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REPOWER – KOSOVO

FINAL REPORT
OCTOBER 2014 – SEPTEMBER 2019

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REPOWER – KOSOVO

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ACRONYMS

ACER	Agency for the Cooperation of Energy Regulators
AECOM	AECOM International Development
AIB	Association of Issuing Bodies
APEX	Albanian Power Exchange
AS	Ancillary Services
AUK	American University in Kosovo
AWESK	Association of Women in the Energy Sector in Kosovo
BKT	Banka Kombetare Tregtare
BOD	Board of Directors
BRP	Balance Responsible Party
CAPEX	Capital Expenditure
CDA	Community Development Agreement
CDCS	Country Development and Cooperation Strategy
CEER	Council of European Energy Regulators
CLA	Collaborating, Learning, and Adapting
CLDP	Commercial Law Development Program of the Department of Commerce, US Gov
CO	Contracting Officer
COD	Commercial Operations Dates
CoO	Certificates of Origin
COP	Chief of Party
DAM	Day Ahead Market
DSO	Distribution System Operator
DSR	Demand Side Response
DUO	Distribution Use of System
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECRB	Energy Community Regulatory Board
EIA	Environmental Impact Assessment
EIHP	Energy Institute Hrvje Pozar
EMS	Elektromreza Srbije
EMMP	Environmental Monitoring and Mitigation Plan
EnCS	Energy Community Secretariat
ENTSO-E	European Network of Transmission System Operators for Electricity
ERE	Energy Regulatory Authority
ERO	Energy Regulatory Office
ESIA	Environmental and Social Impact Assessment
EU	European Union
FMC	Fichtner Management Consulting
GoK	Government of Kosovo
GWh	Gigawatt Hours
HEP	Hrvatska Elektroprivreda
HR	Human Resources
HROTE	Croatian Energy Regulatory Agency
HSE	Holding Slovenske Electrane
IEA	International Energy Agency
IFC	International Finance Corporation
IDIQ	Indefinite delivery/indefinite quantity
IMWG	Inter-Ministerial Working Group
INDEP	Institute for Development Policy
JAP	Joint Action Plan
JWG	Joint Working Group
KEDS	Kosovo Electricity Distribution and Supply Company
KEEREP	Kosovo Energy Efficiency and Renewable Energy Project
KEK	Kosovo Energy Corporation
KEMD	Kosovo Electricity Market Design
KESCO	Kosovo Company for Supply of Energy
KESS	Kosovo Energy Security of Supply
KOSTT	Kosovo System Transmission and Market Operator
KREA	Kosovo Renewable Energy Association

KRPP	"Kosova e Re" Power Plant
kW	Kilowatt
LOE	Level of Effort
LOP	Life of Project
MAED	Model for Analysis of Energy Demand
MAR	Maximum Allowed Revenues
MCC	Millennium Challenge Corporation
MED	Ministry of Economic Development
MEI	Ministry of Energy and Industry
MESP	Ministry of Environment and Social Planning
MIGA	Multilateral Investment Guarantee Agency
MO	Market Operator
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MW	Megawatt
MYT	Multi-year Tariff
NARUC	National Association of Regulatory Utility Commissioners
NDS	National Development Strategy
NEMO	Nominated Electricity Market Operator
NICRA	Negotiated Indirect Cost Rate Agreement
NKEC	New Kosovo Energy Corporation
NKPP	New Kosovo Power Plant
NREAP	National Renewable Energy Action Plan
OCA	Organizational Capacity Assessment
OSS	One Stop Shop
OST	Albanian Transmission Operator
PCT	Price Comparison Tool
PES	Public Electricity Supplier
PIU	Project Implementing Unit
POE	Publicly Owned Enterprise
PPA	Power Purchase Agreement
PSO	Public Service Obligation
PV	Photovoltaic
PX	Power Exchange
QoS	Quality of Service
RAGs	Regulatory Accounting Guidelines
RES	Renewable Energy Sources
RfP	Request for Proposals
RTI	Rochester Institute of Technology
SAFA	Synchronous Area Framework Agreement
SAIDI	System Average Interruption Duration Index
SAP	Strategic Action Plan
SHERK	Kosovo Renewable Energy Association
SLP	Service Load Profiles
SO	System Operator
SoLR	Supplier of Last Resort
TA	Technical Assistance
TOCOR	Task Order Contracting Office Representative
TOR	Terms of Reference
TPP	Thermal Power Plant
TSO	Transmission System Operator
TUO	Transmission Use of System
TWhs	Terawatt Hours
UP	University of Pristina
USAID	United States Agency for International Development
USG	United States Government
USS	Universal Supply Service
VREG	Flemish Electricity and Gas Regulator
WACC	Weighted Average Cost of Capital
WB	World Bank
WB6	Western Balkans Six

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

DT Global (FKA as AECOM International Development) was awarded USAID/Kosovo's 'Promoting Clean Energy and Improving Private Sector Investment in a Modern Energy System in Kosovo' (REPOWER-Kosovo) Task Order project (AID-167-TO-14-00007), under the Clean Energy Indefinite Delivery/Indefinite Quantity (IDIQ), on October 1, 2014. With a period of performance of five years, REPOWER-Kosovo closed on September 30, 2019. This final report, submitted to USAID on October 30, 2019, provides a detailed summary of the accomplishments achieved under this project, along with the lessons learned.

Throughout the life of the project, REPOWER-Kosovo supported the Government of Kosovo's (GoK's) continued efforts to modernize the country's existing electricity sector by providing technical assistance to the Ministry of Economic Development (MED), the Energy Regulatory Office (ERO), Kosovo's system and market operator (KOSTT), and the Kosovo Electricity Company (KEK). By working with key stakeholders both in the public and private sectors, REPOWER-Kosovo helped to improve Kosovo's ability to provide a consistent, clean, reliable, and affordable energy supply, a critical element in improving economic growth and the overall quality of life in Kosovo.

The goal of REPOWER-Kosovo was to assist the GoK and its institutions in promoting the development of clean energy, and to improve the enabling environment for private investments in the energy sector. To accomplish this, REPOWER-Kosovo worked through two overall objectives and five corresponding components, as illustrated in Figure 1 below.

Figure 1: Summary of REPOWER-Kosovo objectives, components and tasks:

HIGHLIGHTS OF REPOWER-KOSOVO'S 2014 – 2019 PERFORMANCE

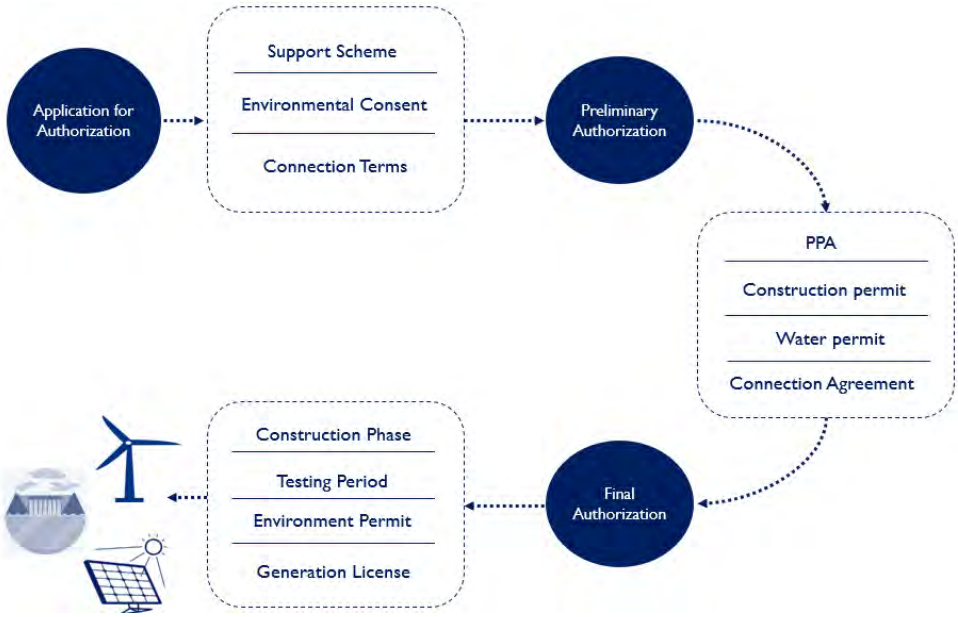
OBJECTIVE I

STRENGTHENED REGULATORY FRAMEWORK FOR RES

Kosovo adopted challenging national targets for increasing the percentage of total energy derived from renewable energy sources (RES). In order to rise to this challenge, REPOWER-Kosovo proposed and delivered a broad program of assistance to the multiple stakeholders within the sector who were involved with the introduction of RES generation.

REPOWER-Kosovo delivered assistance to the ERO to support the streamlining and harmonization of the regulatory framework for renewable energy projects in Kosovo. This assistance included developing guidelines for RES authorizations under the new RES Support Scheme, a new Rule on Procedures for Issuing Certificates of Origin, a new Rule on Prosumers including model sale and purchase contracts between 'prosumers' and energy suppliers, new Power Purchase Agreements for RES projects between the market operator and RES producers, and a model for Community Development Agreements related to renewable project implementation in regards to benefits for local communities in Kosovo. REPOWER-Kosovo also helped the ERO to comply with the recommendations of the Energy Community Secretariat (EnCS) by introducing a more market-compatible RES support scheme through the introduction of a feed-in premia or competitive auctions/tendering procedures, instead of feed-in tariffs to support RES development. To strengthen the capacity of the ERO staff in their handling of Certificates of Origin, REPOWER-Kosovo organized a study tour for regulatory staff to meet and shadow counterparts in Croatia and Belgium. REPOWER-Kosovo also held a workshop for local and international financial institutions to build awareness of the new regulatory arrangements for RES in order to facilitate access to lending for project developers. Finally, REPOWER-Kosovo assisted the MED in establishing the One Stop Shop (OSS) office within the ministry with a mandate to provide both informational and advisory services.

Figure 2: ERO RES authorization procedures under the One Stop Shop



EU HARMONISATION / WESTERN BALKANS 6 MEASURES ACHIEVED

TSO CERTIFICATION

All transmission system operators (TSOs) established within the internal European energy market must be formally certified by their national regulatory authority as being fully independent, both financially and in terms of decision-making, of commercial production and supply interests. Failure to certify KOSTT would have jeopardized the company from being able to fully perform its TSO role within the continental power system. To achieve this certification, REPOWER-Kosovo supported the ERO and KOSTT at every stage of the lengthy TSO certification process, from initial training of both parties through the development of secondary legislation, drafting of the TSO's submission, and ultimately to the issuing of the Final Decision in February 2019. As a final action within this complex task, REPOWER-Kosovo assisted the TSO in setting up a compliance program and trained key managers in all relevant legal and compliance issues. As a result of REPOWER-Kosovo's support, KOSTT JSC is now fully certified as a TSO.

MARKET LIBERALIZATION

With REPOWER-Kosovo's support in defining and implementing its policy, the ERO successfully liberalized the first tranche of the power market in April 2017, allowing the largest customers to choose their electricity supplier, as required by European Energy Community law.

REPOWER-Kosovo supported the ERO in establishing measures to lift regulatory price controls from the generation and supply sectors to conform to Kosovo's Western Balkans Six commitments. Simultaneously, the project supported the ERO in the development of a large number of regulatory instruments known as the ERO Rules and Guidance Notes, to fully implement the legislative principles adopted by the National Assembly in 2016, which allowed Kosovo to fully implement the Third Energy Package.

KOSOVO-ALBANIA MARKET COUPLING

During the project's fourth year, REPOWER-Kosovo was recognized by stakeholders from both Albania and Kosovo as one of the lead technical assistance supporters in the process of market coupling between the two countries. REPOWER-Kosovo invested significantly in coordinating activities between all parties involved and in taking on responsibilities to fill any gaps in assistance to ensure sustainable progress. The project, together with its USAID/Albania technical assistance counterparts, developed the Joint Action Plan for market coupling implementation, which was adopted as an official and binding document for the process for all involved stakeholders. REPOWER-Kosovo developed complex studies required for an in-depth market integration analysis, such as the cross-border reserve sharing methodology. REPOWER-Kosovo's support also led to the revision of the Kosovo market design, in which the power exchange requirements needed to be thoroughly addressed and an appropriate position for the Kosovo e Re power plant (KRPP) was carefully designed.

INTERNATIONAL ENERGY TRADING – NEW SKILLS FOR KEK

As part of REPOWER-Kosovo's continuous capacity building support to KEK, the project organized a training program in 2018 at KEK's training center in Obiliq. As KEK is one of the key pillars of Kosovo's energy sector, the aim of the training was to improve and strengthen trading functions within the organization in anticipation of further regional electricity market integration. The training included KEK staff and employees of KOSTT and the ERO. Guest presenters from consulting company Nordpool and the United Kingdom shared their insights and experiences on key elements of trading, the associated risks, challenges and opportunities, and the participation of coal-based generators in trading operations. REPOWER-Kosovo conducted simulations through different exercises highlighting key areas of trade functions, which simulated real world situations and several of the typical problems that traders face.

OBJECTIVE II

STRENGTHENED NATIONAL ENERGY POLICY

REPOWER-Kosovo assisted the MED with refining and presenting its new and updated Energy Strategy for 2017-2026, allowing the government to obtain consensus and support from members of the international community, including the World Bank, European Commission, and the European Bank for Reconstruction and Development, who had all initially raised concerns over its content. The strategy not only satisfied the government's statutory obligations but placed the sector onto firmer future policy footing, which will be critical for Kosovo's energy users.

FURTHER UNBUNDLING OF THE POWER SECTOR

Despite two years of delay in decision-making by KEK and the GoK, REPOWER-Kosovo's recommended option for unbundling – full legal and structural separation of mining and generation – received formal adoption by the KEK board and was sent to the GoK. Under this, REPOWER-Kosovo equipped KEK with the analysis necessary to proceed with the unbundling process, together with a Master Action Plan. The project also developed initial drafts of four inter-company legal agreements:

- Lignite supply agreement;
- Ash and gypsum disposal agreement;
- Shared services agreement; and
- Transfer agreement.

TECHNICAL STUDIES TO SUPPORT THE NEW KOSOVO POWER PLANT PROJECT

As a condition of the commercial agreements for the construction of the KRPP, the MED was obligated to complete certain technical studies relating to the KRPP site, as well as amending the existing Environmental and Social Impact Assessment (ESIA) for the KRPP (without the mine) originally developed with the World Bank's support as a pre-condition for Financial Close of the KRPP transaction. To assist the MED in meeting its commitments, REPOWER-Kosovo undertook two detailed technical studies relating to the site, a flood risk evaluation and a meteorological site survey. Based on the MED's request to USAID, REPOWER-Kosovo also reviewed, revised, and updated the initial ESIA and supported the Ministry in conducting the mandatory public consultation with people living in proximity to the Obilić plant. Following finalization, all three reports were formally handed over to the MED's project implementation unit in May 2018.

INTERNATIONAL FORUM ON ENERGY

Beginning in the spring of 2016, REPOWER-Kosovo began assisting the MED in hosting three international conferences to present its policy and vision for the energy sector's transformation to key stakeholders both in Kosovo and abroad. These conferences adopted a slightly different theme each year that reflected the most pressing policy objectives and challenges at the time. These conference topics included:

- 2016 – Security of Supply;
- 2017 – Energy strategy and market liberalization; and
- 2018 – Investments in the energy sector.

Each year, the forum attracted more than 150 senior government and business participants from local and international institutions, including the Prime Minister of Kosovo and Kosovo Minister of Economic Development, the US Ambassador to Kosovo, the German Ambassador to Kosovo, and representatives of the European Union, the EnCS, and the World Bank.

CROSS-CUTTING ACTIVITIES

CAPACITY BUILDING AND KNOW-HOW TRANSFER ACROSS THE POWER SECTOR

Training and knowledge transfer were important pillars of the technical assistance provided by REPOWER-Kosovo throughout the project. During implementation, it delivered this support through several capacity building mechanisms including:

- On-the-job training, particularly for ERO;
- Classroom-style training at more formal workshops; and
- International study tours.

In total, some 3,586.05 hours of training were delivered over the five years of the project, of which 2,268.95 training hours were provided for men and 1,317.10 training hours were conducted for women, with personnel coming from the MED, KOSTT, KEK and ERO. The trainings not only enabled participants to deepen their understanding of familiar subjects, but also to build knowledge of more advanced sector reform subjects, such as international energy trading, market coupling, and TSO certification.

INTERNSHIPS IN THE ENERGY SECTOR

The age profile of employees throughout the power sector in Kosovo is skewed towards older individuals who are approaching retirement. Moreover, young and qualified individuals without family or political connections find it almost impossible to break into the sector, and national youth unemployment rates remain high. Understanding this, in 2016, REPOWER-Kosovo began detailed discussions with three key sector beneficiaries, KEK, KOSTT, and the ERO, on the potential for incorporating university students into their organizations. From these discussions, REPOWER-Kosovo developed a concept note outlining a student engagement scheme that would allow students from the University of Pristina (UP) and the American University in Kosovo (AUK) to undertake a six-month internship program within the beneficiary organizations.

From this initial concept note, REPOWER-Kosovo supported six rounds of internships, resulting in a total of 95 student interns from the two universities being placed in KEK, KOSTT and the ERO. Of these student interns, 60 were female and 35 were male, resulting in a 63% participation rate by female students in the program. Additionally, after completion of the program, 41 of these interns received offers of permanent positions in one of the beneficiary organizations or within a related field in the private sector.

AWESK – KOSOVO'S POWERFUL WOMEN

In April 2018, the Association of Women in the Energy Sector of Kosovo (AWESK) was legally established with support from REPOWER-Kosovo. The Association encourages girls and young women to pursue science and technology subjects, and to consider professional career opportunities available within the power sector. AWESK's creation came following REPOWER-Kosovo's 2016 initiative to

develop a mentoring and information-sharing network for women working in Kosovo's power sector. At the end of Year 5 of the REPOWER-Kosovo project, the Association had 100 members. With the project's support, AWESK prepared and consulted upon its procedural rules and its three-year strategic action plan. Its officers, including its executive director, and five members of its advisory board were nominated for formal appointment at the first general assembly meeting held in early autumn 2018.

MAJOR STUDIES DELIVERED UNDER THE REPOWER-KOSOVO PROJECT

Over five years, REPOWER-Kosovo delivered a very large number of concrete technical documents to its counterparts. The full list of these project deliverables can be found in Annex I of this report and copies have been provided electronically to USAID. The most significant of these reports provided under Objective I are listed below and include:

- Load Forecast Study – for ERO;
- Cost of Service Study – for ERO;
- Gender Analysis Report and Gender Action Plan;
- A suite of reports on TSO Certification;
- Price impact of competition analysis;
- Demand Side Response in Kosovo Power System;
- Options for KEK Unbundling and its Action Plan;
- Options for Financing the Rehabilitation of Kosovo B;
- Market Potential and Challenges for Kosovo B Rehabilitation;
- Flood Risk Assessment Study for KRPP;
- Meteorological Survey Study for KRPP;
- Amended Environmental and Social Impact Assessment for KRPP; and
- Methods for Cross-border Exchange of Power System Reserves between Kosovo and Albania.

LEGISLATIVE AND POLICY MEASURES IMPLEMENTED THROUGH REPOWER-KOSOVO SUPPORT

In addition to the studies listed above, the following includes a list of legislative and regulatory acts developed and/or revised through REPOWER-Kosovo direct support:

- Rule on Distribution System Operator Pricing (DSO Pricing Rule);
- Rule on Transmission System Operator and Market Operator Pricing (TSO/MO Pricing Rule);
- Rule on RES support scheme;
- Law on Electricity;
- Law on Energy;
- Law on Regulators;
- Law on Natural Gas;
- Revised Kosovo Energy Strategy;
- Regulatory Accounting Guidelines;
- Rule on Supply Switching;
- Methodology for Imposition of Universal Service Obligation;
- Rule on Universal Service Supply;
- Internal ERO Procedure for Evaluating Efficiency of USS Power Procurement;
- Methodology for Imposition of Supplier of Last Resort Obligation;
- Rule on Supplier of Last Resort (SoLR) Revenues;
- Internal ERO Procedure for Evaluating Efficiency of SoLR Power Procurement;
- Tender Document for SoLR Selection;
- Rule on Capital Expenditure Assessment;
- Rule on General Conditions of Energy Supply;
- Proposal for Market Rules Amendment on RES Balancing;
- Rule on TSO certification;
- Market Opening Methodology for Determining Generation Concentration;
- Draft Decision on Market Opening;
- Revisions to the Rule on Licensing;
- Revisions to the rule on General Conditions of Electricity Supply;
- Revisions to the Market Operator License;
- Revisions to the TSO License;
- Revisions to the DSO License;
- Revisions to the Public Supplier License;
- Revisions to the Generation License;
- New Competitive Supply License;
- Methodology for Preliminary Service Load Profile in Kosovo;
- Rule on Procedures for Energy Procurement by Public Companies;
- Maximum Allowed Revenues (MAR) KOSTT;
- Maximum Allowed Revenues KEDS;
- Weighted Average Cost of Capital KOSTT and KEDS;
- Losses KOSTT and KEDS;
- ERO Internal Rule RES Reference Price;
- Rule on Prosumer;
- Rule on Methodology for Security of Supply Monitoring; and
- Rule on Quality of Supply.

