic system of the Republic of Kosovo and in electricity tariffs. But, even though the decision has to do with the increase of electricity tariffs, such increase has not been applied for the northern part of the territory of the Republic of Kosovo. Discrimination against consumers, by increasing the prices of energy just for majority of them and not for all energy customs, represents inequality and serious violation of human rights.

Increase of prices solely for a part of consumers, whereas not for other part of consumers, represents also violation of the Constitution of the Republic of Kosovo. Article 24 - Equality before the Law of the Constitution of the Republic of Kosovo<sup>28</sup>, actually the second point of which determines:

**“No one shall be discriminated against** on grounds of race, color, gender, language, religion, political or other opinion, **national or social origin**, relation to any community, **property**, economic and social condition, sexual orientation, birth, disability or other personal status.”

The Rule on General Conditions of Energy Supply clearly defines the main principle that:

“fair and non-discriminatory treatment in the supply of energy by suppliers; and open access to information by the supplier;”<sup>29</sup>

The Rule on General Conditions of Supply has been violated as well as at the same time the principle of non-discrimination has not been respected as well. At the same time, the issue of covering the costs of lost energy either in the network or in the part of technical losses has not been fully clarified in the electricity bills. Consumers are not properly informed on their bills about these hidden costs.

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<sup>28</sup> Official Gazette of the Republic of Kosovo, Constitution of the Republic of Kosovo, Article 24 - Equality before the Law, accessible to <https://gzk.rks-gov.net/ActDetail.aspx?ActID=3702> , (accessed in March, 2022)

<sup>29</sup> Energy Regulatory Office, (2011), Rule on General Supply Conditions, Prishtina: ERO



**Findings:**

1. Increase of electricity prices can pose problem in bearing the payment of electricity bills by the consumers, especially those in need. Therefore, it is recommended that a Consumers in Need Fund is established.
2. To assist in this regard, the Government allocated EUR 100,000,000 to cope with rising electricity prices and to ensure electricity supply. Such subsidy by the Government directly reflects the change in prices proposed by the Energy Regulatory Office (ERO).
3. Differentiating consumers and failing to ensure an equal position compared to household consumers is another discrimination made through subsidies.
4. The allocated amount of 100,000,000.00 € (100 million euros) is as a result of taxes paid by all citizens of the Republic of Kosovo and non-linear subsidy is contrary to the equality of consumers and is a violation of human rights.

## **The state of other consumer rights in the electricity market**

In the electricity market in Kosovo, a significant number of consumer violations occur repeatedly. These violations are mainly due to the lack of implementation of current legislation. The failure to abide with the current legal framework regarding consumption without meters, affordability of prices as well as living in areas with higher pollution due to activity of electricity producing are some of the factors which find Kosovo consumers already vulnerable to any other increase in energy. Below we will address the above issues and implications in terms of consumer rights.

### ***Tariffs for consumers without meters in relation to criminal incrimination***

Billing customers without meters continues to be one of the most noticeable violations of consumer rights. Although Law no. 05 / L-085 on Electricity stipulates that:

Electricity supplied to customers or placed into the transmission or distribution system by producers shall be measured with metering devices located at the boundary of the transmission system or distribution system with the customer, as provided in detail in the Metering Code, approved by the Regulatory.<sup>30</sup>

...public enterprises continue to bill consumers on a lump sum basis, thus violating a basic principle of consumer rights - the right to protection of consumers' economic rights.<sup>31</sup> Such a violation was also found by the Office of the Auditor General when it found that "public service providers continue to bill customers without meters" and that "billing should be based on real consumption calculated in the calibrated customer meter"<sup>32</sup>

Billing without metering is also prohibited by the current Metering Code approved by the Energy Regulatory Office (ERO).

Each switching point must have meters installed for metering ... they must be suitable for metering according to the tariff structure in force, including the elements of power, tariffs applied and the active quantity that passes through that point of measurement.<sup>33</sup>

Determining in this sense the tariffs for consumers without meters is completely prohibited by regulations in the country. In a regulated energy market such as the Kosovo market, consumer protection against violations by energy companies is even more necessary than in those without control. Consumers have the right to legal protection for the amount of energy that is not billed and it is an absolute requirement of the Metering Code to install a meter when establishing a contractual relationship between it and the distribution and supply operator.

Another provision that is violated is the Rule on General Conditions of Energy Supply which determines the general conditions of energy supply, as well as the duties and obligations of energy enterprises and consumers. This rule describes the general principles of connection

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<sup>30</sup> Republic of Kosovo, (2016), Law No. 05/L-085 on Electricity, Article 53, Prishtinë: Official Gazette of Republic of Kosovo

<sup>31</sup> Republic of Kosovo, (2018), Law No. 06/L-034 on Customer Protection, Article 4, Prishtinë: OGRK.