REPOWER-KOSOVO PERFORMANCE TARGETS & RESULTS

Table 1 – Results and targets

Indicator	Description	Target	Actual
CI	Percentage of Unserved Demand (ration of unserved energy to supplied energy plus unserved energy) (%).	3.21	6.16
	Explanation: The percentage of unserved demand is higher than what was predicted, and the project exceeded the target. The projects support to the beneficiaries and the energy sector in general has contributed to this result.		
SO1	Number of megawatts (MW) preliminary authorized by ERO.	201	539.5
	Explanation: REPOWER-Kosovo's overall life of project (LOP) target was 201 MW of RES of primary authorization being issued, while the actual result was 539.5 MW being realized over a five-year period. The project exceeded this target because the of the unanticipated increase in demand for RES technologies in Kosovo.		
CC2	Total public and private funds leveraged by USG for energy projects ($ million).	580	260.1
	Explanation: The project's overall LOP target was $580 million while the actual result is $260.12 million. This target was set with the expectation that investments in the NKPP would occur during the LOP. However, despite REPOWER-Kosovo's support in this area, only ~$87.5 million was committed to the NKPP. The other leveraged funds came from investments in RES technologies. The project did not reach this target.		
OBJECTIVE 1: Promoting Clean Energy			
Component 1: Develop an Enabling Legislative and Policy Environment for Clean Energy Projects			
1.1	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance.	12	40
	Explanation: The project's overall LOP target was 12 while the actual result is 40. This is largely due to reforms that took place in Year 3 of the project, which required considerable support from REPOWER-Kosovo to meet the needs of beneficiaries, causing the project to exceed the target.		
1.1a	Number of policy reforms/laws/regulations/ administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets adopted as a result of USG assistance.	12	38
	Explanation: This indicator was put in place during the lifetime of the project upon the request of USAID in order to determine beneficiary's acceptance of assistance provided by the project. This indicator does not reflect REPOWER-Kosovo's performance, but rather the beneficiary's acceptance and usage of assistance provided. The project's overall LOP target was 12 while the actual result is 38, exceeding the target. Out of the 40 supplied deliverables by the REPOWER-Kosovo project, a total of 38 were adopted by project beneficiaries.		
Component 2: Assist the ERO with Planning, Preparing and Prioritizing Clean Energy Projects			
2.1	Number of procedures for application for licensing of energy projects simplified or reduced.	6	9
	Explanation: The project's overall LOP target was six while the actual result was nine, exceeding the target. The simplified procedures quickly added value to ERO processes and toward new RES applications in the sector.		
2.1a	Number of procedures for application for licensing of energy projects simplified or reduced adopted.	6	8

Indicator	Description	Target	Actual
	Explanation: This indicator was put in place during the lifetime of the project upon the request of USAID in order to determine beneficiary's acceptance of assistance provided by the project. This indicator does not reflect REPOWER-Kosovo's performance, but rather the beneficiary's acceptance and usage of assistance provided. The project's overall LOP target was six procedures adopted by the ERO while the actual result was eight, exceeding the target.		
2.2	Improved Organizational Capacity of ERO to ensure more reliable and affordable energy security of supply.	2.53	2.65
	Explanation: It was initially considered at the beginning of the project that individual grant awards could be given directly to ERO. Before that could happen, the legal, financial, human and organizational capacity of the ERO was assessed to identify any risks associated with such awards, using a standard tool for assessing the institutional capacity of an organization developed by USAID. The overall target for this indicator of 2.53 was exceeded with a result of 2.65 in the OCA assessment of ERO.		
Component 3: Provide Support to Kosovo and Albania's Common Electricity Market			
3.1	Number of improved cooperative energy policies, laws, plans, agreements, or model actions strengthened, developed.	14	5
	Explanation: The project's overall LOP target was 14 while the actual result was five, not meeting the target. This is due to reasons out of project control, including lack of political will and changes in government in both Kosovo and Albania over the 5-year period.		
3.1a	Number of improved cooperative energy policies, laws, plans, agreements, or model actions strengthened, developed, adopted and/or implemented.	14	1
	Explanation: This indicator was put in place during the lifetime of the project upon the request of USAID in order to determine the beneficiary's acceptance of assistance provided by the project. This indicator does not reflect REPOWER-Kosovo's performance, but rather the beneficiary's acceptance and usage of assistance provided, reflected through adoption of project deliverables. The project's overall LOP target for this indicator was 14 while the actual result was one, not meeting the target. Out of the five supplied deliverables by the REPOWER-Kosovo project, a total of one was adopted by project beneficiaries.		
OBJECTIVE 2: Improving Enabling Environment for Private Investment in the Energy Sector			
Component 4: Support the Continued Unbundling of the Energy Sector			
4.1	Number of policy reforms/laws/regulations/ administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance.	10	1
	Explanation: The project's overall LOP target was 10 while the actual result was one, not meeting the target. This is due to reasons beyond project control, where project deliverables regarding KEK unbundling were delayed due to the long time needed for approval of the new board members and the necessary reconfirmation of the decision and unbundling options by the new Board of Directors and the Inter-Ministerial Working Group. As described below, only at the end of Year 5 were concrete steps taken toward the initialization of KEK unbundling.		
4.1a	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets adopted as a result of USG assistance.	10	1
	Explanation: This indicator was put in place during the lifetime of the project upon the request of USAID in order to determine the beneficiary's acceptance of assistance provided by the project. This indicator does not reflect REPOWER-Kosovo's performance, but rather the beneficiary's acceptance and usage of assistance provided, The project's overall target was 10 while the actual result was one, not meeting the target. Out of the supplied deliverables by the REPOWER-Kosovo project, a total of 1 was adopted by project beneficiaries.		

Indicator	Description	Target	Actual
Component 5: Support development of a more secure, stable energy supply			
5.1	Progress of independent privatization advice to the Government of Kosovo towards the Kosovo B privatization transaction		
	Milestones:	N/A*	N/A*
	1. Strategy defined		
	2. Roadshow conducted		
	3. PIU established		
	4. Transaction adviser hired		
	5. Kosovo B Financial Close (Technical Assistance (TA) develops the request for proposal (RfP), RfPs are approved by GoK, TA-GoK agree on pre-qualification criteria, bidding documentation requirements, timetable for RfP, bidder selected, GoK negotiations, and financial close).		
	6. Kosovo B rehabilitation funds committed**		Jan 2018
	Explanation: The project neither met nor exceeded the targets (milestones) due to the fact that a strategy could only be defined once the GoK made their decision regarding their preferred method of financing. In Year 2, REPOWER-Kosovo was notified that it would not happen in the foreseeable future. Therefore, activities regarding this indicator were put on hold because of future strategic decisions of the Kosovo energy sector and participants about the timing of the rehabilitation of the thermal power Plant Kosovo B.		
CROSS-CUTTING INDICATORS			
CC1	Person hours of training completed in technical energy fields supported by USG assistance	2,910	3,586.05
	Male person hours	2,328	2,268.95
	Female person hours	582	1,317.10
	Explanation: The project's overall LOP target was 2,910 while the actual result was 3,586.05 person hours, exceeding the target. This was due to a larger number of participants at the trainings during the life of the project which contributed to the increase of person hours.		
CC3	Number of institutions with improved capacity to address climate change issues as a result of USG assistance	7	38
	Explanation: The project's overall LOP target was seven while the actual result was 38, exceeding the target. This target was exceeded because of the unanticipated interest by local municipalities to attend REPOWER-Kosovo trainings and to strengthen their capacity in climate change issues.		
ENVIRONMENTAL INDICATOR			
EMMP	Number of times the EMMP is reviewed on a quarterly basis for compliance with all recommended environmental mitigation measures, and progress on compliance as well as any issues reported to USAID.	16	16
	Explanation: REPOWER-Kosovo did not have a USAID approved Environmental Indicator for FY2015. Therefore, the project's overall target was 16 while the actual result was 16, meeting the target.		

CHALLENGES

Throughout the five years of project implementation, REPOWER-Kosovo faced several external challenges which caused, in certain areas, substantial delays to project delivery. The most significant of these external factors included:

- Four government elections in which no ministerial decisions could be taken, which adversely impacted KEK unbundling and the reform of RES legislative and policy instruments. Additionally, the numerous elections resulted in several changes to key Ministerial counterparts, which slowed project implementation.
- The ERO experienced almost a whole year without an effective quorum for decision-making due to the government's failure to appoint new board members. Further, there was an additional year in which when there was a Board of Directors, but it was deadlocked, as no Chairman was appointed.
- GoK focus on the KRPP resulted in a need to suspend work on the Kosovo B Rehabilitation.
- A failure by the MED to appoint a new Board of Directors to KEK resulted in two years where work on the further unbundling of the company could not be undertaken.
- Kosovo's efforts to achieve market coupling with Albania have been consistently frustrated by a lack of commitment on the part of Albanian stakeholders.
- KOSTT not being able to perform as an independent control area due to political constraints imposed by the Elektromreza Srbije (EMS) to activate an already signed connection agreement with European Network of Transmission System Operators for Electricity (ENTSO-e).
- ERO and KOSTT faced both financial and technical issues related to long-term and continuous non-payment from customers in north Kosovo which consequently affected all continental Europe TSOs.

THE FUTURE DIRECTION OF KOSOVO'S POWER SECTOR

Kosovo continues to face severe security of supply constraints. While Kosovo's government has made considerable efforts to secure new energy generation capacities over the course of the REPOWER-Kosovo project, these have not yet led to any considerable change. It is not certain that financial close of the KRPP project can be secured, or how long that might take. The rehabilitation of Kosovo B remains a priority for achieving security of supply, but the government remains resource-constrained and focused on the new construction transaction of the KRPP. Its ability, therefore, to deal with new issues within the power sector is limited, as has been amply demonstrated during the five years of the REPOWER-Kosovo project.

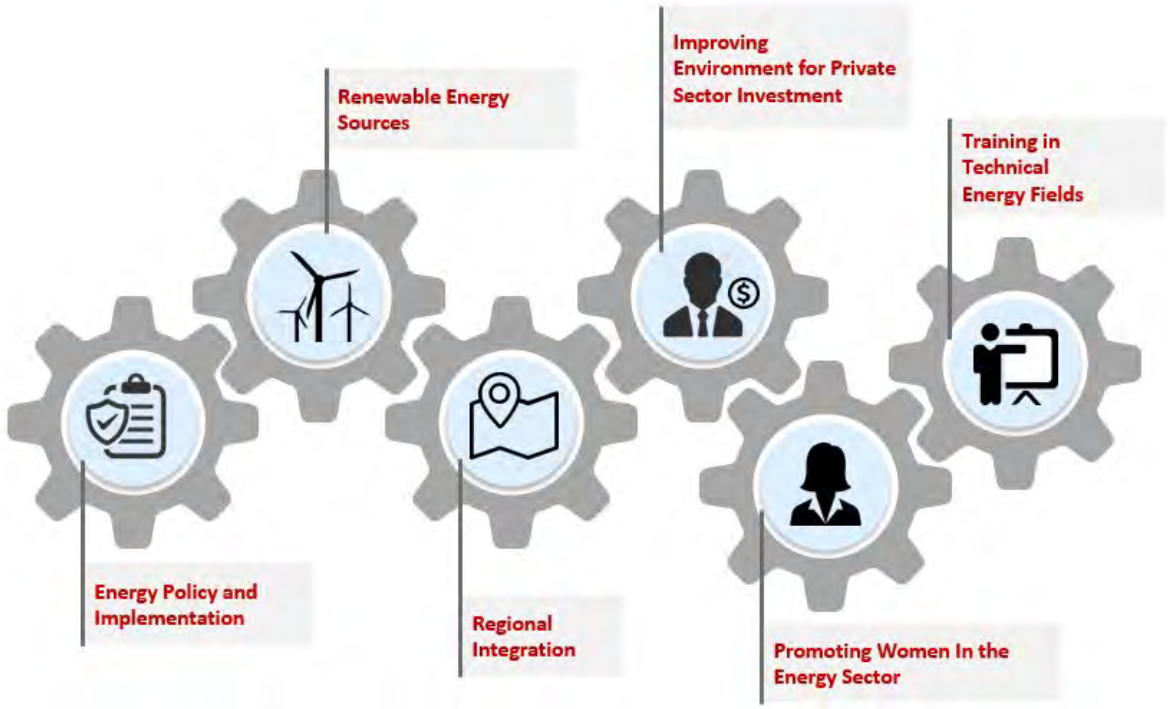
At the same time, the context in which these transactions are being undertaken is itself undergoing a further transformation. As an Energy Community partner, Kosovo is bound to implement European energy legislation. This is not static but rather is a rapidly evolving and highly complex set of inter-linked legislative and technical mechanisms. The Fourth Energy Package is now fully implemented for EU Member States, and Kosovo can now foresee the suite of tightened and expanded energy obligations which will become mandatory for its own sector in due course, including within market governance, market design, renewables, energy efficiency and consumer rights. The evolving legislative environment will therefore require further work on Kosovo's energy strategy, legislation, and implementation, and may have a bearing on the way in which the country seeks to achieve future security of supply.

Planning and preparation for the Fourth Energy Package implementation in the power sector will be a difficult and lengthy project for Kosovo authorities, principally for the MED and ERO, though this will affect all participants in the sector. Principal actors will need the active support of USAID going forward to benefit from specialized technical assistance to help them meet the challenges of the next decade.

Another substantial challenge that remains unresolved for Kosovo's power sector is KOSTT's membership of ENTSO-E and its full participation in continental transmission system operations. KOSTT as a certified TSO is still unable to perform all of its mandatory TSO tasks due to the frustration of its performance by the EMS and the non-implementation of the 2014 Energy Agreement. This problem has many ramifications for KOSTT and Kosovo as a whole, not the least being its serious financial consequences including foregone transit revenues (which should benefit Kosovo consumers), the costs arising from the northern supply issue and the frequency excursions that occur as a result, and KOSTT's inability to fully utilize the new 400kV interconnection with Tirana. While at the end of Year 5 of the REPOWER-Kosovo project there is an expectation that ENTSO-E will re-issue a new Connection Agreement without conditionality by February 2020, history has demonstrated that it may be naïve to believe this will completely resolve KOSTT's challenges in discharging its mandate as a certified TSO.

IMPLEMENTATION BY OBJECTIVE, COMPONENT AND TASK

Figure 3: REPOWER-Kosovo's key areas of assistance during project implementation



OBJECTIVE I: PROMOTE CLEAN ENERGY

COMPONENT I: DEVELOP AN ENABLING LEGISLATIVE AND POLICY ENVIRONMENT FOR CLEAN ENERGY PROJECTS

OVERVIEW

Component I of the REPOWER-Kosovo project focused on supporting the project's beneficiaries in the concept, design, development, and implementation of a legal and policy framework for clean energy projects, particularly those from RES, to boost Kosovo's ability to meet its targets under the National Renewable Energy Action Plan (NREAP). Considerable progress was made in streamlining and clarifying the framework, with a number of key legal and regulatory instruments revised or introduced. This work continued throughout the five-year implementation period, keeping the ERO's regulatory framework in step with the evolving policy environment within the Energy Community.

Key outcomes under Component I of REPOWER-Kosovo's technical assistance included:

- A simplified and harmonized regulatory and commercial framework for RES;
- Development of a regime for Certificates of Origin (CoO);
- Enhanced awareness of local financial institutions regarding applicable regulations;

- Increased familiarity of municipalities with RES developments and the potential benefits of their utilization; and
- Standardized contracts for offtake of surplus energy produced by consumers ('prosumers') and sold to suppliers.

In addition, REPOWER-Kosovo revised a number of policy and legislative instruments. Most of these have been implemented or are under ongoing review to be adopted by the competent Kosovo authority following REPOWER-Kosovo's recommendations and support. These instruments can be seen in the table below.

Table 2 - Legislative instruments developed to support RES projects

Legislative instrument
ERO Rule on Support Scheme for RES generators
ERO Rule on authorization procedure for RES generators
ERO Rule on methodology for development of preliminary standard load profiles
ERO Rule on Certificates of Origin
ERO Rule on Prosumers
ERO Rule to calculate RES reference price

POLICIES AND LEGISLATIVE CHANGES

Review of Primary Legislation

At the outset of the project, REPOWER-Kosovo undertook an evaluation of the national legislation applicable to renewable energy in Kosovo and assessed their compliance with applicable European Law (Directive 2009/28/EC) and national legislation (Law on Energy, Law on Electricity and Law on Energy Regulator, the Law on Environmental Protection and the Law on Environmental Impact Assessment), as well as related bylaws.

REPOWER-Kosovo then completed a report describing the environmental permitting process in Kosovo, which drew comparisons with two neighboring states, North Macedonia and Albania. This review and analysis permitted the identification of a number of barriers to the efficient entry of renewable energy projects into the Kosovo market. REPOWER-Kosovo next supported a series of meetings with various partners to identify potential ways to reduce or remove the barriers identified. Within this, the project utilized a World Bank (WB) study under the Kosovo Energy Efficiency and Renewable Energy Project (KEEREP), which worked to identify barriers to RES project development and the respective institutions that should be responsible for the removal or reduction of existing barriers.

"Without USAID assistance the sustainable functioning of the ERO would have been undermined – by legislation, and consequently, the sustainability of the entire Kosovo energy sector."

--- KRENAR BUJUPI, FORMER ERO BOARD MEMBER

STANDARDIZED PROCEDURES AND CONTRACTS

Simplified authorization procedure

The disorganized myriad of government bodies responsible for enforcing and modifying administrative procedures has complicated Kosovo's ability to be compliant with Energy Community Law. Harmonizing and streamlining the various relevant procedures was therefore essential to achieving compliance. REPOWER-Kosovo worked throughout 2015 and 2016 with the ERO and with the inter-ministerial working group (IMWG), established in 2016, to discuss existing barriers to this harmonization and to work towards creating more efficient procedures. In conjunction with these meetings, REPOWER-Kosovo supported the ERO by proposing revisions to the relevant secondary legislation (the Rule on Licensing, the Rule on Authorization, and the Rule on Support Scheme) in order to address barriers identified by the WB KEEREP study. In addition, and following discussions with the ERO, REPOWER-Kosovo drafted new regulations for the self-consumption concept, proposed as a separate chapter within the ERO's existing Rule on Support Scheme. REPOWER-Kosovo then further developed a separate regulatory framework for RES developers who were not admissible to the Support Scheme but were eligible for priority dispatch, filling a procedural gap within the existing framework. A workshop was held on November 18, 2016 with the ERO and KOSTT to present the new regulatory framework for the RES Fund as well as the roles and responsibilities of the market operator (MO) and other parties. Following this, the draft Rule on Support Scheme was finalized and submitted to ERO in December 2016.

Initial Power Purchase Agreements for RES

In early 2016, the ERO published its template power purchase agreements (PPAs) for RES for public consultation, which were in the form of a bilateral offtake agreement between a RES producer and the Kosovo Company for Supply of Energy (KESCO). The REPOWER-Kosovo team carefully evaluated the proposed templates and determined that the documents were not suitable in their current form. REPOWER-Kosovo recommended rewriting the templates to follow the Rule on the Support of Electricity for which a CoO had been issued. Furthermore, the team recommended that the PPAs should also reference and follow the KOSTT Market Rules and the Grid Code. The REPOWER-Kosovo team provided detailed comments to ERO in the form of a report with recommendations, together with marked up draft agreements.

The ERO did not comment on REPOWER-Kosovo's recommendations but, during the early summer of 2016, it notified REPOWER-Kosovo that the European Bank for Reconstruction and Development (EBRD) had itself provided comments and requested that the project analyze them. The ERO Board of Directors specifically requested assistance from REPOWER-Kosovo to ascertain the extent to which the ERO staff had incorporated comments on the RES Support Scheme PPA from consultees, including specifically those comments from the EBRD and REPOWER-Kosovo itself. During a two-day period with ERO board members and staff, REPOWER-Kosovo worked with stakeholders to address these issues, however it was immediately apparent that the draft had not been updated and a change of approach was required. Instead, REPOWER-Kosovo walked the ERO through each of the EBRD and REPOWER-Kosovo comments, with the ERO responding to the comments based on their policy position for each point. REPOWER-Kosovo then immediately began incorporating the comments into the draft agreement.

In July 2016, the ERO requested that REPOWER-Kosovo make another review of the final draft of PPA. In comparing the commercial arrangements with the newly promulgated Law on Electricity, however, REPOWER-Kosovo noted that Article 23.9.8 of the new Law required that the Market Operator enter into purchase and sale agreements for purchasing the obligatory portion of the electricity generated from RES and cogeneration. Substantial changes were therefore required to the underlying commercial structure of the arrangements. The ERO requested that REPOWER-Kosovo then redraft the agreements to comply with Article 23.

The agreements ultimately took the form of twin back-to-back bilateral agreements, with the Market Operator acting as buyer in one and the seller in the other. The ERO received these drafts in December 2016 and formally adopted them in March 2017 as an integral part of the Rule on Support Scheme. The MO-Producer PPA for non-support scheme RES was also prepared, submitted and approved at the same time.

Regulated commercial arrangements between prosumers and suppliers

Early in 2018, REPOWER-Kosovo drafted a template contract between RES prosumers[1] and suppliers for the ERO. On April 26, 2019, at the ERO's offices, the REPOWER-Kosovo team presented to the ERO staff the draft Report on Assistance for the Prosumers Implementation Mechanism. The aim of this report was to understand the level of implementation of the prosumer/self-consumption generators, and also identify potential differences between regulatory rules and other relevant acts during the implementation of the prosumer concept.

At this meeting, the REPOWER-Kosovo and ERO held discussions on the following topics:

- Possible revisions to the current support scheme in order to address implementation challenges identified in a report prepared by REPOWER-Kosovo;
- Revisions to the support scheme to address legal ambiguities regarding to the definition of prosumers and the maximum capacity; and
- Comments received by stakeholders, namely KESCO and Kosovo Electricity Distribution and Supply Company (KEDS), on the design of the support scheme and KEDS' comment that there is discrimination between customers as prosumers are not paying distribution costs and therefore there is a cross-subsidy in favour of prosumers.

The ERO noted that there were requests from the business community to remove caps for prosumers altogether and, in the case of larger customers, to apply a net-billing procedure with monthly settlements between energy fed to the grid and energy consumed. REPOWER-Kosovo noted that there are hardly any differences between net-billing and net-metering in cases where the purchase price and the selling price is the same (in effect, it is the energy value that is settled on a monthly basis). The ERO also noted that they are leaders of the prosumer task force in an Energy Community Regulatory Board (ECRB) working group and highlighted that the highest cap applied by contracting parties is 150 kW (in the case of Armenia), while the others are capping the capacity at 100 kW and below. REPOWER-Kosovo also noted that removing the caps can have adverse impacts on the distributions system and other stakeholders, most importantly the Distribution System Operator (DSO), who must be consulted before such a proposal is moved forward.

The ability of the distribution system to absorb additional variable RES can also have an effect on the distribution charging methodology and increase the need for investments in the distribution system. The ERO noted they have received comments from KEDS and KESCO on some apparent discrepancies caused by the design of the support scheme. Most significantly, KEDS commented that the current net-metering system does not recover the costs of using the distribution system. KEDS stated that, because of the net-metering, costs of the DSO need to be recovered from customers who are not prosumers, putting pressure on the DSO to shift the cost-burden to those customers. KEDS also noted that the DSO would be paid for the usage of the distribution system for energy consumed as well as energy fed into the grid, in line with the policy guidelines of the EnCS on the Grid Integration of Prosumers. These

[1]The term used by the European Commission for a consumer who both consumers and produces electricity, the surplus of which the 'prosumer' exports to the grid.

guidelines note that net-metering systems, such as the one applied in Kosovo, cause a cross-subsidization between prosumers and other customers as the fixed costs of the system are covered by non-prosumers, which also presents a case of discrimination between customers.

REPOWER-Kosovo reminded the ERO that, during the discussions of the support scheme, REPOWER-Kosovo presented net-billing and self-consumption as preferred options to net-metering for the exact reasons raised in the EnCS and Council of European Energy Regulators (CEER) recommendations. REPOWER-Kosovo highlighted that the ERO should reflect KEDS' comments in the policy amendments as the net-metering system penalizes the DSO and causes discrimination between customers. One possible way of addressing this issue is to allow prosumers to recover their costs by a net-billing system which applies the reference price for energy fed into the grid and the retail price for energy consumption. This would also be in line with latest trends of international best practices in ensuring that prosumers are compensated for the value they add to the system and avoids perverse cross-subsidies by harming other customers. REPOWER-Kosovo asked the ERO to provide feedback on how they plan to advance on this issue as it affects the future work on the support scheme.

Following a request for urgent project support, REPOWER-Kosovo developed a draft Rule on Prosumers and submitted it to ERO in September 2019.

Grid Connection Agreement

Additionally, the ERO asked REPOWER-Kosovo to provide comments on the Grid Connection Agreement templates which were prepared for them by a previous technical assistance project before they could be approved by the Board. REPOWER-Kosovo provided the comments to the ERO's draft Grid Connection Agreements and recommended that they be refined further before approval.

Developing market-based promotional mechanisms for RES

The European Commission has reviewed and revised its approach to financial support arrangements for RES projects in order to reduce some of the economic distortions contained in feed-in tariff mechanisms. Accordingly, in mid-2018, the REPOWER-Kosovo team held a meeting at ERO offices and presented to the board and staff of the ERO, its *Renewable Energy Sources Support Scheme Alternatives for the Kosovo Energy Sector* report. The presentation aimed to inform the ERO of Kosovo's obligations and requirements in moving forward with the new support mechanisms, experiences of other countries, advantages and challenges of different support schemes, and steps that should be followed for entering into the new support schemes. The final *RES Support Scheme Alternatives for the Kosovo Energy Sector* report was submitted to ERO on July 15, 2018 and subsequent follow-up support for implementation was offered during the final project year.

Figure 4: Basic RES supporting mechanisms as presented in the report on Kosovo RES Support Scheme Alternatives

One of the ERO's 2018 board meetings had been attended by representatives of the Kosovo Renewable Energy Association (KREA) and Jaha Solar. These organizations requested that balancing responsibility payments for RES during the transition period be removed from the ERO's proposed regulations. Additionally, the ERO received comments from the EBRD on the power purchase agreements already prepared as noted above. A note was prepared by REPOWER-Kosovo giving a proposed response for the ERO to each of the Bank's comments. The ERO reported that they were coming under intense pressure from EBRD, and now also from the International Finance Corporation (IFC), to make the agreements more pro-investor. However, REPOWER-Kosovo informed the ERO that some of the comments would, if implemented, place undue and unmanageable risk onto the Market Operator and are not consistent with practice in other markets. As such, the project advised resisting these proposals in line with standard international commercial practices and noted that the risks covered in the agreement should fall on the party best able to manage that risk. The ERO had to ensure that the interests of the whole sector were reflected in a balanced manner, in line with standard international commercial practice in the agreements.

In response to these comments, the ERO's board decided to organize a public hearing on September 19, 2018 and invited all stakeholders to discuss this issue. Representatives of the IFC, EBRD, RES producers, Ministry, GoK and other parties were invited to the public hearing to discuss the issue regarding balancing. At the ERO's request, REPOWER-Kosovo organized the workshop and provided logistical and financial support, as well as a presentation on the issues concerned.

At this meeting, three main requests and recommendations were raised by investors and financial institutions related to the future investments in RES and their financing:

1. Removing the in-balancing costs responsibility from RES generators;
2. The extension of the duration of the PPA; and
3. Enforcement date of the PPA from the date of signing between the Investor and Market Operator (in contrast to the current draft, which has the start date as the date when generator comes into commercial operation).

The ERO's Managing Director presented the key elements of the Rule on RES Supporting Scheme, and KOSTT's representative explained the function of the in-balance mechanism. ERO and KOSTT representatives then presented their position on these requirements by presenting arguments supporting the current rule. Following the workshop, EBRD, IFC and KREA submitted their written positions/requests to the ERO which took them into due account before making its final decision. REPOWER-Kosovo assisted the ERO to consider all received comments which allowed the ERO board to adopt a revised PPA, in line with relevant legislation and regulation but also satisfying full EBRD requirements.

One-Stop-Shop (OSS)

Following REPOWER-Kosovo support in 2015, the GoK agreed to the establishment of a One-Stop-Shop (OSS) as a coordination and information service for RES projects. On November 2, 2015, REPOWER-Kosovo met with the MED Deputy Minister and other members of the Energy Department to discuss the structure of a draft administrative instruction for establishing the OSS for RES.

The MED made it clear that it was the Ministry's intention to seek approval for the OSS at the meeting of the National Council for Economic Development in November 2015 and requested the project's assistance in drawing up a concept paper outlining the OSS proposal for that meeting, in addition to preparing for and facilitating a workshop. REPOWER-Kosovo highlighted a number of questions which needed to be resolved related to the role and structure of the unit before the options paper could be finalized.

THE INTER-INSTITUTIONAL WORKING GROUP FOR ESTABLISHING A ONE-STOP SHOP FOR RES PROJECTS VISITED A WIND POWER PLANT NEAR COPENHAGEN DURING A STUDY TOUR.

REPOWER-Kosovo, in cooperation with the MED Deputy Minister, and the IMWG, resolved all points on the options paper and finalized and submitted the concept note to the Deputy Minister. In mid-December 2015 the National Council approved the proposal.

During Year 2 of the project, REPOWER-Kosovo further supported this topic through an international study tour for participants in the IMWG to gain a deeper knowledge of licensing and permitting procedures for RES projects in European Union countries with a longer track record of harmonizing the permitting processes. In consultation with the MED and the IMWG, a study tour to Denmark and Belgium took place in September 2016, with participants from the IMWG, including the ERO.

In early 2017, REPOWER-Kosovo was asked to attend a meeting between the MED and the Ministry of Public Administration (MPA) to discuss the legal basis for establishing an OSS as a separate unit within the MED. REPOWER-Kosovo explained to MPA that the OSS would be established as a separate division reporting directly to the MED, and not part of any of the existing MED departments. Attendees agreed that the draft administrative instruction had a legal basis. However, the MED's Rule on Internal Organization would have to be amended and approved by the Government. To facilitate progress, REPOWER-Kosovo agreed to prepare a draft budget to set up and operate the OSS for a period of two to three years. REPOWER-Kosovo then held a further meeting with the MED to discuss the next steps towards amending the MED's Regulation for Internal Organization to reflect the addition of the OSS as a new division within the Ministry. It was also agreed that the MED would prepare the new draft rule themselves and process it for approval.

The legal department of the MED also considered including the OSS scope of work in the new draft Rule on Internal Organization. By doing so, this appeared to disregard the current requirement of the Law that the OSS be approved through a "special sub-legal act adopted by the Ministry responsible for the energy sector" (as per the Administrative Instruction). REPOWER-Kosovo clearly expressed its

concerns about the legal compatibility of MED's new plans, but the matter was not resolved before the government called new elections at the start of the summer. After the June 2017 elections, the previous sponsor of the OSS initiative, the MED Deputy Minister, no longer had a position at MED and from this point onwards the government's commitment to the concept of the OSS as approved by the National Council diminished significantly. Despite numerous efforts by REPOWER-Kosovo to raise the profile of the issue, the new team within the MED were unwilling to engage in moving the OSS forward. After almost one whole year of inactivity, in the final quarter of Year 4 of the project, the new Minister advised REPOWER-Kosovo that he wished to review the decision of the previous government and again requested that REPOWER-Kosovo provide a report on options for the structure and function of a OSS, a step which took the project and the OSS back to the position existing in November 2015. REPOWER-Kosovo submitted a revised report to the MED by the end of Year 4.

Notwithstanding the new MED approach, REPOWER-Kosovo agreed to develop a manual of operations laying out the cooperation framework between the MED and stakeholders involved in the licensing and permitting process. REPOWER-Kosovo worked alongside MED's Energy Department to develop a manual for the operation and functioning of the OSS. REPOWER-Kosovo submitted its revised report to MED on May 24, 2019, followed by a presentation of the manual's findings to involved stakeholders on June 10, 2019.

MED officially announced the establishment of the OSS on its website and in other related documents in July 2019.

Develop RES tariff impact assessment

The MED Administrative Instruction 05/2017 of June 23, 2017 to voluntarily increase RES targets to a level exceeding Energy Community requirements was expected to increase end-use tariffs for Kosovo customers. The ERO had produced an internal assessment of the impact on the tariffs but asked REPOWER-Kosovo for an independent assessment in order to verify their results. Accordingly, REPOWER-Kosovo prepared an assessment of the financial impact of the higher targets, which was submitted to ERO on October 12, 2017. While the 2013 voluntary target (AI 01/2013) cost was €66.3 million per year, the new 2017 voluntary target would cost €72.7 million per year and will imply a tariff increase of approximately 30% if all else stays the same. The ERO is obliged by law to undergo a public consultation for all issues affecting tariffs. Despite being concerned about the unnecessary RES commitment and tariff increase, the ERO has not yet established an official position on its policy towards the RES targets. In the meeting held on June 5, 2019, the ERO Board issued a decision of preliminary authorization to 14 projects totaling 42 MW of new solar capacities on top of the voluntary targets. It is unclear how the policy will change to accommodate the new solar capacity, but it is suspected that it will be followed by a decision by the Minister responsible for energy to increase the 'voluntary' target. The ERO also issued a decision to not accept any more applications for authorization of new generation capacities in the waiting list.

Outreach to developers and financial institutions

In 2017, the REPOWER-Kosovo team worked closely with the ERO to prepare presentations for a workshop aimed at increasing awareness regarding RES project financing amongst local financial institutions. The workshop, entitled "Project Financing of Renewable Energy Investments in Kosovo," took place on November 30, 2017, and was attended by local and international banks, international financial institutions and key energy sector institutions in Kosovo.

After the workshop, one of the institutions, Banka Kombetare Tregtare (BKT), requested a meeting with REPOWER-Kosovo to discuss the RES fund and PPA in greater detail. The discussions also clarified other matters of interest regarding changes in legislation and set the stage for further cooperation related to RES investments.

Enable the implementation of certificates of origin

In early 2017 REPOWER-Kosovo assisted the ERO in taking some initial steps towards compliance with its obligations to issue CoOs, a scheme under Energy Community Law whereby energy from renewable sources is formally certified by a competent body as being from renewable sources. In Kosovo, the ERO is the designated issuing body.

Later that year, with the pressure of market liberalization eased, the ERO refocused on the implementation of a CoO system. In fall 2017, a coordination meeting was held between REPOWER-Kosovo and ERO staff to discuss the implementation. It was agreed that REPOWER-Kosovo would assist the ERO, initially by preparing a draft roadmap of activities with timelines for implementation. Once developed by REPOWER-Kosovo and discussed and refined with the beneficiary, the ERO then assigned a working group to work on the completion of activities as envisaged in the roadmap.

Delivery of this roadmap constituted completion of the planned activity under this sub-task. However, an important action within the implementation of the roadmap was the development of detailed rules on procedures for registering, issuing, measuring, transferring and cancelling the CoO. It was agreed that REPOWER-Kosovo would support their initial development.

Noting that the work on the CoO represents unfamiliar concepts for Kosovo beneficiaries, REPOWER-Kosovo organized a study tour for the ERO on CoO to Croatia and Belgium. The study tour took place from November 20 to 24, 2017. The five ERO staff members responsible for implementation of the CoO system participated, together with two members of REPOWER-Kosovo. The group visited the Croatian Energy Regulatory Agency (HERA), which is responsible for the disclosure and auditing of energy produced from RES, and the Croatian Energy Market Operator (HROTE), which issues the actual certificates. In Belgium, the group visited the Flemish Electricity and Gas Regulator (VREG) as well as the Association of Issuing Bodies (AIB). The planned meetings provided an opportunity to get acquainted with first-hand experience of the CoO system in operation, and to provide guidance to the ERO about the next steps in its own CoO implementation process.

REPOWER-KOSOVO REPRESENTATIVES DISCUSS WITH THE CROATIAN ENERGY MARKET OPERATOR (HROTE) ABOUT THE TOPIC OF COOS DURING A STUDY TOUR TO BELGIUM AND CROATIA

REPOWER-KOSOVO STUDY TOUR PARTICIPANTS ALSO MET WITH REPRESENTATIVES FROM THE CROATIAN ENERGY REGULATORY AGENCY (HERA) DURING ITS STUDY TOUR TO BELGIUM AND CROATIA.

On December 7, 2017, in order to follow up on the lessons learned from the study tour, REPOWER-Kosovo met with the ERO's Managing Director and the staff who had participated in the study tour. The discussion focused on steps for starting the implementation of the CoO system by utilizing the experiences from the study tour.

In June 2018, REPOWER-Kosovo completed a draft final version of the Rule on Procedures for Issuing Certificates of Origin for Production of Energy based on Renewable Energy Sources in both English and Albanian which was then published by the ERO for public consultation. Following the close of the public consultation, REPOWER-Kosovo supported the ERO in its analysis of the comments received. In September 2018, the Rule was finalized and made ready for Board adoption. However, the adoption of this Rule depended on the timing of the purchase of the software needed for registering and monitoring the certificates. At the end of the project, in September 2019, discussions between the ERO and the WB for financial support on purchasing this software was ongoing.

Community development agreements

Recognizing their ability to influence RES projects, REPOWER-Kosovo hosted a major workshop for municipal representatives during the first year of the project. The workshop informed participants about REPOWER-Kosovo's plan to address legislative barriers related to the roles of central and municipal authorities. Moreover, the presentations by the MED and ERO helped to raise awareness by municipal representatives of the GOK's objectives and international commitments related to RES.

REPOWER-Kosovo developed a report on Community Development Agreements in order to assist Kosovo Municipalities and communities to gain a better understanding of examples of international best practices of benefit-sharing mechanisms to mitigate community opposition to RES projects. The purpose of the report was to address the potential arrangements between developers of renewable projects with the community living close to the area where the project could be constructed.

In 2019, REPOWER-Kosovo organized a further workshop with representatives of municipalities and other stakeholders in order to jointly discuss opportunities related to investments in renewable energy projects and how to build a direct dialogue mechanism between the affected communities and relevant renewable energy developers. The workshop provided an excellent platform for discussion and elaboration of communication and mitigation measures that were needed to be in place between the affected communities and renewable project developers. Apart from the representatives of

municipalities, representatives of MED, Ministry of Environment and Spatial Planning, ERO, Kosovo Renewable Energy Association, USAID and REPOWER-Kosovo attended the workshop.

Donor/stakeholder coordination

Throughout the project, but particularly during the last three project years once the substantive efforts in streamlining the RES regulatory framework had taken root, REPOWER-Kosovo took steps to keep other donors and their consultants advised on its own activities in supporting clean energy projects. Some of these coordination efforts included:

- The project met with WB representatives on October 31, 2017, to coordinate the technical assistance that would be provided to Kosovo energy sector stakeholders for clean energy projects. It was agreed at this meeting that closer cooperation between the two technical assistance projects will be established in order to avoid any possible overlapping.

- Later that same year, the MED asked REPOWER-Kosovo to attend a consultation meeting with a European Union-funded consultant, GFA consulting company, at which a presentation would be given on the proposed revisions to the National Renewable Energy Action Plan (NREAP) for the 2011-2020 period. The MED intended to submit these recommendations to the EnCS under Kosovo's Energy Community obligations. Despite efforts to reduce administrative barriers to RES projects and taking into account authorizations expected to be granted by the ERO at that time, it was anticipated that Kosovo would still fall short of the 25% mandatory target, being stuck at 21.9%. GFA therefore presented proposals for how to achieve compliance with the mandatory target. At the MED's request, REPOWER-Kosovo provided comments to the European Union consultants on the revised NREAP for 2011-2020.

- REPOWER-Kosovo was approached by the Kosovo Renewable Energy Association (SHERK) with a request for a meeting in December 2017 at REPOWER-Kosovo's office, so both parties could inform each other of their RES-related activities and objectives in order to explore possible areas for cooperation. Both parties agreed to continue to share information related to RES, and to look for opportunities where collaboration might be beneficial.

- In May 2018, REPOWER-Kosovo met with the WB Kosovo representatives and discussed the current technical assistance provided by the project to the ERO with an objective to avoid any overlap and ensure the technical assistance provided to the regulator by both donors was complementary. The WB planned to provide assistance in the RES sector regarding grid integration analyses (with a particular focus on the DSO network), vulnerable costumers, and an overall affordability study, which is currently ongoing. In accordance with the agreed-upon REPOWER-Kosovo work plan, the ERO asked the project for support in dealing with market-based mechanisms for RES project incentives (feed-in premiums and auctions/competitive bidding). The WB agreed to produce an analysis of the RES potential in Kosovo and eventually review RES targets, having in mind the developments in RES projects/technologies during the last few years. REPOWER-Kosovo advised that the review of targets should take into consideration the latest version of the NREAP as a future binding document. Furthermore, REPOWER-Kosovo informed the ERO of work progress regarding the CoO. There are ongoing discussions with the WB for financial support on purchasing this software. The WB is also considering supporting ERO staff with training in implementing and working with the purchased software.