<sup>32</sup> National Audit Office, (2019), Performance Audit Report, Tariff Setting System of Electricity, Thermal Energy and Water Supply, Prishtinë: National Audit Office (NAO)

<sup>33</sup> Energy Regulatory Office, (2014), Metering Code of Electricity of Distribution System Operator,

(application for connection, offer, connection and supply agreement) and system use, reading, metering, billing and collection, as well as unauthorized use of energy. In Article 23, this Rule provides:

The billing of consumed energy is applied for each billing period based on the metering data read and collected by the Supplier or System Operator for customers with regulated tariffs based on ERO approved tariffs, and for eligible customers (with unregulated prices) as agreed in the supply contract.<sup>34</sup>

### ***The social aspect, how affordable it is by the citizens***

Affordability of prices is one of the main factors to be considered when determining prices. Based on the applicable legal acts, appropriate measures, such as formulating national energy plans, shall be taken in providing social security benefits to ensure the necessary electricity supply to customers in need, or providing for support for energy efficiency improvements, to address energy poverty where identified, including in the broader context of poverty. Such measures shall not impede the effective opening of the market and its functioning, as regulated by this law, and shall be notified to the Energy Community Secretariat. Such notifications shall not include measures taken within the general social security system.<sup>35</sup>

Concerns about the inability to afford the current energy price have also highlighted important institutional actors in the process of extraordinary review of the tariff structure. "For the President of the Republic of Kosovo, the main objective remains respect for the principle of affordability, equal access, and regular supply of electricity."<sup>36</sup>

In the Energy Strategy, energy poverty is very superficially stated that "it is considered necessary for the government to develop the Program for the protection of vulnerable consumers based on an in-depth study in accordance with the requirements of the Energy Community"<sup>37</sup>

The Kosovo Energy Strategy identifies vulnerable consumers and obliges the Government to establish a program for their protection. The Law on Electricity and the Law on Natural Gas use the term consumers in need, defining that the relevant ministry for social policies should develop criteria for identifying consumers in need, as well as extension of rights and measures aimed at protecting these consumers in meeting their requirements for electricity and gas. However, the current definition and criteria have not yet been drafted and there are no measures to protect consumers in need.<sup>38</sup>

Vulnerable consumers are not foreseen at all in the current energy structure. The Government of Kosovo has decided that through direct subsidies to the maximum allowed revenues to mitigate the effects of price increases for certain categories of consumers. However, this

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<sup>34</sup> Energy Regulatory Office, (2011), Rule on General Supply Conditions, Prishtina: ERO

<sup>35</sup> Republic of Kosovo (2016), Law No. 05/L-085 On Electricity, Prishtinë: OGRK

<sup>36</sup> Kosovo Presidency, (2022), Comments from the Office of the President of the Republic of Kosovo on the Consultative Report of the Energy Regulatory Office on the Review of the Tariff Structure for Regulated Household Customers Served under the USS, Prishtinë: ZPRKS.


<sup>37</sup> Republic of Kosovo, (2016), Kosovo Energy Strategy 2017-2026, Prishtinë accessible at [https://me.rks-gov.net/repository/docs/Strategjia\\_e\\_energjiise\\_2017-26\\_-\\_pdf](https://me.rks-gov.net/repository/docs/Strategjia_e_energjiise_2017-26_-_pdf) (accessed in April, 2022).

<sup>38</sup> Energy Community Secretariat, (2021), Study on Addressing Energy Poverty in the Energy Community Contracting Parties, accessible at: [https://www.energy-community.org/damjcr:f201fefd-3281-4a1f-94f9-23c3fce4bbf0/DOOREIHP\\_poverty\\_122021.pdf](https://www.energy-community.org/damjcr:f201fefd-3281-4a1f-94f9-23c3fce4bbf0/DOOREIHP_poverty_122021.pdf) (accessed in April, 2022).

practice is contrary to the principles of energy legislation, the Energy Strategy and the determinations of country's integration. Addressing vulnerable customers and energy poverty must be done through special out-of-tariff schemes.

### Measures deriving from the Law no. 05 / L-044 on the Environmentally Endangered Zone of Obiliq and its surroundings

The Energy Regulatory Office together with other institutions have not done anything to ensure that the provisions of Law no. 05 / L-044 on the Environmentally Endangered Zone of Obiliq and its Surroundings. Provisions for special electricity prices or for reduction of electricity prices have not been implemented so far.