- Later that year, REPOWER-Kosovo participated at a roundtable meeting entitled "Identifying research gaps and synergies in the field of an energy transition in Kosovo". The meeting focused on

A Multi-stakeholder Partnership for an Energy Transition in Kosovo study, which highlighted the RES situation in Kosovo and emphasized the importance of RES transition in the country.

- In September 19, 2018, upon invitation, REPOWER-Kosovo attended a European Union-funded project "Support on Implementing 3rd Energy Package with focus on Energy Efficiency and Renewables", which was the first conference of Kosovo Municipality mayors. The major focus of the event was on energy efficiency.

COMPONENT 2: ASSIST THE ENERGY REGULATORY OFFICE WITH PLANNING, PREPARING AND PRIORITIZING CLEAN ENERGY PROJECTS

OVERVIEW

The second component of the REPOWER-Kosovo project is closely linked to the first, and there is some degree of overlap between the two. The scope of this component, however, is substantially broader and has been used as a vehicle to deliver wide-ranging technical assistance to the ERO in a manner which supports not only the regulation of clean energy projects, but the sector as a whole. Component 2 therefore generated the highest workload for the project, running at a fairly consistent level throughout the five years of performance. This was mainly due to the limited impediments effecting REPOWER-Kosovo's ability to deliver. While there were periods of time without a quorate or deadlocked board within the ERO, much of REPOWER-Kosovo's work was with the staff, and this work was able to proceed normally. The lack of quorum on the ERO's board impacted progress to a degree, mostly in delaying implementation of secondary legislation developed.

REPOWER-Kosovo's support under this component combined both training and know-how transfer and the development of new regulations/the provisions of studies and analysis on which regulatory decisions can be made.

Key outcomes of REPOWER-Kosovo's technical assistance to the ERO under Component 2 included:

- ERO was placed on a more sustainable financial footing following REPOWER-Kosovo support to the management of the regulator in preparing a detailed submission to the Ministry of Finance of the correct legal basis for financial independence under Kosovo law, which was used by the regulator to fight off aggressive government attempts to curb its budget.
- ERO's regulatory skills were enhanced through project support and training in transparent, evidence-based decision-making and policy setting.
- ERO was supported in taking the first steps towards market liberalization and has removed price controls from generation in line with Energy Community obligations.
- ERO implemented the necessary rules and regulations to fully implement the energy laws promulgated in 2016 bringing it into full de facto and de jure compliance with EC/2009/72.
- ERO certified KOSTT J.S.C. as Kosovo's Transmission System Operator in line with its Energy Community obligations.
- ERO's ability to implement the multi-year price control process was strengthened.
- ERO's institutional capacity was strengthened through the delivery of five study tours.

ASSISTED ERO WITH ANALYSIS DEVELOPED FOR KEY STRATEGIES

AFFORDABILITY ASSESSMENT

The fact that households in Kosovo have been subsidized by the industrial and commercial consumer base has long been an understood part of Kosovo's power sector policy. In the light of Energy Community's competition and energy laws, such cross-subsidies are no long permissible, and regulatory interventions to correct the subsidy require precise data to be available. The regulator also needs to better understand the ability of different sectors within the residential customer class to pay a higher, cost-reflective tariff, in order to inform the government's social welfare package for poorer citizens. To achieve that understanding, the ERO needed to have better data both on the costs of providing service to each voltage class of electricity consumer, and on the expected growth of consumer demand.

In 2015, REPOWER-Kosovo developed a detailed Cost of Service Study. This study looked at costs for providing electricity service to customers in Kosovo connected at different voltage levels, examined the possibilities for the development of required characteristic customer load shape diagrams and recommended the required preparation for appropriate measurements. Within the energy balance data, special attention was paid to accurate registering of consumption by prescribed time-of-day tariff time intervals, as well as accurate assessments of technical and commercial losses. Separation of the demand costs by customer categories should be based on their contribution to system level peak load. These requirements were carefully addressed in the preparation of the study.

The REPOWER-Kosovo team collected data from licensees of the ERO, as per developed pro-forma tables. In April 2015, the project issued its Interim Report on input data collection and study development activities to the ERO for their review. The Interim Report also outlined REPOWER-Kosovo's proposed methodology for data collection, and the ERO was asked to review and approve this as a pre-condition for the next stage of the study. The ERO accordingly approved the Interim Report and methodology. The ERO then distributed data collection templates to the sector participants, KOSTT, KEK, KEDS and KESCO. REPOWER-Kosovo's initial analysis of data received indicated multiple weaknesses or gaps in the data and, following the ERO's intervention, revised data was subsequently received.

Following a detailed analysis, REPOWER-Kosovo submitted the following draft reports to the ERO:

- Draft report on allocation of losses to customer categories;
- Draft report on allocation of costs to voltage levels (from 400 kV down to 0.4 kV) and to customer categories;
- Draft summary of planned study results and dynamics for final report development; and
- Draft cost of service model - V1.

After the ERO's review and further consultation with the licensees, REPOWER-Kosovo finalized the report analyzing the costs of each of the discrete activities within the electricity supply chain including generation, import, transmission, distribution and customer service (retail supply) costs. REPOWER-Kosovo submitted this final report with its complete set of annexes to the ERO in early September 2015.

DEVELOPED A LOAD FORECAST STUDY

Immediately following submission of the final Cost of Service Study report, REPOWER-Kosovo held lengthy discussions with the ERO team to discuss possible changes that might be required for tariff structures in order to better reflect the allocation of costs to different licensed activities following the results of the cost of service study. In order to improve these results and to advise the ERO on possible efficient tariff designs, the project commenced the implementation of a Load Forecast Study which

estimated household and commercial customer load up to 2025. This required REPOWER-Kosovo to help the ERO to develop a better understanding of the underlying dynamics of electricity demand by undertaking a detailed load forecast study to provide information on consumption trends by using the Model for Analysis of Energy Demand (MAED). By matching the energy consumption and load diagrams, the report made a final projection of electricity sales for each customer category, including breakdowns by consumption bands, seasons, peak and off-peak consumptions. The final sales projection results suggest that a moderate growth in electricity consumption of 2.74% is expected in Kosovo from 2015 - 2035. The main driver of this growth continues to be the household sector. The total electricity sales of all customer categories are expected to grow from 3.567,9 gigawatt hours (GWh) in 2014; up to 4,249.6 in 2020; 4,862.6 in 2025; 5,593.3 in 2030; and 6,289.3 GWh in 2035.

The findings of the model confirmed and gave a precise quantification of the significant levels of cross-subsidization in favor of household customers and these results were discussed with ERO, focusing on the approach which should be taken to phase-out the effects of the cross-subsidization in order to mitigate any resulting immediate increase in prices. The fact that the new laws stipulate that non-Universal Supply Service (USS) customers can no longer be regulated implies the cross-subsidies will have to be dealt with in the near future.

STRENGTHENED ERO'S ORGANIZATIONAL CAPACITY

Organizational Capacity Assessment of ERO

In carrying out the annual organizational capacity assessment (OCA), REPOWER-Kosovo used the standard USAID capacity assessment tool, as modified in 2014. This tool requires the assessment to cover seven separate components including:

1. Governance and Legal Structure;
2. Financial Management and Internal Control Systems;
3. Administrative and Procurement Systems;
4. Human Resources Systems;
5. Program Management;
6. Project Performance Management; and
7. Organizational Management and Sustainability.

Due to delays in securing an agreement with the ERO on an acceptable time to conduct the assessment, REPOWER-Kosovo could only conduct the first OCA in 2016. This first assessment established a benchmark score of the ERO's current capacities on which ERO's progress in addressing statutory requirements, as well as its ability to administer external USAID grants appropriately could then be assessed in succeeding years. This benchmarking was an initial and necessary step before completing the design of a suitable training program for the ERO, as the OCA would highlight capacity weaknesses that future training by REPOWER-Kosovo might then address.

The OCA scoring methodology allows a minimum average score of 1 and a maximum average score of 4. The initial score of 1.75 was lower than what might be expected for a regulatory organization that has been established for ten years. However, two important factors arising from the ERO's statutory status were of particular significance for the OCA in its initial score:

- The fact that the ERO does not have autonomy over its financial and procurement arrangements compared to a more conventional organization; and
- The fact that its board members are nominated by the GoK and appointed by Parliament. The ERO itself has no ability to influence this process. When the ERO is inquorate (as has occurred for lengthy periods during REPOWER-Kosovo project implementation) due to its mandate's

termination or expiration, its ability to function in terms of formal decision making is severely compromised. The fact that board members always have a limited mandate creates an inherent problem of sustainability, which is a key criterion for the OCA.

The ERO could not control these factors and they have had a significant bearing on the OCA results. Given these inherent constraints, the project does not believe the ERO could ever achieve a total score of 4.

In order to drive improvement in areas within ERO's control, an action plan was developed by the ERO with REPOWER-Kosovo's support, which identified specific actions, target dates and resources available. Successive assessments enabled the enhancement of ERO's organizational capacity to be measured objectively, as illustrated in Table 3 - Average OCA scores over four years:

Table 3. Average OCA scores over four years

Section	OCA Average Score 2016	OCA Average Score 2017	OCA Average Score 2018	OCA Average Score 2019	Change Over Four Years (% +/-)
Governance & Legal Structure	1.8	2.3	2.8	2.6	+44%
Financial Management & Internal Controls	2.6	2.7	2.7	2.7	+4%
Administrative & Procurement Systems	2.5	2.8	3.6	3.5	+40%
Human Resources Systems	1.8	2.5	3.3	3	+70%
Program Management	1.5	1.8	2.5	2.5	+67%
Project Performance Management	1.0	2.3	2.4	2.4	+138%
Organizational Management & Sustainability	1.1	1.9	2.3	2.3	+105%
Overall Average	**1.8**	**2.3**	**2.8**	**2.7**	**+51%**

The table above indicates a reduction in performance in 2019 compared with the previous year in the areas of governance and legal structure, administrative and procurement systems, and HR systems. The causes of these reductions in score can be summarized as follows:

- *Governance and Legal Structure*: Part of the OCA questionnaire focuses on visibility of the ERO's mission, both externally and, even more important, internally. Although the ERO's mission and vision statement are presented in the old business plan, in 2019, the updated business plan has left these statements out giving zero transparency to the organization's current mission and vision.
- *Administrative and Procurement Systems*: In 2019 the ERO faced depreciated hardware and tight budgetary constraints in securing its systems and facilitating expected growth over the next year. While budgetary constraints imposed on the ERO in contravention of primary law are not new, the capex element of the 2018 budget had been allowed in full.

- *Human Resource Systems*: The approved Law on Organization and Functioning of the State Administration and the Independent Agencies, the Law on Salaries and the Law on Public Order in the Republic of Kosovo, which will come in effect in October 2019, have amounted to further dissatisfaction of employees. Under these laws, current staff and key personnel at the ERO would see their compensations plummet and fears are that this would lead to a wave of resignations from the ERO. It is also predicted that with these laws, non-transparent recruitment could also then occur, leaving the ERO to be populated with less experienced and technically capable people. An incentive for employees at ERO was training, however recently this budget was significantly reduced to such an extent that almost no training can now be provided.

The greatest area of concern emphasized in the most recent OCA assessment, was the approval of three laws (i.e. the Law on Organization and Functioning of the State Administration and the Independent Agencies, the Law on Salaries and the Law on Public Order in the Republic of Kosovo), which ERO strongly believes, in combination, are inimical to its financial and operational independence and performance, and are in conflict with both the Constitution and the *lexspecialis,* the Energy Regulatory Law. A regulator's financial and operational independence is the cornerstone of international energy regulatory practice, and a fundamental pillar of EC and Energy Community law. Should the draft laws be implemented, the ERO believes that its future position will be even more tenuous than at present and that Kosovo will likely be in direct breach of Energy Community law.

TECHNICAL ASSISTANCE AND TRAINING TO ERO

In January 2015, REPOWER-Kosovo drafted a training program for the ERO that was discussed with the ERO's Head of Administration. REPOWER-Kosovo then asked the ERO's Head of Administration to discuss the planned exercise internally with department heads and board members, and to give her feedback on the timing and priorities for the training activity. In parallel, REPOWER-Kosovo identified experts who would implement the priority training activity at the time, which was regulatory monitoring of capital expenditure.

At the end of March 2015, REPOWER-Kosovo met again with the ERO's Head of Administration, who relayed feedback regarding areas of capacity weakness that each department had identified and where training would be valued. The training areas identified by ERO staff showed a good appreciation of the challenges posed by a changing market environment (such as increased private sector participation in the sector, changing European Union law and regional market harmonization), and the need for the ERO to develop its regulatory response to the market dynamics and to improve its internal coordination of regulatory monitoring and enforcement.

At this time three priorities for training were discussed:

1. Licensee monitoring of both compliance and performance covering legal, technical, economic, quality and customer service aspects;
2. Handling of inter-operator disputes, which would become more significant with an increasing number of small renewable operators; and
3. Tariffs, for non-tariff experts, to assist in understanding the inter-relationship between economic and non-economic regulation.

GENERAL SUPPORT PROVIDED TO ERO ON TARIFFS AND PRICING

Throughout the five-year implementation period, REPOWER-Kosovo gave almost continuous support to the ERO in its implementation of regulated pricing arrangements. During this period, some substantial

changes were made in the scope of regulatory pricing, to bring Kosovo into line with its Energy Community law obligations. Some of the key areas of regulatory pricing support are described below.

RETAIL TARIFF DESIGN

The ERO proposed various alternative tariff structures, and the advantages and disadvantages of each alternative were discussed in detail. After reviewing these presented alternatives, REPOWER-Kosovo emphasized their opinion that all alternative structures must preserve efficiency signals provided to customers and that these structures must be clearly and transparently discussed with customers in order for the new structure to be understood. The REPOWER-Kosovo team provided the ERO with arguments against removing the existing seasonality and Time-Of-Use components of the tariff as these may make heating with electricity a cheaper alternative than other fuels, particularly biomass, and thereby lead to inefficient use of electricity and an unsustainable increase in electricity demand.

ANNUAL TARIFF UPDATES

During the first quarter of Year 2, the ERO notified stakeholders of the plans and timeline for the implementation of the forthcoming Regular Adjustment and Annual Update tariff process (ETR10). The letter, which was sent to the licensees prior to the commencement of each tariff review process, elaborated the three phases of the regular adjustment and annual update process and specified the deadlines by which applications have to be submitted by licensees.

FEED-IN TARIFF MODELING

In 2016, the ERO's requested that REPOWER-Kosovo work on the calculations of feed-in tariffs for hydro and wind technologies. The team's findings were presented in a joint meeting at the ERO. During this presentation, the spreadsheet model laying out the details of the base assumptions and calculations were demonstrated to the meeting participants. It was agreed that, in addition to the calculations, REPOWER-Kosovo should also show cash-flow projections for typical RES projects with the proposed feed-in tariffs. Once the modifications to the model were made, the final results were presented again to the ERO. The new feed-in tariffs were approved in one of the first ERO Board Meetings in 2016.

DEVELOP AN INTEGRATED TARIFF MODEL

In Year 2, REPOWER-Kosovo also began work on developing an integrated tariff model for the ERO to conduct regular adjustments and annual updates. The structure of the model was presented to the ERO and the general layout of the model and its interfaces were agreed upon.

ERO also requested REPOWER-Kosovo's assistance in developing a Maximum Allowed Revenue (MAR) model to calculate annual MAR adjustments between two given relevant years within a regulatory period. Under the ERO's pricing rules, MAR is set upfront each regulatory period during the periodic reviews by analyzing the reasonable costs of the companies for the regulatory period. The level of the MAR is set to allow the companies to cover reasonable costs of operating and maintaining their assets and to earn a reasonable return if they deliver the investment results approved upfront.

The new integrated MAR model developed by REPOWER-Kosovo adjusts the MAR of the regulated companies within the regulatory period for the regular adjustment process. The calculations for adjusting the MAR of the regulated companies in the new MAR model are based on the Generation Pricing Rule, the TSO/MO Pricing Rule, the DSO Pricing Rule, the Public Electricity Supplier (PES) Pricing Rule and previous practices followed by ERO during the regular adjustment process. The model also adjusts the wholesale tariff, the Transmission Use of System (TUOS) charges, the System Operator (SO) charge, the MO charge, the Distribution Use of System (DUOS) charges and the retail tariffs to recover the MAR given the tariff structure, the MAR and the forecast sales/generation and peak demand.

SUPPORT ERO IN ITS SECOND NETWORK MULTI-YEAR TARIFF REVIEW

In 2012, the ERO converted to a multi-year tariff setting scheme with the support of an earlier USAID project. Such a system is better suited to the planning cycle for asset-intensive licensees and enables performance incentives to be built into the price control mechanisms, and it was introduced originally to facilitate privatization. The ERO was the first regulator in the region to adopt this type of pricing scheme. However, the initial controls set in 2012 were required to be reviewed, and with REPOWER-Kosovo's assistance, new controls were adopted by the end of March 2018.

At the ERO's request, REPOWER-Kosovo began providing support regarding the second Periodic Review of the Multi-Year Tariff for the DSO and TSO. The nature of the support was discussed and agreed upon with the ERO, which confirmed that for this second Periodic Review, the ERO would lead the process with REPOWER-Kosovo providing focused support in several specific areas. These areas included:

- Review and where necessary, revision of the 2012 data submission templates for the network licensees, recognizing the change in industry structure that occurred in 2013;
- Development of a Rule on Capital Expenditure (Capex) Approval;
- Support for the drafting of industry consultation papers;
- Project management support, particularly in setting the timetable for the review and for scheduling the milestones, including public consultation and hearings;
- Financial modelling of certain aspects of data delivered by licensees; and
- Research on updated base data for the ERO's estimation of the weighted average cost of capital (WACC), asset lives and electricity losses, which form critical inputs into the final controls.

The decision by ERO to lead the periodic review process itself demonstrates that previous, extensive technical assistance provided by USAID under both the previous project and under REPOWER-Kosovo have led to a considerable strengthening of the ERO's capacity to undertake such challenging and sensitive regulatory interventions. As mentioned above, the ERO is substantially more advanced in terms of its capabilities in economic regulation than its regional counterparts and is growing more confident in its role in pricing within the evolving Kosovo power sector and is now engaging its external consultants in a more balanced manner. As long as the ERO is able to retain experienced staff, this increased capacity should be sustainable. Some of the detailed tasks undertaken by REPOWER-Kosovo in support of ERO's periodic review are described below.

- ***Data templates*:** The periodic review requires comprehensive, accurate, and consistent data to be submitted to a regulator by the licensees. At the ERO's request, REPOWER-Kosovo reviewed the templates used in 2012 and developed revised templates for data submission taking into account the privatization of KEDS in 2013, and the unbundling of the distribution and supply activities in 2015.
- ***Project management***: REPOWER-Kosovo developed a comprehensive and detailed plan for conducting the periodic review, a process which commenced in April 2017, and concluded by final decision of the ERO Board on August 20, 2018. By developing a detailed plan, REPOWER-Kosovo assisted the ERO in managing its internal resources and kept the process on track, while ensuring that transparency over the process was maintained through consultation on the key stages. The project maintained and updated the plan throughout the remaining part of 2017. In line with the project work plan, REPOWER-Kosovo also drafted an initiation paper for the periodic review which was then agreed upon with ERO and circulated to licensees. This was an important initial task to ensure that the network licensees understood the process, its timing, and required actions.
- ***Rule on Capital Expenditure Approval*:** A meeting was held with the ERO to discuss the details related to the Rule on Capital Expenditure Approval. The Rule was one of the main inputs to the Multi-Year Tariff (MYT) process as it lays out the process according to which licensees submit their

capital expenditure programs and the criteria used by the ERO to review and approve such programs as part of the periodic review. Furthermore, REPOWER-Kosovo worked with ERO to determine a list of inputs required for the input values papers. The most critical inputs to the MAR process requiring ERO decisions were identified as forecast distribution losses, cost of capital, efficiency factors, asset lives, and sharing factors. Furthermore, a common approach in addressing these key issues was discussed. After completing all necessary preparations, the input values review stage of the second MYT process began.

- ***Financial modelling*:** REPOWER-Kosovo prepared a financial model to be used by the ERO to calculate MAR requirements resulting from the periodic review and from the ERO's examination of the expected capital and operating costs of the network licensees over the upcoming five-year period. In July 2017, REPOWER-Kosovo presented to the ERO a draft workbook containing the financial model for the Multi-Year Tariff 2 (MYT2) regulatory period. The ERO then provided comments on how they would like to see the workbook changed for future use and REPOWER-Kosovo adapted the model to reflect those comments.

INPUT VALUES FOR WACC, ALLOWED LOSSES AND OTHERS

At the end of the periodic review, in order to set new price controls for the network businesses, the ERO was required to take a position on a number of key values to the overall calculations of the MAR, including WACC, allowed losses, efficiency factors, sharing factors, and asset lives. To support the ERO in this task, REPOWER-Kosovo conducted research to update the necessary calculations originally performed in 2012, and prepared updated calculations for each of the WACC determinants in line with the methodology established by the ERO in 2012. In June 2017, following extensive discussions with the ERO, REPOWER-Kosovo provided draft consultation papers outlining the ERO's initial position on each of the main inputs. The ERO adopted and published these consultation papers in July 2017, providing licensees and other interested parties with an opportunity to comment on the data used in the calculations, and to provide further relevant data in support of their submissions.

Following publication of the ERO papers, USAID advised REPOWER-Kosovo that KEDS, in parallel to ERO's formal consultation process, had been expressing its discontent to USAID and the U.S Embassy regarding the ERO's initial positions on WACC, suggesting that it might be forced to sell the business to a third party. Accordingly, on July 18, 2017, REPOWER-Kosovo met with USAID and the U.S. Embassy to discuss the rationale behind the ERO's WACC proposals and to stress that the methodology is in line with the practice employed by other regulators in the region and the wider European jurisdictions. REPOWER-Kosovo also noted that by providing consultation papers which reflected ERO's positions on the WACC determinants, licensees were able to see the contents of and reasons behind the propositions and were given the opportunity to comment before any final decision was made. Additionally, REPOWER-Kosovo commented that in responding to these consultations, KEDS had provided only limited arguments against the ERO's initial position on the input values, whereas KOSTT had sought external expert support and provided strong counter-arguments in support of certain adjustments needed to be made by ERO in reaching a decision on the final values. As a follow-up to this issue, USAID asked REPOWER-Kosovo to examine the KEDS transaction documents to determine the relevant contractual provisions regarding the disposal of the business to a third party.

In late July 2017, following the discussions held with the ERO, REPOWER-Kosovo drafted a Response to Comments, responding to feedback received from KEDS and KOSTT on the WACC and Allowed Losses and Asset Lives Consultation Papers. In August 2017, REPOWER-Kosovo submitted the draft position papers to the ERO, and these were published.

PUBLIC HEARING ON CAPITAL EXPENDITURES PROPOSED

Electricity network businesses are high-asset intensive. A large part of the revenues required by these businesses relate to capital expenditures. The ERO believed that it would be in the public interest for the two licensees, KOSTT and KEDS, to present their business plans for capital investments, making the link between the cost of electricity delivered by the networks, and improvements in quality and reliability of supply, that would be obtained by the new proposed investments. As part of its activities, REPOWER-Kosovo organized a public event on licensee applications for the 2nd Multi-Year Tariff Review on September 19, 2017. It was well-attended and there were relatively few questions from the floor due to the level of consultation that had preceded it.

SUPPORT ON TARIFF IMPACT ASSESSMENTS LINKED TO MARKET LIBERALIZATION

Wholesale prices at the now deregulated end of the energy sector will be derived from market-based arrangements. Large industrial and commercial customers are, since January 2017, no longer entitled to a regulated retail tariff. Small firms and households are guaranteed an electricity supply with a certain quality at a reasonable price for a transitory period. REPOWER-Kosovo assessed the impacts of market liberalization on end-user tariffs in order to help Kosovo institutions make evidence-based decisions during the fiscal year under review. REPOWER-Kosovo later submitted the report to the ERO on market liberalization in September 2019.

REVIEW REGULATORY ACCOUNTING AND REPORTING REGULATIONS

REPOWER-Kosovo supported the ERO in its review of the existing Regulatory Accounting Guidelines (RAGs), which were approved by the ERO, but were only partially being implemented. The conclusions from this review were set out in a report based on an assessment of the experience in implementing the current RAGs, of their consistency with the requirements of the 2016 energy laws and compared against European Union best practices.

Following the review, REPOWER-Kosovo organized a meeting with the ERO and the licensees to discuss the current practice of submitting pro-forma regulatory statements in line with the RAGs submitted by the ERO. The team notified stakeholders of the ERO's plans to revise the RAGs in order to reflect the changes in legislation and to improve their utilization and implementation. KESCO, KOSTT and KEK expressed their support for the process and REPOWER-Kosovo's approach to involve them in the revising process. The ERO and REPOWER-Kosovo then agreed to continue working on submitting a revised draft rule on RAGs, which culminated in a workshop/training on the subject. The ERO, KESCO, KEDS and KOSTT actively participated in the discussion. Beneficiaries were notified of the changes by REPOWER-Kosovo and the ERO and were properly trained on submitting consistent and reliable data. This activity greatly enhanced the ERO's evidence-based policy making ability. The new draft regulation was submitted to the ERO in October of 2016, closing this task.

COMPLETE THE REGULATED GENERATOR PERIODIC REVIEW

REPOWER-Kosovo initially envisaged assisting the ERO in completing the regulated generator periodic review process, however, in line with Energy Community Law, the recently promulgated new energy laws significantly affected the ERO's approach to generation regulation.

As such, the team provided the ERO with a presentation on REPOWER-Kosovo's views on ERO's new regulatory responsibilities under the Third Energy Package. The key message of the presentation was that, in REPOWER-Kosovo's view, the ERO could no longer regulate generation prices. The presentation also provided a set of key questions that must be clarified by the ERO and the steps which the ERO should take in order to inform customers and other market participants of the new legislative amendments.

DEVELOP A REGULATION FOR TREATING GENERATION CAPACITIES WITH NET METERING

The ERO requested that REPOWER-Kosovo develop a regulation to address generation capacities with net metering to complement the Rule on Authorization Procedure for Small and/or Distribution-Connected Generation Capacities. As such, REPOWER-Kosovo provided a report to the ERO identifying the main features of various schemes to support the development of small photovoltaic (PV) installations and provided some examples of international best practices. The purpose of the report was to provide the ERO with the net-metering, net-billing, and self-consumption models applied internationally and the potential for the development of each scheme for Kosovo.

Following this work, the ERO requested REPOWER-Kosovo's further assistance with the development of a regulation to treat generation capacities with self-consumption capabilities (agreed to be named as a Rule on Prosumers). The ERO noted there was considerable interest for small PV developers to benefit from this regulation, mostly households and small businesses. REPOWER-Kosovo drafted a Rule on Prosumers and submitted to the ERO in September 2019.

PREPARE ERO'S WORK PLAN AND SUPPORT ERO TO BUILD AN APPROPRIATE BUDGET

BUDGET

At the start of Year 2, the ERO asked for urgent assistance from the REPOWER-Kosovo team to support its efforts to overturn a 20% reduction to its 2016 budget, which had been proposed by the MoF. Through this, REPOWER-Kosovo analyzed all relevant legislative provisions, including those of the Third Package and the comments of the EnCS, on the lack of financial independence for the ERO and provided a paper entitled the, *2015 ERO Budget Brief*, to the ERO. The ERO was then able to use this analysis to convince the GoK to reverse the MoF's earlier decision to cut the ERO's 2016 budget.

In early summer 2016, REPOWER-Kosovo reviewed the ERO's submission to the MoF, describing its expected expenditures under the mid-term framework for 2017 - 2019. The submission again drew heavily on the REPOWER-Kosovo paper provided to the ERO in 2016, and only minor additional points were suggested. The ERO subsequently submitted the paper to the MoF in line with the latter's timetable. This support led to a revision of the draft Budget Law to reinstate the ERO's full budgetary request.

FORWARD WORK PROGRAM

During the five-year implementation period, REPOWER-Kosovo supported the ERO in the development of two multi-year work programs, 2016 – 2017 and 2019 – 2022.

REPOWER-Kosovo developed the initial draft of the 2016 – 2017 program in the form of a consultation document and submitted it in draft format to ERO. Prior to finalizing the program, the project held meetings with ERO department heads to get their comments and buy-in to the program, and the Forward Work Program 2016 - 17 was subsequently adopted by the board of ERO. However, as mentioned above, the board decided not to publish the 2016 – 2017 program. REPOWER-Kosovo regrets this latter decision as it firmly believes that full consultation is necessary not only to receive valuable comments from licensees, but most importantly to alert licensees and other interested parties of what ERO will require from them in the short term. In early 2019, the ERO again asked REPOWER-Kosovo to assist with the work plan document. REPOWER-Kosovo developed the requested document for the period 2019 - 2022 and submitted to the ERO in March 2019.

TSO BALANCING PROCEDURE

In May 2017, the first term of the then Acting Chairman of the ERO ended. This, in combination with the resignation of one of the Board members and the retirement of the previous chairman, left the ERO once again without a quorum for decision-making. With the fall of the government, no replacement members could be appointed.

During June 2017, the ERO's Managing Director asked REPOWER-Kosovo what mechanisms the ERO might justifiably adopt to enable a new balancing mechanism to be formally implemented, absent a quorate board that could make a formal ERO decision. The balancing mechanism is the means by which market participants who create system imbalances by being short or long on their contracted energy compensate the system operator (SO) for the costs incurred by it, on behalf of the market, in maintaining a fully balanced position at each moment. KOSTT had consulted on the draft procedure with licensees, and the draft submitted by the licensee to ERO had taken due account of the comments received. The ERO had reviewed the final draft and they considered it to be appropriate for implementation. They considered there to be little risk to any party in implementing the final draft of the procedure. By contrast, not implementing the procedure would create a risk, in view of both REPOWER-Kosovo and the ERO, to the orderly and disciplined operation of the power market and would create a lack of transparency in the market.

In light of the risks of not implementing an effective balancing mechanism, REPOWER-Kosovo recommended that the ERO convene a meeting of all parties responsible for balancing and seek their agreement to adopt the procedure voluntarily. If the licensees agreed to follow the procedure voluntarily, then there would be no need for ERO to make a formal decision to impose it until the board is formed.

This meeting took place on June 27, 2017, and the market participants unanimously agreed to accept the imposition of the balancing mechanism, which is now implemented in full, and parties with an imbalance position are paying the appropriate amounts to the SO to cover the costs incurred in maintaining the system in balance. This successful and timely intervention by the REPOWER-Kosovo project has generated good trading discipline within the Kosovo wholesale electricity market.

RESPONSE TO THE OMBUDSMAN'S REPORT

In June 2017, the Ombudsman of Kosovo issued a report questioning the legitimacy of the ERO permitting the recovery of the cost of unpaid supplies to the northern municipalities through the tariffs paid by all customers in the rest of the country. This practice of cost recovery is a matter of long-standing public policy, with the ERO and the public supplier acting merely as implementing agents in respect to the policy. In order to assist it in formulating its formal response to the June report, the ERO requested REPOWER-Kosovo to prepare a draft reply, which was submitted to the ERO later that same month. Given the political sensitivity of the issue, USAID reviewed and commented on the project's draft prior to its submission to the ERO. The ERO then issued its formal response to the Ombudsman citing the legal basis for cost recovery and challenging the Ombudsman's assertion that KESCO, as the successor to KEK, was enriching itself unjustifiably through the recovery of these costs.

Following the receipt of ERO's response, the Ombudsman then sought an injunction in the court of first instance of Pristina to put a hold on an earlier ERO decision which it incorrectly believed to be the 2012 decision approving the recovery of the northern unpaid energy costs via the tariff. The ERO declared its intention to appeal. In mid-September 2017, REPOWER-Kosovo was asked by USAID to evaluate the potential implications of the decision handed down by the court of first instance in Pristina and of ERO's appeal, and a brief note was prepared and submitted to USAID.

PRODUCE A REVISED CONNECTION CHARGING METHODOLOGY

At the ERO's request, REPOWER-Kosovo met with relevant regulatory staff on November 30, 2017 to discuss the assistance required by the ERO to support it in improving the current DSO Connection Charging Methodology. As this support was in line with the project work plan, REPOWER-Kosovo agreed to review all relevant documents and provide comments and recommendations in respect to a revised draft methodology for KEDS. The revised Draft Distribution Connection Charging Methodology was submitted to ERO in the second quarter, completing the planned activity for this fiscal year. At the ERO's request, REPOWER-Kosovo provided a *Note on Distribution Network Charging Methodology*. This note was developed to provide additional material to assist the regulator's consideration of an alternative connection charge structure and composition that has been proposed by ERO staff. The work on this document was continued in 2019 and in June, REPOWER-Kosovo submitted to the ERO a final draft of the revised document.

SUPPORT ERO TO DEVELOP AN INTERNAL REGULATION FOR THE CALCULATION OF THE WHOLESALE REFERENCE PRICE FOR RES SUPPORT SCHEME

REPOWER-Kosovo drafted a rule for the ERO's internal use in fulfilling its obligations to develop a Reference Price for energy from eligible renewable resources sold by the Market Operator to suppliers.

The draft rule submitted to the ERO in September 2019 established the methodology to calculate the reference price for RES paid by suppliers for renewable energy delivered to them by the market operator. The reference price rule sets out the context under which the reference price is calculated, the principles and conceptual understanding of the calculation and the translation of those principles and contexts into a formula that can be used to calculate the reference price.

QUALITY OF SERVICE REGULATION – BEST PRACTICE REVIEW AND PROPOSALS FOR A DRAFT REGULATION

REPOWER-Kosovo submitted to the ERO an initial draft Study on Quality of Services on March 12, 2018 for their review and comments. The project developed this draft as a preparatory work for the development of the required draft rule on quality of electricity service standards needed in accordance with relevant legislation. Following acceptance of the study, REPOWER-Kosovo developed the draft Rule, which the ERO received on April 4, 2018.

On May 8, 2018, following ERO's public consultation, the REPOWER-Kosovo team and the ERO staff held a joint meeting discussing the final comments received from ERO on Quality of Electricity Services Standards. After clarification of the ERO's comments, the REPOWER-Kosovo team accordingly incorporated the comments and prepared the final Rule on Quality of Electricity Services Standards. The final Rule was submitted by REPOWER-Kosovo to the ERO on July 27, 2018, completing the planned work under this sub-task. Following internal consideration by ERO staff, a public consultation was held. The board of ERO formally adopted the Rule on Electricity Service Standards in June 2019.

ERO MANUAL OF OPERATIONS – UPDATE AND IMPROVE

An important element of the USAID standard OCA methodology is the evaluation of the robustness of internal governance arrangements and operational procedures. The ERO's Managing Director has, since 2016, been attempting to strengthen the regulator's internal processes to enhance governance with the support of REPOWER-Kosovo. Those attempts have not been successful to date due to a lack of board

support and a lack of a quorate board. Despite this, REPOWER-Kosovo drafted a requested *Manual of Operations and Procedures*, and in February 2018 submitted it to the ERO for further consideration. As at the end of the project however, the revised manual remained unadopted by the ERO board.

ERO BOARD MEMBER INDUCTION TRAINING

The National Assembly formally appointed two additional members to the ERO board in late March 2018. On March 23, 2018, at the request of the ERO Managing Director, REPOWER-Kosovo delivered a two-and-a-half-hour introduction training course for the entire board. The training, which was on the subject of the ERO's statutory authority and decision-making powers, was principally aimed at the two new board members.

ACER OBSERVER STATUS FOR ERO

Additionally, in January 2018, REPOWER-Kosovo undertook a legal analysis of the ERO's preparedness to apply for observer status for the Agency for the Cooperation of Energy Regulators (ACER) working groups, which is now being monitored and reported by the EnCS under the Western Balkans Six (WB6) objectives. Within the region, only Montenegro has successfully applied and joined. This is not a high priority for the ERO though presently, but a continued focus by the Secretariat on this topic could make the application tactically useful for Kosovo as it should prove an easy win in the future.

NARUC PRICE COMPARISON TOOL

On June 4 - 5, 2018, REPOWER-Kosovo representatives participated in a two-day workshop at the ERO office organized by the National Association of Regulatory Utility Commissioners (NARUC) on a price comparison tool (PCT) and customer communications. Parts of the price comparison tool used at the workshop were developed by REPOWER-Kosovo, as a synergy effort between REPOWER-Kosovo, with NARUC technical support, and submitted to NARUC previously on April 26, 2018. The workshop covered topics regarding leveraging the PCT for communications and public outreach, techniques for improving customer adoption, general communications best practices, exercises for communications staff and a technical review of the PCT for information technology staff.

ENSURE COMPATIBILITY WITH EC LAW

SUPPORT ADOPTION OF THIRD PACKAGE

At the request of the ERO, REPOWER-Kosovo reviewed potential modifications aimed at strengthening the independence of the regulator, which is a key requirement of the Third Energy Package. However, in the view of the project, such modifications were not inappropriate, and indicated to the ERO that it should not be assumed that the modifications will be sufficient to ensure that any government in Kosovo will respect the independence secured in the law.

At the specific request of the MED, the project reviewed and considered Article 22.3 of the Law on Electricity and considered the comments of the EnCS in Vienna regarding these provisions. These provisions sought to provide specific additional protection to KEDS, who had existing contract obligations for capacity and energy purchase. REPOWER-Kosovo advised that, under European law, that there are existing provisions for dealing with precisely this type of historic obligation to hold any contractual party harmless to any changes introduced through market liberalization. REPOWER-Kosovo further advised that the Secretariat was unlikely to accept such specific, individual legislative protections, as it is likely to consider such mechanisms as redundant due to existing legal provisions. All of these comments were reviewed by the International Energy Agency (IEA) and then submitted by the project to the MED as part of their December 2014 consultation process.

Draft regulatory instruments developed and delivered by REPOWER to ERO for 2017 market liberalization

New regulatory instruments developed, and existing instruments modified:

Market opening pack

- Methodology for determining generation concentration

The licensing pack

- Revisions to the Rule on Licensing
- Revisions to the Rule on General Conditions of Electricity Supply
- Revisions to the Market Operator, TSO, Distribution, Public Supplier and Generation licenses
- New competitive supply license

The Supplier of Last Resort pack:

- SOLR pricing methodology
- Rule on SOLR Revenues
- Internal ERO procedure for evaluating efficiency of SOLR power procurement
- Tender document for SOLR selection

The Universal Service Obligation pack

- USS pricing methodology
- Rule on Universal Service Supply
- Internal ERO procedure for evaluating efficiency of USS power procurement

ERO SUPPLY COMPETITION ASSESSMENT

REPOWER-Kosovo reviewed ERO's draft consultation paper on competition which used a pre-defined methodology to assess the level of competition within the Kosovo power sector and provided written comments to the ERO drafting team. The paper concluded that there is no competition in generation or supply to date in Kosovo. The ERO's review is a legislative obligation but will also act as the starting point for work to be developed in subsequent reporting periods on implementation of competition in line with the Energy Community Treaty obligations.

MARKET LIBERALIZATION

The Third Energy Package and Kosovo law require certain measures to be taken by national regulatory authorities such as the ERO in terms of the liberalization of the electricity sector. These requirements are monitored under the Western Balkans Six initiative under which Kosovo committed to remove regulatory price controls from generation and, partially, supply prices, despite the lack of competition in the generation sector, and to restrict price control to customers who enjoy the right to Universal Service.

At the start of the third project year, the ERO made a policy decision to implement these requirements and sought project support, with the necessary changes to come into force by April 1, 2017, a date chosen to coincide with the ending of the generation multi-year control set in 2012. The ERO confirmed that they would undertake certain tasks without external support, but that project assistance would be helpful. To support these efforts, REPOWER-Kosovo met with the ERO to discuss the roadmap for generation and supply price deregulation and market opening.

Year	Package	Description
1996 – 1998	The **First** package	Restructuring, market opening
2003	The **Second** package	Free choice of suppliers
2009	The **Third** package	Further liberalization, strengthening Internal European Market
2018 – 2019	**"Clean Energy for All Europeans"**	

The ERO policy decision referred to above would result in the promulgation of new and revised secondary legislation necessary for full implementation, but many economic and legal issues had to be evaluated and appropriate regulatory mechanisms assessed, before the new regulatory instruments themselves could be drafted. This required an intensive and coordinated exercise bringing together several different tasks within the REPOWER-Kosovo Work Plan for Year 3. For ease of reference, certain tasks which fall strictly under Task 2.5.13 are described here in conjunction with Tasks 2.6.4, 2.6.5 and 2.6.9.

In order to assist ERO in managing the market liberalization process, REPOWER-Kosovo proposed organizing a series of regular coordination meetings between the project and ERO staff. These would support the ERO internally in harmonizing the work of its individual departments, and of its external consultants (NARUC and REPOWER-Kosovo), in order to ensure information was shared and to act as a means of identifying required decisions and receiving guidance from the board. The ERO accepted this proposal and the first such meeting took place on October 26, 2016 as a one-day workshop on retail market openings in Gërmia, near Pristina. Two further coordination meetings were held on November 16, and December 28, 2016.