REPUBLIKA E KOSOVËS - KOMUNA E OBILIQIT-OPSTINA OBILIC  
 UDEJTORIA E ADMINISTRATËS PËR QYTIKESHME  
 UPRAVA OPŠTE ADMINISTRACIJE

Delës-Izaznë  
 Nr. 11-46      Data 29-01-2022  
 Nr.                      Datum:



Republika e Kosovës - Republika Kosovo - Republic of Kosova  
 Komuna e Obiliqit - Opština Obilic - Municipality Obiliq



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**Zyra e Kryetarit/Kabinet Predcednika/ Office of the Mayor**

Datë/Data/Date:	29 janar 2022
Nga/Od/From:	Xhafer Gashi – Kryetar i Komunës 
Për/Za/To:	z.Glauk Konjufca- Kryetar i Kuvendit të Republikës së Kosovës, Komisionit Parlamentar për Ekonomi, Industri, Ndërmarrësi dhe Tregti, z.Albin Kurti – Kryeministër i Republikës së Kosovës znj.Artana Rizvanolli- Ministre e Ekonomisë Bordin e Zyrës së Rregullatorit të Energjisë në Kosovë
Tema/Subjekat/Subject	Ligji për Obiliqin, -koutë më të ultë të energjisë elektrike

Photo 1. Addressing of Obiliq Mayor to the Institutions regarding given provisions

At the beginning of the year, the Mayor of Obiliq, Mr. Xhafer Gashi addressed a letter to the Government, the Assembly and ERO through which he requested modalities for the implementation of the Law on Obiliq, as per determination of a lower cost of the energy prices.

However, there has not yet been provided a solution to this problem. It should be noted, however, that the current Law defines non-discriminatory access among regulated consumers. Subsidizing through tariff reductions may be unenforceable because it conflicts with current energy legislation. However, the review of the package of energy legislation gives the institutions a chance to make the necessary harmonization.

**Findings:**

1. Billing customers without meters continues to be one of the most noticeable violations of consumer rights and is completely prohibited by Regulations in the country. Consumers have the right to legal protection for the amount of energy that is not billed and it is an absolute requirement of the Metering Code to install a meter when establishing a contractual relationship between him/her and the distribution and supply operator.
2. In Kosovo legislation, energy poverty is very hastily emphasized. Although the Kosovo Energy Strategy identifies vulnerable consumers and obliges the Government to establish a program for their protection, criteria and measures for consumers in need have not yet been drafted.
3. The Law on Obiliq cannot be implemented, but the Consumer in need Fund can help immensely the members of the municipality.

**General assessments of the Ombudsperson**

Kosovo Institutions need to orient energy sector policies in general and electricity services in particular towards consumer protection. Such a policy will prepare Kosovo for a liberalized market and energy transition. Placing consumers and human rights at the center of the transition will assist the state to mitigate many of the challenges in the transition process and will make it in an inclusive and correct manner.

The Ombudsperson deems as necessary that the whole process of determining the tariff structure and the amount of tariffs is returned to zero point. Any future process, to be followed by the principles of ethnic or regional non-discrimination and consumer equality in the regulated market. Also, discrimination based on consumption level should be removed and ERO in cooperation with the Government, the Energy Efficiency Agency and the Efficiency Fund should find other awareness raising mechanisms to promote efficiency without restrictions on consumption levels and price differences for utilization of a convenience to be paid for the unit of consumption, not for its volume.

We consider it necessary that the Government of Kosovo establish a Fund for consumers in need. Newly announced package of energy legislation to clearly define the border of energy poverty and link it to household income so that support for vulnerable consumers is sustainable, dynamic and reflects their socio-economic situation without discriminate against others.

It is also important to strengthen monitoring capacity to stop billing without meter. The Energy Regulatory Office should ensure that staff capacities for monitoring and managing citizens' complaints are increased so that flat-rate and non-calibrated meters that measure energy expenditure are not allowed. In the new packages of energy legislation announced, to strengthen the provisions that prohibit ERO and energy enterprises from setting tariffs without meters or applying flat-rate billing.

ERO together with the Department of Consumer Protection and other actors working for consumer rights to define a new design of the electricity bill. This design should in the first place make the full transparency of the energy bill including all costs of losses, to explain in language understandable to the consumer the differences of billing levels and to increase the information of citizens on the hidden costs in the current bill.

In the reviews of the third package of energy legislation, it is necessary to harmonize the energy laws with the Law on Obiliq or vice versa. It should be understood that the facilities in reducing the regulated price are difficult to implement as they cause discrimination among consumers but modalities can be found through the Consumers in need Fund. There are two models that we see for the implementation of the purpose of the norm of the Law on Obiliq:

a) Consumer in need Fund - with the establishment of the Consumer in need Fund where the citizens of Obiliq would be recognized the status of vulnerable customers and thus would be entitled to receive a percentage of the bill subsidy. This model would not affect the free energy market as in an open market in the future all suppliers could compete on prices without calculating the difference in the subsidy to be paid by the Government.

b) Establishment of a local public energy supply company which would be licensed for supply activities and which would supply the inhabitants of Obiliq with lower prices. The current framework of existing public enterprises that could enter into sales agreements with the supply company could also contribute to this model. Of course, for this model it should be borne in mind that it could interfere with the principles of free competition and eventually, a competitive process between suppliers could determine the supplier who will perform this service for vulnerable customers of the Municipality of Obiliq.