As a result of the first workshop, the ERO identified and confirmed to REPOWER-Kosovo the areas on which it needed project support. Actions identified for project support at the time included:

- Proposing criteria for determining the market opening (to be encapsulated in a market opening decision);
- Reviewing and proposing modifications to the existing operating licenses, including the Rule on Licensing and the Rule on General Terms and Conditions of Supply;
- Developing the framework for the imposition of the Universal Service obligations, which would include a procedural rule encompassing pricing methodology, associated licensee obligations, and a draft decision (the Universal Supply Service pack);
- Developing the framework for the imposition of the Supplier of Last Resort (SoLR) public service obligations which would similarly include a procedural rule encompassing a pricing methodology, associated licensee obligations and a draft decision (the SoLR pack);
- Developing a characteristic load profile study and rule; and
- Developing the study and framework for quality of service regulation.

For its part, the ERO worked on other secondary legislation, including those on customer protection in conjunction with government ministries, monitoring tools, and a communications strategy in conjunction with NARUC. All components were developed by the ERO and REPOWER-Kosovo to an advanced draft stage by early 2017 to allow the ERO to consult stakeholders in time to meet the target date of March 31, 2017 for the implementation of all new regulatory instruments and decisions.

REPOWER-Kosovo's technical assistance in the area of market liberalization is described more fully under the sub-headings below.

CAPACITY BUILDING: MARKET LIBERALIZATION

To assist the ERO's staff in better understanding the challenges facing them under market opening in Kosovo, REPOWER-Kosovo organized a workshop/study tour on retail market opening at Energy Institute Hrvoje Pozar's (EIHP) premises in Zagreb, Croatia. All members of the ERO's working group for market opening attended the workshop, and presenters from Croatia and Bosnia and Herzegovina shared their experiences with challenges that retail market opening brings. The presentations were followed by fruitful discussions and both Croatian and Bosnian participants promised to provide full further assistance to that ERO if needed and, also, to share any relevant documents that would facilitate the ERO to deal with this demanding task.

SUPPORT IN THE DEVELOPMENT OF CHARACTERISTIC LOAD CURVES

REPOWER- Kosovo provided support and assistance to the ERO during Years 2 and 4 of the project to develop a report outlining proposals for the development and use of characteristic load profiles to facilitate the development of competition in retail supply. Load profiles are necessary in order to provide a proxy for customer demand by hour, which is not available for the residential and small commercial sectors due to the use of consumption, rather than demand, meters. There were practical difficulties in accessing all data from KEDS due to the quantity of data involved, but arrangements were made following discussions between the project, ERO and KEDS to facilitate the project's access.
On January 9, 2018, REPOWER-Kosovo submitted to the ERO an analysis of the questionnaire responses received from licensees. A follow up meeting with the ERO was held on January 25, 2018 to discuss the current activities of the ERO to finalize the review and comments of the submitted report. Final comments were submitted soon after.

On February 6, 2018, the REPOWER-Kosovo team met with the ERO to discuss and agree on the completion of the Load Forecast Study with the available data received from KEDS. During this meeting, both parties agreed that an additional meeting with KEDS was needed in order to clarify some of the data received and discuss the possibility of collecting some data directly from KEDS. Immediately following this initial meeting with the regulator, REPOWER-Kosovo, together with ERO representatives, had a meeting with KEDS staff. KEDS presented the data from their software and explained some data submitted related to the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI), which monitors interruptions in supply to users. KEDS agreed to send some raw data related to these two indicators of quality of service as required from the ERO on the advice of REPOWER-Kosovo.

In February 20, 2018, REPOWER-Kosovo submitted to the ERO the draft document *Methodology for Preliminary Service Load Profiles (SLP) in Kosovo*, which describes in detail the procedures KEDS should apply to load profile data of interval-metered customers in 2017 from various consumption categories. These categories included: 1) LV domestic customers; 2) Tariff group 4/02; 3) LV commercial customers category II; 4) Tariff group 7/02; 5) LV public lighting; and 6) Tariff group 8/01. This methodology was intended for use to derive preliminary SLPs for the electricity market in Kosovo.

REPOWER-Kosovo gave a presentation to ERO staff on the development of characteristic load profiles in Kosovo's power system on July 3, 2018. The presentation focused on the load research sample for deriving characteristic load profiles, a suggested methodology for the development of preliminary SLPs, and the suggested next steps on development of characteristic load profiles in Kosovo's power system.

REPOWER-Kosovo finalized work on the *Support on Development of Characteristic Load Profiles in Power System of Kosovo* study and submitted it to the ERO on August 11, 2018. This study supported the development of representative standard load profiles for the Kosovo electricity market. This comprehensive study included the following main elements:

- Kosovo electricity data;
- Applicable legislation and requirements for load profiles;
- Examples of load profile development in regional and European countries;
- Application of standard load profiles in the Kosovo electricity market;
- Load research samples in Kosovo;
- Proposed methodology for load profile development in Kosovo; and
- Conclusions and recommendations.

The study also suggested taking a gradual approach with the Kosovo electricity market with a particular focus on the need to:

- Work further on open issues in the Market Rules;
- Determine preliminary standard load profiles for the electricity market in Kosovo based on the existing load profile data; and
- Implement a load research sample and derive standard load profiles for the Kosovo electricity market and develop rules for their application in the settlement process.

SUPPLIER OF LAST RESORT ARRANGEMENTS

The concept of 'SoLR' is used to describe the regulated arrangements put in place to ensure the automatic transfer of the customers of a failed supplier to a new supplier, on regulated terms and conditions. This is an essential protection for the smaller customer in a competitive retail market. As part of the overall market liberalization exercise, REPOWER-Kosovo met with the ERO's Pricing and Tariffs Department and discussed the content of the principles of the Rule on SoLR Pricing. Following initial discussions with the ERO, REPOWER-Kosovo developed the following:

- Draft pricing methodology, to reflect costs that would be recoverable by the SoLR in the event of the licensee needing to act in this capacity;
- Draft rule on SoLR revenues;
- An internal procedure for determining the efficiency of the procurement of energy by the licensee under SoLR conditions; and
- Draft tender documentation for SoLR.

ENSURING UNIVERSAL SERVICE

Article 4 of Directive 2009/72/EC obliges all Contracting Parties, including Kosovo, to ensure that customers in Kosovo enjoy 'universal service', that is, the right to an electricity supply at reasonable prices and with a reasonable quality. This is an important 'safety net' for customers with a poor credit history, or poor load profile, who may not be able to find a supplier willing to supply them at reasonable terms in a fully competitive retail market. As noted above, REPOWER-Kosovo met with the Pricing and Tariffs Department to discuss and agree on the content of the Rule on Universal Service Supply Pricing. Working in parallel with the other liberalization tasks described above during the six-month period prior to market opening, REPOWER-Kosovo developed the following:

- Draft pricing methodology, to reflect the costs that would be recoverable by the Universal Service Supplier during the post April 1, 2017 liberalized market phase;
- Draft Rule on Universal Service; and
- An internal procedure for determining the efficiency of the procurement of energy by the USS for universal service customers under regulated conditions.

A meeting took place with ERO in early March on the draft Rule, which the ERO finalized and published for public consultation on March 13, 2017.

TARIFF IMPACT ASSESSMENTS

In February, ERO requested that REPOWER-Kosovo meet with them to discuss pricing issues related to the liberalization of the market that was set to occur on April 1, 2017. In this, ERO anticipated removing the 220 kV and 110 kV customer groups from the scope of regulated tariffs, as well as removing the seasonality feature from all tariff categories. They also proposed removing the block tariff feature from the household tariff. While ERO had developed their proposals without the support of REPOWER-Kosovo, REPOWER-Kosovo was asked to assist ERO in organizing and hosting a public presentation of the regulator's liberalization proposals.

A public consultation took place on March 24, 2017 during which ERO received various stakeholder comments. As REPOWER-Kosovo had not been involved in the development of the tariff restructuring proposals, the project was represented as an observer only. REPOWER-Kosovo also noted that ERO was requested by the Parliamentary Committee for Economic Development, Infrastructure, Trade and Industry to submit examples of the impact of the tariff changes on various customer categories, which was undertaken by ERO by the end of the reporting period.

LICENSING

Multiple factors this year resulted in modification requirements to the suite of licenses issued by the ERO. Principal among these were changes to the primary legislation. However, the precise manner in which market liberalization would be implemented required detailed changes to be made to various license conditions. Notably, this included supplier obligations regarding customer switching, balance responsibility, and RES. In addition, changes were required to be made to the wider regulatory framework for licenses, requiring changes to two existing regulatory rules.

In line with the objectives of the project, REPOWER-Kosovo developed revisions to the suite of existing licenses and the regulatory rules, and also developed a new set of standard license conditions for supply to the contestable (non-USS) market.

ERO requested REPOWER-Kosovo support to review and propose modifications to a draft supply license for Hrvatska Elektroprivreda (HEP), an energy supply company which had applied with the ERO for a license to supply any customer within Kosovo. REPOWER-Kosovo reviewed the applicable legislative provisions and the ERO rules, and provided its opinion to the ERO which, indicated that refusal to grant a license on any grounds other than a failure by the applicant to meet the requirements for the grant of a license would constitute a material breach of Kosovo law and would run strictly counter to the principles of the energy acquis. REPOWER-Kosovo proposed amendments to update cross-references, introduce provisions to constrain and prohibit anti-competitive pricing practices in the open market, and strengthen the cross-subsidy provisions. These

"We thank the REPOWER project for the assistance provided in implementing the recent legislative amendments which will shift the Regulator's focus towards facilitating the development of a competitive electricity market."

--- ENVER HALIMI, CHAIRMAN OF THE BOARD OF THE ENERGY REGULATORY OFFICE OF THE REPUBLIC OF KOSOVO, JUNE 21, 2016

amendments were discussed and agreed upon with the ERO. In an October 14, 2016 press release, the ERO announced that it had finally granted a supply license to HEP and licensed Energy Financing Group AD for wholesale supply, thus introducing the first two competing supply companies for the mass market.

The new licensing arrangements were adopted and brought into force in April 2017.

MARKET OPENING LAUNCH

On March 17, 2017, the ERO, supported by REPOWER-Kosovo, organized a workshop to present to the public the recently adopted guidelines for market liberalization, which were scheduled to go into effect starting April 1, 2017. The topics were related to the proposed legislative amendments in the pricing area, together with the SoLR and USS arrangement, the lifting of regulatory price controls for generation and supply, and new arrangements for the RES sector.

As a result of REPOWER-Kosovo's substantial effort in working with its ERO counterparts during late 2016 and early 2017, the ERO was in a position to declare the initiation of the first phase of market liberalization as of April 1, 2017. As of this date, the largest consumers were allowed to freely choose an alternative supplier under direct contract, bringing Kosovo into compliance with this requirement of Energy Community Law.

A number of regulatory instruments, forming the essential framework for market opening, were adopted by the ERO Board between January and April 2017 as noted below:

1. Decision on the Assessment of Competition on the Electricity Market (Decision V_880_1_2017 of January 18, 2017);
2. Guideline for Market Liberalization (January 18, 2017);
3. Rule on Universal Service Supplier Pricing (April 13, 2017);
4. Decision on the Opening of the Tendering Process for selecting the Supplier of Last Resort (Decision V_910_2017 of April 13, 2017); and
5. Rule on Supplier of Last Resort Pricing (April 27, 2017).

ERO'S FORMER CHAIRMAN OF THE BOARD, MR. KRENAR BUJUPI, ADDRESSES ATTENDEES AT AN ERO ORGANIZED EVENT ENTITLED "KOSOVO ENERGY SECTOR – MARKET LIBERALIZATION," ORGANIZED WITH THE ASSISTANCE OF USAID'S REPOWER-KOSOVO.

NORTHERN MUNICIPALITIES SUPPLY LICENSE

During early 2015, the ERO also requested support in preparing a template supply license which could be granted to Elektromreza Srbije (EMS), as part of the implementation of the Energy Agreement that derived from a dialogue process between the two countries under EU facilitation. REPOWER-Kosovo prepared a series of drafts and discussed with the ERO, culminating in the submission of a final draft in September 2015. The final draft was in a format that could be reused for any other competitive supplier, while accommodating some of the specific, likely requirements of the supply situation within the northern municipalities of Kosovo. The fundamental basis of the exercise was to ensure that both the specific provisions of the Third Package were followed, and that the general principles of non-discrimination (against any party) were followed.

DSO COMPLIANCE PLAN REVIEW

Article 26 of the European Electricity Directive EC/2009/72 places certain unbundling obligations on the operators of distribution networks where those operators are part of a company performing generation or supply functions. As privatized in 2013, the Kosovo distribution network operator, KEDS, carried out both distribution and supply activities. The ERO had transposed the essence of these obligations into the operating license for KEDS, in line with which the operator undertook to unbundling its operations and to establish a compliance program. The ERO requested REPOWER-Kosovo support to review the DSO's Compliance Program submitted in compliance with its license.

In line with this request, REPOWER-Kosovo carried out a review, first reviewing and documenting the relevant legislative requirements of EC/2009/72 and then providing an overall evaluation of the DSO's proposed program, followed by section-by-section comments in detail. REPOWER-Kosovo's view was that the program indicated a generally serious approach to compliance, although some specific non-compliant areas were identified. The project also recommended that the ERO audit implementation of the program before the licensee prepares its first annual report.

KOSTT GRANTED FULL TSO CERTIFICATION BY ERO FOLLOWING REPOWER-KOSOVO SUPPORT

ENSURED ERO AND KOSTT UNDERSTOOD THE NATURE OF THE OBLIGATION

The unbundling requirements for transmission network operators are more rigorous than for their distribution counterparts, because of the significance of the transmission network for inter-state trading. TSO certification is therefore a key element of the Third Energy Package obligations for the Kosovo authorities. Following the passing of the new energy laws in summer 2016, and separation of the reporting channels and ministerial control for KEK and KOSTT contained in the Law on Electricity, revised legislative arrangements provide added separation to KOSTT as a publicly owned enterprise and disapplied a specific provision of the Law on Publicly Owned Enterprises relating to the company's governance.

Shortly after the new laws came into force in June 2016, REPOWER-Kosovo gave an introductory presentation on certification to the Board of the ERO. REPOWER-Kosovo had urged the presence of KOSTT, so that the two organizations could work towards certification in coordination, but this was turned down by the ERO Board. On the back of this introduction, REPOWER-Kosovo developed a number of reports for both KOSTT and the ERO and ensured that KOSTT was provided with copies of all reports submitted to the regulator. These reports included:

i. Background report, principally for the ERO, introducing the essential requirement and the role of the different Kosovo bodies (ERO and KOSTT) and of external parties (EnCS and ECRB).
ii. Report, principally for the ERO, identifying the legal tests (precedents) that would have to be undertaken to prove that the unbundling requirements had been met.
iii. Report, specifically for KOSTT, which outlined the process that would be required in order to complete and submit a reasoned application to the ERO for certification.
iv. Draft procedural Rule on Certification, which the ERO is required to adopt under the new laws, was developed and submitted to the ERO.

In late 2016, REPOWER-Kosovo met with both the ERO and KOSTT and discussed the task of TSO certification. The ERO indicated some hesitation in undertaking certification, which is mandatory under the Third Package, because of the added pressure on their resources and the fact that they no longer had a quorate Board. KOSTT, on the other hand, responded positively to REPOWER-Kosovo's offer of support going forward. KOSTT also fully recognized that certification may be strategically important to them in respect of the ENTSO-E issue.

KOSTT SUPPORTED IN MAKING ITS FORMAL TSO CERTIFICATION APPLICATION

In order to commence the certification process, a TSO must submit a formal written application to the national regulatory authority. The application must identify the form of unbundling that is applicable in its case and give a fully justified legal case to support why it should be considered as meeting the legal tests for certification, which derive from EU law and case law. KOSTT's management requested that REPOWER-Kosovo lead the drafting of the formal certification application to the ERO and confirmed that the company would take the lead on identifying the necessary supporting documents. KOSTT requested that REPOWER-Kosovo submit a final draft of the application to it by end of January 2017, in order to submit a formal application to the ERO by the end of February.

REPOWER-Kosovo accordingly developed the draft application for TSO certification in line with the EC Questionnaire and following its analysis of EC case law relevant to the model applicable in the case of KOSTT (the ownership unbundling model). In order to structure the application, and to provide a clear mechanism to answer the relevant question, REPOWER-Kosovo identified a number of 'tests' of which KOSTT's submission would need to fulfill.

REPOWER-Kosovo also developed a transposition reference table for KOSTT's submission which compared the requirements of Article 12 of 2009/72/EC on the tasks of the TSO with the appropriate text as transposed into Kosovo law (both primary law and ERO regulatory instruments, such as the license), in order to assist KOSTT and the ERO in meeting their statutory duty to carry out all the tasks in accordance with EC law. The table demonstrated that all such requirements have been transposed into Kosovo law and regulations, and the narrative application document explains that KOSTT is prevented from performing its tasks because of the actions of EMS. As this is a fact known to the Secretariat, and is a purely political issue, REPOWER-Kosovo does not believe that it should prevent the ERO from finding that KOSTT meets the unbundling requirements of EC law.

A substantive part of the draft application was formed by exhibits in the form of annexes. With the support of KOSTT counterparts, a body of exhibits was collected to provide the evidentiary proof of KOSTT's claims.

A working draft of the full application was submitted to KOSTT in mid-December 2016, with a request to KOSTT for comments to be made available to REPOWER-Kosovo by mid-January, so that REPOWER-Kosovo could meet the agreed-upon end of January deadline. The draft highlighted a small number of important areas where actions needed to be taken by KOSTT to encourage the government to fully

implement the relevant provisions of the revised Law on Electricity, notably the nomination of the new shareholder representative to the company Board. Early in 2017, REPOWER-Kosovo met again with KOSTT and received comments following the company's review of the document. KOSTT provided updates of their progress for getting a representative of the Assembly named by the Assembly President and provided some supplementary information to fill in gaps in the draft. During this time, the Assembly confirmed the name of its representative which provided one of the principal missing elements to the certification submission.

A 'final' submission was made to KOSTT on April 28, 2017, composing of a brief cover report together with the substantive application, and exhibits table, and outstanding issues.

REPOWER-Kosovo separately provided a set of explanatory slides, of varying levels of detail, in both English and Albanian. The submission was delivered in both soft and hard (bound) copies, a duplicate set of the latter being additionally provided for KOSTT to submit to the ERO. Upon receipt by KOSTT, the company gave the application a final, rapid review and made its formal submission to the ERO on the same day, April 28, 2017.

ERO'S CHANGE TO THE TIMETABLE

The April 28, 2017 submission by KOSTT commenced a strict, time-bound process as defined by the EC Directive and the Electricity Regulation 714/2009. The ERO had four calendar months from the date of receipt to issue its Preliminary Decision, during which time it should request any supplementary information and hold initial discussions with the Secretariat. Within two months of the Preliminary Decision, the Secretariat should issue its opinion, following which the regulator had two more months to issue its Final Decision. The Directive provides that, absent a Preliminary Decision within the four-month initial period, the Preliminary Decision is deemed to be positive. The deadline created by the submission was therefore August 28, 2017 for the ERO's Preliminary Decision.

At the ERO's request, REPOWER-Kosovo met with the ERO's legal and market teams on June 5, 2017 to discuss KOSTT's application for TSO certification. The ERO requested that REPOWER-Kosovo assist them both with drafting the preliminary decision and with identifying actions that should be undertaken in preparation for making the decision. The ERO acknowledged that it was almost certain that there would be no competent board by the deadline for the decision and there was some discussion about what this would mean in practice. REPOWER-Kosovo stressed that the EC Directive provides that, in this case, the decision would be a tacit one and after a strict period of four months, during which ERO would review the documentation submitted to them, the certification would be deemed to be granted and ERO would notify the EnCS of the tacit decision. This point was also made to the Managing Director in a subsequent meeting to ensure there was no confusion.

At REPOWER-Kosovo's urging, the ERO subsequently invited KOSTT to present their application to the ERO. The ERO also extended a formal invitation to the Vienna Secretariat to discuss the application and their provisional findings well before the due date, which was done on the recommendation of REPOWER-Kosovo, in line with EC guidance.

ERO SUPPORTED IN MAKING ITS PRELIMINARY DECISION

In early June 2017, ERO requested that REPOWER-Kosovo support it by drafting the Preliminary Decision on TSO Certification. Following a careful review of similar decisions issued by the national regulatory authorities of other EC Member States for successful ownership unbundling models, the project issued a draft Decision to ERO at the end of June.