## **Conclusions**

The Republic of Kosovo, as a signatory to the Energy Community Treaty, is committed and is bound to a liberalized energy market. Such market promotes competition, transparency and protects the rights of consumers. To reach this market, Kosovo has adopted a Market Liberalization Guide which sets out timelines by which consumer groups connected at different voltages should switch to the open market. Kosovo is also bound by horizontal legislation to guarantee consumer rights including the right to information and the right to protection of consumers' economic interests.

In Kosovo there has been a historical process of establishing the tariff structure and price regulation through block tariffs has been a present practice in the past. Prior to 2017, the character of the tariff structure with blocks was more social, providing for price levels below the cost of production, which is prohibited by the Law on Energy Regulator and the Law on Electricity. The tariff structure of 2021 is also unique due to the consumption limit up to 800 kw and over 800 kw that it sets, which was not the case before 2017.

Tariff block in our internal system is not foreseen by legislation and on the contrary, the provisions of the Law on Energy, the Law on Electricity and the Law on the Energy Regulator deriving from the third European package of energy legislation encourage deregulated prices and competition in the market. Furthermore, although ERO justifies the decision with the need for energy efficiency incentives, Article 20 of the Law on Energy Efficiency stipulates only the obligation for ERO to take into account incentives for improving grid efficiency, and that, towards energy market operators and not to different categories of consumers based on consumption.



The decision for retroactive billing and its non-reflection in the bill as well as the non-reflection of the level of subsidy in the bill is also a violation of consumers' right to information.

ERO's decision has elements of discrimination and unequal treatment of consumers. Different tariffs based on the level of electricity consumption are in contradiction with Article 47 of Law no. 05 / L-084 on the Energy Regulator which emphasizes the need for tariffs to be non-discriminatory. ERO's decision to exclude consumers in northern Kosovo from the increase in electricity prices creates a situation of discrimination against the rest of consumers. Also, subsidizing between categories of customers at regulated prices also puts ERO in a discriminatory position.

Tariff block is a practice of new energy markets and central and non-decentralized markets. The third package of energy legislation emphasizes market liberalization and the elimination of discrimination between consumer categories. Support for vulnerable consumers and other social categories is done through other and non-discriminatory schemes and not through direct tariff subsidies. In none of the EU countries the block tariff is applied and the character of equal treatment of consumers is preserved.

Billing without metering and setting a consumption tariff for consumption without a meter is contrary to the legislation in the field of energy, the field of consumer protection and the Regulations of the Energy Regulatory Office itself. Consumers have problems with the quality of service itself but also with flat-rate billing and billing that does not correspond to the amount of energy consumed. Therefore, monitoring capacities need to be strengthened to stop billing without metering. The Energy Regulatory Office should ensure that the capacities of the staff for monitoring and managing citizens' complaints are increased so that flat-rate billing and without calibrated meters that measure energy expenditure are not allowed. In the new packages of energy legislation announced, to strengthen the provisions that prohibit ERO and energy enterprises from setting tariffs without meters or applying flat-rate billing.

There is no clear definition in our legislation and policy framework regarding energy poverty and that who can be considered a vulnerable consumer. One of the key issues that such a radical change in tariff structure and prices should consider is the issue of price affordability. However, without an adequate mechanism as provided by law, the effects of growth on those most in need cannot be mitigated. On the contrary, it ends up by discriminating. Therefore, the Government of Kosovo must urgently establish a Fund for the consumers in need. Newly announced package of energy legislation to clearly define the border of energy poverty and link it to household income so that support for vulnerable consumers is sustainable, dynamic and reflects their socio-economic situation without discriminate against others.

The Law on Obiliq, in terms of setting lower energy tariffs for final consumers, has not been implemented so far and the citizens of Obiliq, although they have expected to have reduced energy prices. The Law contradicts the current legislation in the field of energy and there has been no attempt to harmonize them so far. In the reviews of the next package of energy legislation, the harmonization of energy laws with the Law on Obiliq or vice versa should be done. It should be understood that the facilities in reducing the regulated price are difficult to implement as they cause discrimination among consumers but modalities can be found through the Consumers in need Fund.



ERO's decision to selectively increase the price of energy, to set block tariffs and the decision to subsidize also selectively, contradict the principles of setting tariffs described in local legislation, with the legislation of the Energy Community in Vienna and in contradiction with the provisions of the Law on Customer Protection. The affirmative measures imposed in the ERO Decision are not equally enjoyed by all consumers with regulated prices and all citizens of the Republic of Kosovo are not equally affected by the increase of energy prices.

Warmly submitted,

Naim Qelaj

Ombudsperson