REPOWER-Kosovo was asked by the ERO to review comments received by it from the EnCS on a draft of its Preliminary Decision for TSO certification. The project reviewed the Secretariat's comments and

provided these to the ERO. Many of the comments indicated that more evidence should be submitted in the ERO Decision, rather than relying on their presence in the company's application. The Secretariat also commented on a lack of structure within the ERO document. While REPOWER-Kosovo had prepared a comments draft for the ERO in June 2017, it was not used except for one or two paragraphs that had been retained. It should also be noted that there was no legal requirement for the ERO to issue a draft before making its preliminary decision. By so doing, the ERO simply delayed the process which could have been completed earlier had they strictly followed the provisions of Kosovo and Energy Community law.

On September 24, 2018, the new ERO Board finally issued its Preliminary Decision on TSO Certification, 13 months after it was legally due to be made.

As a consequence of the Ombudsman's complaint regarding the treatment of losses within the northern municipalities, the ERO instructed the licensees on November 30, 2017 to reduce tariffs accordingly in order to implement the spirit of the injunction. This implied a decrease in KOSTT's total allowable revenues charges of around 44% against the current approved charges. As a direct consequence of the ERO's November 2017 instruction, KOSTT found itself with a duty to purchase electricity in the balancing market to ensure that supply matched demand, but without the financial means to do so. ERO then deferred its MYT award by three months. While this situation was of immediate concern to the TSO in terms of financial viability, it also had a direct implication for TSO certification as without the financial means to discharge its responsibilities, KOSTT was arguably not financially independent and unable to act as TSO. In the absence of action from the ERO to resolve the financial deficit resulting from the northern supply issue, further work was completed to finalize a paper that was initiated earlier in the year for KOSTT explaining the background and problem, and then put on hold following discussions with the TSO. The paper was submitted to USAID for clearance on August 10, 2018, and following approval, was released to KOSTT on August 13, 2018.

REVIEW OF THE ECRB OPINION ON ERO'S PRELIMINARY DECISION

The ECRB draft was made available to ERO for its review and, at the ERO's request, REPOWER-Kosovo reviewed the draft opinion on the ERO's Preliminary Certification Decision and issued a note of observations to ERO on January 14, 2019.

On the substantive issues, the ECRB opinion was as positive as the ERO could expect. The ECRB also made a number of recommendations for additional information to be presented by the ERO in its final certification decision. REPOWER-Kosovo agreed that these other recommendations should not be unduly challenging for the ERO.

REPOWER-Kosovo also reviewed the final ECRB opinion which was forwarded to the project by the MED. The review identified no material changes from the draft opinion that had been reviewed previously by REPOWER-Kosovo.

REVIEW OF THE ENCS OPINION ON ERO'S PRELIMINARY DECISION

On February 1, 2019, the Secretariat issued their formal Opinion on the ERO's Preliminary Decision on TSO Certification. Their opinion supported certification of KOSTT in line with ERO's Preliminary Decision, subject to two remarks and the Secretariat requested that the ERO further assess and elaborate on:

a) The process of appointment of members to the Board of Directors of KOSTT by the Assembly and to ensure that the same person is not a member of the board of both a generator and a TSO as required by Article 9(1)(d) of the Electricity Directive; and

b) The relations between KOSTT and the Government, the MED and the MoF, such as information sharing, reporting, and decision-making concerning the EnCS opinion on preliminary certification.

The Secretariat also invited the ERO to request that KOSTT establish a compliance officer to report on compliance with the TSO independence requirements.

ERO'S FINAL TSO CERTIFICATION DECISION

The Board of the ERO held a meeting on February 15, 2019 and made its final decision on the Certification of the Transmission System Operator (TSO - KOSTT). With the Final Decision on Certification of TSO-KOSTT, based on the Secretariat's opinion, the ERO confirmed:

a) That there was enough separation of control over the TSO, production and/or supply of electricity; and

b) That the Transmission Operator of electricity operates in accordance with the provisions of the unbundling set out in Chapters IV and V of Directive 2009/72 / EC1, chapters which are transposed into Kosovo legislation through Article 11 of the Law on Electricity.

With this decision, the ERO proved that the TSO performs its functions independently from any other business in the energy sector and therefore offers free and non-discriminatory access to the transmission network for all free market operators operating in the territory of the Republic of Kosovo.

Although the ERO's Final Decision was received in February 2019, granting full certification, some final support was provided to the TSO. In particular, the project, in consultation with KOSTT, designed and developed a compliance program, the implementation of which is a condition of certification recommended by the EnCS and imposed by the ERO.

A COMPLIANCE PROGRAM DESIGNED, AND TRAINING GIVEN

The compliance program, as finalized at the end of June 2019, comprised of the following elements:

- The nomination by KOSTT to the ERO of a Compliance Officer. KOSTT recruited a female lawyer from outside the sector to work in the legal office under the supervision of the Legal Counsel. Her Curriculum Vitale was forwarded to the ERO with the nomination for regulatory approval, in line with the conditions of the certification. It was not known by the end of the REPOWER-Kosovo project whether this nomination was completed;
- A statement of how KOSTT intends to comply with the compliance program obligation which describes in detail the duties of the Compliance Officer, while respecting Article 22 of the Electricity Directive. It also detailed how the officer and management will conduct annual certification compliance assessments (adapted from the USAID OCA tool), and certain general measures regarding data confidentiality;
- A draft policy on data confidentiality for the handling of generation connection data for internal use; and
- A TSO task compliance matrix to be used by KOSTT as a cross-check on all of the TSO tasks and their performance by the TSO business. The matrix also verified that a TSO actually performs the TSO tasks as a key test for ownership unbundling. The fact that EMS is frustrating the performance by KOSTT of cross-border management has been accepted by the Secretariat on the grounds that KOSTT is legally bound to perform the task, is ready and willing to do so and would do so if ENTSO-E membership were not being blocked by Serbia.

Additionally, training for four middle/senior management staff was delivered on June 18, 2019 on the compliance program and annual assessment, completing REPOWER-Kosovo's assistance under this activity.

MARKET DESIGN AND PUBLIC SERVICE OBLIGATION SUPPORT

REPOWER-Kosovo provided support to KOSTT and the ERO to amend existing market designs of Kosovo's power sector. This support was critical as there were several legally binding reasons to initiate this action, including issues related to security of supply, competition and environment, as well as those related to Kosovo's legislative framework (implementation of the EU target model and other EU regulations, membership and participation in ENTSO-E and Kosovo energy market laws).

Through this, REPOWER-Kosovo addressed three key areas: 1) The ways in which liquidity may be injected into the Kosovo Day Ahead Market (DAM); 2) The Nominated Electricity Market Operator (NEMO) approval process in Kosovo; and 3) The role of the Albanian Power Exchange (APEX) in market coupling and the way in which New Kosovo Electric Company (NKEC) sells energy.

The APEX issue however, additionally needed to set out a trading strategy for NKEC consistent with minimizing market distortion. In that context, REPOWER-Kosovo in 2018, commenced further support to the government's PIU and the ERO on public service obligations (PSOs) for the new Kosovo power plant project and developed a draft consultation paper to be issued by the regulator. REPOWER-Kosovo organized a workshop at the ERO's offices to discuss the options for imposition of the public supply obligation and the modalities of how to support the ERO on the preparation of a consultation report for the Development of a Security of Supply (SoS) and Public Supply Obligations.

The REPOWER-Kosovo team presented the different options for imposition of the PSO and presented the key elements of the consultation report to the ERO. These elements included:

- Objective and justification;
- Key determinations;
- Legal requirements;
- Criteria for measuring security of supply;
- Process for assessing security of supply; and
- ERO Rule on a Security of Supply levy and the imposition of a PSO on suppliers.

After discussions with ERO and KOSTT staff on the materials presented, the participants agreed on the following points:

- Option 3, including NKEC trading energy for profit but contracting directly with suppliers, and the imposition of the PSO-obligation to all suppliers as the most appropriate current legal and regulatory framework to be justified to EnCS; and
- REPOWER-Kosovo would prepare for the ERO two draft reports by December 10, 2018 including: 1) a justification for the imposition of the PSO; and 2) a proposed methodology for the calculation of charges for PSO. These two elements were required by the ERO to satisfy the Energy Community Secretariat that the imposition of the PSO is reasonable and not likely to distort the market.

Following concerns raised by the developer of the new power plant about the implications of the ERO's work along with REPOWER-Kosovo's support, USAID requested a further meeting which was held at REPOWER-Kosovo's offices on November 30, 2018. USAID, the ERO and KOSTT all participated in the meeting. The purpose of the meeting was the coordination of activities between the parties, including the PIU related to the development of documents that will be in public consultation for NKEC

functioning, imposition of the PSO, charges for the PSO and the new market design. It was agreed at this meeting that the PIU would be provided the opportunity to comment on the draft documents produced by the ERO with REPOWER-Kosovo support before wider public consultation. REPOWER-Kosovo also agreed with USAID that all draft documents prepared would be cleared by USAID before being shared with beneficiaries.

After several revisions and improvements, on January 23, 2019, REPOWER-Kosovo submitted a Kosovo Electricity Market Design (KEMD) working draft and ERO Consultation Report - Development of a Security of Supply PSO working draft to KOSTT and the ERO. The ERO published the Consultation Report for Development of Security of Supply PSO for public consultation in February 2019, and KOSTT published the Kosovo Electricity Market Design for public consultation shortly after.

Following the close of the consultation period, REPOWER-Kosovo received a request from the Managing Director of the ERO to assist them on responding to the comments received during the consultation process related to imposition of the PSO. In the course of its consultations, the regulator received comments from MED, KESCO, INDEP and the EC Secretariat.

On April 5, 2019, the REPOWER-Kosovo team met with KRPP PIU staff and relevant stakeholders to discuss the PSO document related to KRPP transaction and to find a mutual way forward to best accommodate all concerns raised. After two days of substantial discussions and by reaching some common agreements, REPOWER-Kosovo worked on improving the PSO document and shared it with PIU and other stakeholders on May 07, 2019.

On May 15, the REPOWER-Kosovo team participated in a follow-up meeting that was organized at NKEC's offices with the head of PIU and CEO of NKEC to discuss the next coordinated activities for finalization of the PSO document related to KRPP transaction, and to set the date of the meeting with ERO, for the presentation of the revised PSO.

On July 23, 2019, the PIU, joined by USAID and its own consultants, presented the needs for further revision of the already published PSO to the ERO and announced the new revised version to be submitted by August 30, 2019. The main reason for changing the principles was based on bankability requirements of the project toward the potential lenders.

Following the presentation to the ERO, the work on revision of PSO continued throughout the summer of 2019. REPOWER-Kosovo proposed a new option for the SoS's PSO to the ERO with an objective to bring experience and knowledge with regards to the ERO's way of working and the nature of adopted documents that must ultimately fit into the Kosovo legal and regulatory framework.

On August 9, 2019, REPOWER-Kosovo submitted its final views to the PIU and NKEC, and on August 23, 2019, submitted additional clarifications to USAID based on the clear understanding that any option proposed to the ERO must be completely aligned with Kosovo legislation (the Law on the Energy Regulator, the Law on Electricity and the Market Rules) and related binding commitments. REPOWER-Kosovo believed that any other approach proposed would be inappropriate to the ERO and consequently make the proposal itself non-compliant and unadoptable by the ERO, and much less bankable, which was the ultimate goal of the whole process. At the time of development of this REPOWER-Kosovo Final Report this activity was still on going and no new versions were submitted to ERO.

COMPONENT 3: SUPPORT TO KOSOVO AND ALBANIA IN ESTABLISHING A COMMON ELECTRICITY MARKET

OVERVIEW

REPOWER-Kosovo supported two parallel, and somewhat inter-connected activities under Component 3 of the project. This included a planned 'market coupling' activity with Albania, a strategy developed to exploit the inherent complementarity between the capacity portfolios of the two countries. The first steps toward common market were taken on March 29, 2014, through a Memorandum of Understanding (MoU) between Albania's Ministry of Energy and Industry (MEI) and Kosovo's MED to establish the Kosovo-Albania common electricity market. A year later, on March 10, 2015 the two Ministers met again and established a joint Steering Committee led by their respective Ministries, as well as three working groups (technical, commercial and regulatory).

Subsequently, representatives of both countries met in Tirana in a technical meeting in March 2016, where Ministers responsible for energy in both countries issued a joint statement on the MoU for the creation of a common electricity market the following day. According to the statement, parties agreed to cooperate in the establishment and operation of the Albanian Power Exchange (APEX) as a first phase towards the common market and to establish a single trading zone in order to optimize transmission capacities.

Following those meetings and the release of the joint statement, REPOWER-Kosovo started providing support to the MED in facilitating the development of a common electricity market, which required significant coordination between the Governments of Albania and Kosovo.

KOSOVO'S MINISTER OF ECONOMIC DEVELOPMENT PROVIDES HIS SUPPORT FOR THE COMMON MARKET DEVELOPMENTS BETWEEN KOSOVO AND ALBANIA.

The project's planned work on establishment of the common market between Kosovo and Albania was adversely affected in the summer of 2015 by the Albanian Government's decision to initiate a project to establish a power exchange (PX) in Albania. However, a PX is a part of the European Market Model, along with forward and intra-day markets, and so this is complementary to the market integration process supported by REPOWER-Kosovo. The APEX originally hoped to begin trading some time in 2016 and that the PX would apply the common European price setting algorithm known as EUPHEMIA, in order to couple with neighboring markets where PXs have been established, but it was also hoped that participants from neighboring markets in which no PX has been established would want to trade on APEX. There were no parallel plans to establish a PX in Kosovo.

Key outcomes of REPOWER-Kosovo's support under this component include:

- Facilitated dialogue between the Kosovo authorities including the MED, ERO and KOSTT, and their Albanian counterparts;
- Development of a 'Roadmap' for the market coupling project;
- Development of a Joint Action Plan;
- Delivery of a study on cross-border capacity allocation; and
- Clarity provided on the legal situation around KOSTT's participation in APEX.

MARKET COUPLING

FACILITATING DIALOGUE BETWEEN THE TWO COUNTRIES

In a workshop between Kosovo and Albania stakeholders, organized by MED with the assistance of REPOWER-Kosovo, the project re-emphasized a phased approach towards integration, as detailed in the revised Roadmap, by which Kosovo may initially join the Albanian day-ahead market and eventually strengthen the integration by establishing a single SO and a single MO in the future. REPOWER-Kosovo helped the MED identify the detailed steps that Kosovo stakeholders must undertake to participate in the APEX.

As part of a separate activity, REPOWER-Kosovo assisted KOSTT in developing draft contracts that will be signed between KOSTT and Balancing Responsible Parties (BRPs) within the Kosovo electricity market. These contracts are essential for the proper functioning of the balancing market in Kosovo.

Finally, REPOWER-Kosovo assisted KOSTT in developing a simplified procedure for tendering ancillary services (AS) which match the conditions of the market. The procedure should enable efficient tendering for cross border transmission capacities required for AS.

PROVIDE ASSISTANCE IN MOU IMPLEMENTATION

During Year 2, REPOWER-Kosovo provided KOSTT with a draft contract that would be signed between the leaders of the BRPs with the SO. During a meeting, KOSTT expressed its concern that the current criterion which requires bidders to be able to deliver energy within a 15-minute notification may have discouraged bidders. The challenges of reserving transfer capacity in the intra-day market were also discussed, and various options for overcoming the matters were elaborated.

REPOWER-Kosovo developed and submitted to KOSTT a set of documents related to procurement of ancillary services and draft contracts.

REVISION OF THE ROADMAP FOR COMMON MARKET BETWEEN KOSOVO AND ALBANIA

The agreed above mentioned phased approach created a clear need to make consequential adjustments in the draft documents that REPOWER-Kosovo has already developed, notably the Road Map for establishing the common electricity market and the Kosovo and Albania common electricity market study.

In the initial draft Road Map, REPOWER-Kosovo identified four market integration options:

1. Integrated DAM (coupled), separate SOs and MOs and separate settlement systems;
2. Integrated market (single MO) but separate SOs, including dual stacks for balancing;
3. Full integration with single SO and MO; and
4. Single SO but separate MOs.

In order to achieve the objective of common market establishment, the activities were organized into three phases. However, in line with the complexity of the project, some necessary changes in roles and responsibilities were identified for each phase. The activities and critical milestones involved were identified, falling into five main areas as follows:

- Legislation;
- Regulation and licensing;

- Transmission and communication infrastructure;
- Market model; and
- System operation.

In parallel, REPOWER-Kosovo worked on adjustments of the Market Study to analyze system operations in Kosovo and Albania in preparation for the anticipated commissioning of the new 400 kV line between Kosovo and Albania. Additionally, the project looked at expected congestion if the two systems were to work as a single control area, and also with additional generation capacities penetration into Kosovo systems (450 MW).

There were a series of workshops/meetings organized by the Ministry of Energy of the Government of Albania in Tirana regarding PX establishment, with REPOWER-Kosovo in attendance. These workshop/meetings included topics on the following:

1. Draft Albania power market high level design (October 2015);
2. Albania power market model (November 2015); and
3. Albania final power market model (December 2015).

REPOWER-Kosovo experts, together with representatives of USAID's Mission in Kosovo, attended the three meetings. Significant progress was made, initiated by USAID Kosovo, to enable KOSTT to start attending those meetings. It was expected that when PX establishment continues in the future, the ERO will also start participating in the meetings.

REPOWER-Kosovo, in December 2015, met in Washington, D.C., with USAID's Chief of Energy and Infrastructure Bureau for Europe and Asia, and their colleagues and provided a status update on the common market establishment. It was pointed out that there was a need for stronger inclusion of the Kosovo power sector stakeholders in PX establishment process and that progress made by enabling KOSTT to attend last workshop held in Tirana was beneficial. The USAID/Washington Bureau for Europe and Eurasia reacted promptly and efficiently with immediate support for the inclusion of Kosovo stakeholders in the APEX process and with the provision of strong coordination and collaboration on market coupling process with the USAID missions in both Kosovo and Albania and the USAID/Albania regional Enhancing Capacity for Low Emission Development Strategies project.

In the meantime, KOSTT and OST signed an Inter-TSO agreement on system cooperation, which will enter into force after the expected signature of the KOSTT-ENTSO-e connection agreement.

REPOWER-Kosovo provided the MED with a revised proposed Roadmap which outlined a phased approach towards integrating the electricity markets which is fully in line with the European Union target model. In the first phase of development it is envisioned that Kosovo will join the day-ahead market in the APEX, while all other market players in Kosovo and Albania would remain the same (though the Market Operators and System Operators would remain separate). Following this, during phase two, Kosovo and Albania would integrate responsibility for real time energy balancing and for settlement, and in phase three, would integrate system operation by establishing a single system operator, generating savings in reserves and ancillary services.

The common market study outlining the main benefits of a common market was revised in accordance with this report, and submitted to MED. It was also presented at the High-Level Forum on Security of Supply, which was organized by MED and REPOWER-Kosovo in March 2016. The REPOWER-Kosovo team developed a document that entailed all actions required for Kosovo stakeholders to participate in the future APEX. It included the identification of legal, regulatory and operational activities to be

analyzed and eventually adjusted, so the first phase of common market establishment could be implemented.

REPOWER-Kosovo provided comments on the draft, *Roadmap for Albania – Kosovo Market Coupling* developed by the Rochester Institute of Technology (RTI), a USAID consultant in Albania. REPOWER-Kosovo submitted its comments to USAID on February 27, 2018 for review and further guidance from USAID/Washington and USAID/Albania.

Furthermore, REPOWER-Kosovo worked on the development of a draft terms of reference for a study on methods for the cross-border exchange of power system reserves for market integration purposes.

REPOWER-Kosovo coordinated work with the MED on preparations for the 2nd JWG meeting on Albania-Kosovo market integration, which was held on February 7, 2018 in Pristina, Kosovo. The Kosovar and Albanian counterparts touched upon different topics and discussed the key milestones for the establishment of the APEX. RTI and REPOWER-Kosovo experts presented the latest updates on the *Roadmap for Kosovo-Albania Market Coupling,* the methods for the cross-border exchange of the power system reserves between Kosovo and Albania, and the status of the APEX. They also responded to any questions the participants had on the topic. After this, a very fruitful interactive discussion took place and the participants noted the progress made so far in both countries. A follow-up meeting took place the following day to discuss roadmap implementation issues with key stakeholders, with REPOWER-Kosovo and RTI discussing in more detail each point of the roadmap and identifying related steps to be followed.

CROSS-BORDER CAPACITY ALLOCATION

REPOWER-Kosovo commenced development of a study on cross border capacity allocation with the target of finalizing a first draft by June 2018.

Due to significant discrepancies of submitted inputs by Albanian Transmission Operator (OST) and KOSTT for the study on Methods for Cross-Border Exchange of Power System Reserves between Kosovo and Albania for 2017, both TSOs resubmitted data for 2018.

After receiving revised input data, REPOWER-Kosovo team promptly revised the study report, which gave a complete picture on cross-border reserve dimensioning, sharing and exchange between Kosovo and Albania. REPOWER-Kosovo presented the main findings of the study at the JWG meeting held in Pristina on June 6, 2018. USAID delivered the final reports to the TSOs in July 2019.

"The integration of electricity markets between Kosovo and Albania is an important pillar for the sustainable development of the energy sector and we thank USAID and in particular REPOWER-KOSOVO for the technical support provided in the process"

-— BLERAND STAVILECI, MINISTER OF ECONOMIC DEVELOPMENT OF THE REPUBLIC OF KOSOVO, 2016

ALBANIAN POWER EXCHANGE

APEX establishment workshop REPOWER-Kosovo attended an APEX establishment workshop in Tirana on September 22, 2016, which presented the first draft of the Albanian Market Rules for public consultation with stakeholders. The new Market Model proposed by Nordpool had been approved by the Council of Ministers of Albania. The EnCS, who were part of the presentation panel, supported the developments in Albania regarding establishing the PX, which was originally expected to be technically ready to start operation in early 2018, however, to date, is still pending.

PARTICIPATION IN THE LEGAL, TECHNICAL AND REGULATORY WORKING GROUPS

At KOSTT's request, REPOWER-Kosovo undertook an analysis of applicable legal provisions to answer two specific questions arising from KOSTT's participation in the Working Groups. The questions were: 1) Is KOSTT permitted to acquire shareholding in, or to form and participate in, a power exchange organization? And 2) Is KOSTT required to ensure the application of the Law on Public Procurement of Kosovo to APEX?

Following a detailed review, an opinion was drafted and submitted to KOSTT and discussed with the company's legal counsel. REPOWER-Kosovo, along with KOSTT agree that there exists no legal impediment to participation in terms of acquiring shareholding of any size. The project is also of the view that KOSTT has no legal obligation to ensure that the new operating company for APEX complies with Kosovo's Law on Public Procurement as it will be a company incorporated under Albanian law and headquartered in that country. Only Albanian law applies. The legal opinion relating to KOSTT's potential acquisition of a shareholding in APEX was formally submitted to KOSTT and copied to MED on February 26, 2018.

The REPOWER-Kosovo team provided assistance and advice to all three legal, technical and commercial working groups on the Kosovo side for market integration efforts. On March 28, 2018, REPOWER-Kosovo participated in the working group meeting for the establishment of a common electricity market with Albania. The meeting was held at the ERO premises with the representatives from ERO, KOSTT, KEK and KESCO. The purpose of the meeting by the working groups was to discuss technical and commercial aspects that are of key importance for establishing a common electricity market.

On April 6, 2018, REPOWER-Kosovo attended a meeting between the ERO and the Commercial Working Group of the Albania Market Coupling initiative, including KEDS, KESCO, KEK and KOSTT. The purpose of the meeting was to establish the initial volume of energy which Kosovo stakeholders would be obliged to trade through the APEX. The ERO's initial estimate was that Kosovo stakeholders should at least be obliged to purchase the energy to cover the losses in the power exchange. Stakeholders were asked to provide estimates of these volumes and send them to ERO along with an assessment of any potential financial impacts.

On April 12, 2018, REPOWER-Kosovo participated at the pre-meeting of the JWG on the establishment of a common electricity market between Kosovo and Albania. The pre-meeting took place in Prizren, Kosovo with the participation of respective Ministry representatives, as well as key energy institutions on both sides. The participants thoroughly discussed the conclusions of the previous joint working group meeting and the steps that were still to be accomplished prior to the next formal meeting, which took place on May 22, 2018.

As part of preparatory activities prior to the formal joint working group meeting, REPOWER-Kosovo participated at a meeting held in Tirana on May 4, 2018 with relevant Kosovar stakeholders of the Legal Team Working Group and Albanian Legal Team Working Group counterparts. The meeting covered the topics including the status report from the Albanian Energy Regulatory Authority (ERE) related to

the regulation changes needed for Albanian-Kosovo power market coupling, the status report from the ERO related to the regulation changes needed for coupling, issues of common interest for both countries, and agreement on expected outcomes/conclusions of the upcoming JWG meeting.

After the JWG meeting group held in Tirana on May 22, 2018 and in agreement with KOSTT and the ERO, REPOWER-Kosovo commenced work on an analysis of the financial impacts of eventual mandatory volumes of Kosovo electricity market participants to be traded on APEX.

REPOWER-Kosovo prepared and delivered a presentation for the second international forum, *Market coupling in the energy sector between Albania and Kosovo: Role of Establishing Joint Power Exchange in this process,* on June 18, 2018. At the ERO's request, the project also assisted the regulator's legal department to develop slides on the implications of the agreed market model on Kosovo's legal and regulatory framework.

REPOWER-KOSOVO CHIEF OF PARTY OUTLINES KOSOVO'S PARTICIPATION IN THE ALBANIA POWER EXCHANGE AT THE MARKET COUPLING FORUM HELD IN PRISTINA ON JUNE 18, 2018

The Confederation of Albania Industries, Konfindustria, organized the event with the institutional support of the Ministry of Economic Development of Kosovo and the Ministry of Infrastructure and Energy of Albania on June 18, 2018. The forum focused on the challenges of establishing the APEX in line with Albanian energy policy, European Union standards and with full integration into the regional energy market. Furthermore, the forum touched upon the models of power exchange and the integration of the electricity markets of Albania and Kosovo based also on best international practices. The forum was structured into two sessions, with the first session consisting of main remarks made by the organizer, the Minister of Economic Development of Kosovo and the Deputy Minister of Infrastructure and Energy of Albania. The second session included presentations by the IFC, REPOWER-Kosovo, the ERE and the ERO. The focus of REPOWER-Kosovo's presentation was on Kosovo's participation in the APEX, underlining the benefits of a common power market which ensures the efficient management of available transmission capacities, and associated actions and milestones needed to be accomplished to achieve that.

On the same day as the Konfindustria event, the REPOWER-Kosovo team attended a coordination meeting for market coupling with the representatives from both Albania and Kosovo. The main topic of discussion was the harmonization of efforts of all involved stakeholders in the subject process. It was agreed that REPOWER-Kosovo and Nordpool would prepare a joint action plan that will cover all past and current activities with a clearly defined roles of each relevant aspect of technical assistance. The draft document was prepared by REPOWER-Kosovo and shared between all relevant donors for review before being submitted to the Steering Committee coordinators.

REPOWER-Kosovo submitted an options paper to KOSTT based on the then-understanding of the intentions of Kosovo's participation in the APEX. On June 26, 2018, as a follow up, REPOWER-Kosovo submitted the draft paper regarding the financial implications of a volume obligation on Kosovo parties.

At the request of the ERO and in the context of the legal working group for market coupling, REPOWER-Kosovo commenced drafting of text to support mutual recognition of licenses, as a way of reducing the administrative hurdles to be complied with by licensees wishing to trade in both bidding zones. On June 20, 2018, a first draft of a MoU, to be entered into by both regulators, was submitted to the ERO for review and discussion. After conversations with the ERO, both parties agreed to restrict the scope of the arrangements to trade licenses, given that this task is being undertaken in the context of market coupling. Following a meeting with the ERO, it was further agreed to divide the draft into a shorter, high-level MoU, and to have a second document containing some potential procedures needed to implement the mutual recognition arrangements.

LICENSE RECIPROCITY

The REPOWER-Kosovo team held internal discussions on the J8 Agreement for mutual recognition of the licenses for the joint action plan for market coupling. This was followed, on October 25, 2018, by a meeting with KOSTT and the ERO to discuss their progress on this task. The meeting considered that the sub-tasks proposed by the Albanian regulator, ERE, may be partly erroneous, but that a systematic analysis should be done either confirming or rejecting the need for reciprocity for individual licenses.

A further meeting was held with ERO and KOSTT on November 1, 2018, to discuss the joint action plan for the market coupling. The meeting was an opportunity to discuss two documents prepared by REPOWER-Kosovo and circulated in advance. One document was an initial analysis on the legal requirements for registration as a business for APEX activities performed in Kosovo. The second was an evaluation of licensed activities that are implied by APEX participation in order to determine the scope of license reciprocity. The analysis described was substantially agreed at the meeting and, building on this, REPOWER-Kosovo developed a more detailed paper for the ERO outlining a proposed position for the Kosovo side to present to ERE in response to action J8 (license reciprocity). The paper takes the position that most of the licenses listed by ERE should not fall within the scope of the license reciprocity arrangements, such as generation, transmission and distribution. The paper also suggests the simplest approach to tackling task J8 while at the same time taking close account of the Secretariat's proposals for a European Union - Energy Community framework for mutual recognition of trade licensing. The position paper on reciprocity on licensing was issued to the ERO on December 3, 2018, which will ultimately go to the legal working group. By the end of the REPOWER-Kosovo project, no response or acknowledgement had been received by the project on this paper.

In November 2018, REPOWER-Kosovo met with MED and KOSTT representatives. The purpose of the meeting was to fill out the subtasks of Kosovo stakeholders within the Joint Action Plan for the establishment of the Albania - Kosovo Power Exchange. Representatives of KOSTT, KEK, ERO and REPOWER-Kosovo worked together to identify the subtasks that should be completed from Kosovo's stakeholders. The final version of the updated Joint Action Plan with added subtasks was prepared by

KOSTT, submitted to MED and then shared by the Ministry with all stakeholders from Kosovo and Albania.

BULK SUPPLY AGREEMENT TREATMENT

A meeting was held on October 4, 2018, at the ERO's offices in which all Kosovo stakeholders participated and discussed the REPOWER-Kosovo report regarding the mandatory volume for Kosovo participating within the APEX. Additionally, a particular focus at the meeting was on the Bulk Supply Agreement between KEK and KESCO and how to overcome that constraint and enable KEK to offer a certain part of its production to the APEX. It was agreed that REPOWER-Kosovo would develop a short discussion paper which would enable the Working Group to explore this issue further. REPOWER-Kosovo developed this paper and delivered it to the market operator for further consultation. At the time of development of this Final Report, this topic is still under discussion between KOSTT and the ERO.

KOSTT SHAREHOLDING IN APEX

Following a request from KOSTT on December 4, 2018, REPOWER-Kosovo commenced work on updating a note provided by the project to KOSTT in February 2018 on the legal issues arising in connection with the purchase of shareholding within the APEX in light of changing developments within the APEX and in Kosovo law. KOSTT also raised associated questions relating to licensing of APEX itself and how to balance responsibility. According, the revised draft opinion was issued to KOSTT on December 14, 2018.

STUDY TOUR TO NORWAY: OPERATION OF THE POWER EXCHANGE

REPOWER-Kosovo successfully organized a study tour for KOSTT to Norway where meetings were held with Nordpool (MO) and Statnett (TSO). Study tour participants met with NordPool consulting experts. After an introductory presentation by NordPool experts about the current status of the Kosovo electricity system and market, a longer presentation was given by NordPool representatives followed by a discussion on various topics. The presentation was in line with the main goal and purpose of the study tour, which was to learn from best practices on:

- Market coupling and market splitting;
- Operation of a PX with two or more bidding zones;
- Congestion management between two control areas if they are operating as one bidding zone;
- Process of scheduling between bidding zones; and
- Role and designation of Nominated Electricity Market Operator (NEMO).

One of the most important topics was the number of bidding zones in the future Kosovo – Albania market integration process. NordPool experts believed that before a single bidding zone is formed, it is necessary to agree on all circumstances of cost sharing. In reality, it is quite difficult to predict and agree on all possible operational situations and conditions.

NORDPOOL CONSULTANT PRESENTS THE ALBANIA POWER EXCHANGE MARKET MODEL TO KOSOVO STAKEHOLDERS.

The group also visited NordPool's operational center in which 90 employees annually deal with 500 Terawatt hours (TWhs) of electricity traded, with a total value of €20 billion. The greatest number of transactions made by the market operator in a single second was 73.

The meeting on the second day was held with Statnett representatives at the same premises. In particular, the study group discussed reserve sharing between two countries and the treatment of cross-border capacity.

Other topics on electricity market development discussed included a case study of Norway's largest aluminum company, which makes more money from electricity trading and participation in the demand response mechanism than it does from the sale of aluminum products.

SUPPORT KOSTT IN REVISION OF MARKET DESIGN AND MARKET RULES REQUIRED FOR KOSOVO PARTICIPATION IN APEX

At the request of KOSTT, REPOWER-Kosovo commenced support to the Market Operator and the ERO in the development of a revised market design. The design had to take into account a number of future changes in the structure and commercial operation of the sector, principally the APEX and the introduction of KRPP and NKEC. As of the end of project, this work was still ongoing.

During the second quarter of 2018, REPOWER-Kosovo commenced work to complete a discussion report assisting KOSTT and the ERO in designing the operation of the NKEC and development of the NKEC PSO. As part of this exercise, REPOWER-Kosovo examined mechanisms to increase liquidity in the future day-ahead market under the APEX as a necessary input into the final market design proposals.

On April 11, 2018, REPOWER-Kosovo hosted a meeting with the ERO and KOSTT to discuss possible electricity market design options. Emphasis was placed on the limited number of options which adequately balance all energy strategy objectives, including coupling the Kosovo electricity market with that of Albania and allowing for the construction of the KRPP. Possible amendments to the existing structure were also discussed. The discussions were an input to the new Kosovo electricity market design proposal which is being developed with the assistance of REPOWER-Kosovo. Upon review and agreement by the ERO and KOSTT, REPOWER-Kosovo submitted to KOSTT, ERO, MED, and PIU the discussion report on May 21, 2018.

A meeting was organized by KOSTT on June 19, 2018, to clarify outstanding issues between Nordpool and REPOWER-Kosovo experts for the development of revised market design to continue with a common understanding of the main principles regarding the APEX as well as the future role of NKEC. In line with the meeting's conclusions, REPOWER-Kosovo submitted the *Outline for Revised Kosovo Electricity Market Design,* a document containing the proposed scope, structure and key decisions. It was intended as a complete replacement of the current market design document, which was too long and detailed.

On August 23 - 24, 2018, working meetings were held at KOSTT's offices with the participation of KOSTT, ERO and REPOWER-Kosovo staff and the KRPP PIU. The purpose of this meeting was to address the comments received from KOSTT and the ERO on the draft Market Design, and financial implications of liquidity obligations in the Kosovo Day-Ahead-Market (DAM). All comments regarding the draft Market Design were discussed and REPOWER-Kosovo submitted to all parties a revised version of the Market Design in line with comments agreed.

The Albanian Deputy Minister noted that Albania had finally set the common market and the power exchange as one of the three most important priorities of the Government, so now there is clear instruction from the Albanian Government on the path forward. Both ministries' representatives also underlined the importance of having EnCS involved throughout the entire process as the full member party as they will also have to validate the process at the end.

The revised Kosovo market design and market rules however were not completed before the REPOWER-Kosovo project ceased activities.

SYNCHRONOUS AREA FRAMEWORK AGREEMENT WITH ENTSO-E

In March 2019, following concurrence by USAID, REPOWER-Kosovo began work on recommendations for KOSTT for exemptions and derogations of certain SAFA (Synchronous Area Framework Agreement with ENTSO-E) provisions. On September 26, 2019, REPOWER-Kosovo presented the final version of the document including with KOSTT relevant staff. The list of exemptions and derogations will be used by KOSTT in their further negotiations with ENTSO-e prior to signing of the SAFA.

DEMAND SIDE RESPONSE

As requested by KOSTT and following concurrence from USAID, REPOWER-Kosovo began work on the development of a report regarding the Demand Side Response within Kosovo's power system.

This document contained the most important information for potential third-party resource reserve providers from the DSR currently capable to offer that service in Kosovo. The draft report *Demand Side Response in Kosovo Power Sector* was submitted by REPOWER-Kosovo to KOSTT in August 2019. Following discussion and review, the final report was issued on September 5, 2019. KOSTT representatives requested that a case study for the Kosovo energy sector also be included. It was done accordingly, and the REPOWER-Kosovo team presented revised final versions to KOSTT and TSO consumers on September 26, 2019.

OBJECTIVE II: IMPROVING ENABLING ENVIRONMENT INWARD INVESTMENT IN THE ENERGY SECTOR

COMPONENT 4: SUPPORT THE CONTINUED UNBUNDLING OF THE ENERGY SECTOR

OVERVIEW

This component was developed to support the Government of Kosovo to implement its commitments outlined in the National Development Strategy 2016 – 2021 (NDS). According to the NDS, the imperative of achieving security of power supply, which is currently unreliable, requires a set of concrete activities including "Introducing structural reforms in KEK, such as legal separation of generation and mining activities." In the same direction, the Energy Strategy expressly envisages the further unbundling of KEK J.S.C.

REPOWER-Kosovo's support to KEK on Component 4 commenced in earnest in March 2015 as planned and 2016 saw the completion of the organizational review of KEK and development of a paper *Unbundling Options* with an associated high-level action plan.

ON-SITE BRIEFING ABOUT TECHNICAL PARAMETERS OF SINGLE GENERATION 600 MW UNIT LIGNITE PLANT DURING STUDY TOUR IN LJUBLJANA, SLOVENIA.

REPOWER-Kosovo also organized a study tour in the Republic of Croatia and Republic of Slovenia in May 2016 for the benefit of GoK and KEK officials. The main goal and purpose of this study tour was to gain an overview of experiences and best practices with the unbundling process within local regional countries. Because of these countries similar energy sector background (similar power systems, experience with coal fired power plants and recent developments in the construction of new coal fired power units), as well as their experience with European Union membership and requirements, the choice was made to visit Croatia and Slovenia.

However, by the fall of 2016, the mandate of the initial KEK Board Members had ceased, removing the key counterpart for this project activity. MED declined to appoint a new management board for KEK and expressed the view that it did not wish for the existing board to make a decision on the unbundling option. A new Board was finally appointed in early 2018, but KEK then declined to move forward to implement the unbundling pending clarification instructions from Government. These were finally received by KEK in October 2018, ending two years of blockage for this activity, during which the component was effectively dormant, with REPOWER-Kosovo able to progress only minor matters.

On April 6, 2018 REPOWER-Kosovo was officially informed by the new KEK Board of the Board's decision on KEK further unbundling. They reaffirmed the previous board decision to proceed with legal and ownership unbundling of KEK (Option 2 from the REPOWER-Kosovo report). The Board's position was submitted to MED/GoK for further approvals. Following agreement on the unbundling option, the decision was made to unbundle KEK's Mining and Generation divisions into two separate legal entities.

This decision paved the way in principle for REPOWER-Kosovo to accelerate its support on unbundling. However, the project needed to agree on precise scopes of work for the activity with both KEK and USAID, given the vastly reduced time remaining on the project. This again proved to be a frustratingly slow process, with KEK continuously dragging its feet in providing comments and inputs, a process that was drawn out until 2019. As a result, it appears that KEK will need to implement the unbundling process without technical assistance, and there appears to be a strong chance that they will simply put this off for good.

Despite this disappointing situation, REPOWER-Kosovo was able to deliver a considerable number of reports and commercial documents. Key outcomes of Component 4, which are described in detail further below, are:

- Options for structural unbundling identified and Option 2 recommended;
- Organizational assessment performed;
- HR issues identified;
- Terms of reference for a functional review developed;
- The Mine Development Plan reviewed for potential State Aid issues;
- Suite of inter-company legal agreements developed; and
- Technical and process training delivered to KEK Board, management, and staff.

UNBUNDLING PREPARATION

Shortly after the project's commencement in Fall 2014, the REPOWER-Kosovo team held three meetings with the management staff of KEK to both introduce the project and the team of experts that will support KEK on the unbundling process. In addition, KEK management staff presented to the REPOWER-Kosovo team the background, current situation, challenges, and the development plans of KEK.

During preparatory discussions with KEK for the unbundling activity, the Board advised that it had been given an administrative instruction to proceed with unbundling in line with the Energy Strategy but that, following the change in Government, it was important that the instruction be renewed by the new Minister to confirm the Government's continued intention to move forward. Following discussion with USAID, REPOWER-Kosovo carried out a careful review of the existing Energy Strategy and Government Decision 04/36 and prepared a draft letter from the Minister to KEK, using language that would provide the necessary comfort to KEK. Following a meeting with the Minister, the letter was submitted and was subsequently issued formally to KEK.

In April 2015, an MoU was signed between DT Global (then AECOM) and KEK to secure KEK's commitment to cooperate with the REPOWER-Kosovo project. The MoU was signed by the REPOWER-Kosovo Chief of Party and KEK's Chairman of the Board of Directors and witnessed by USAID's Director of the Economic Growth Office. The MoU identified the roles and responsibilities of both parties and provided an outline of the required resources and timeframe for project implementation.

OPTIONS FOR STRUCTURAL UNBUNDLING DEVELOPED

It is recognized that Kosovo has substantially complied with the unbundling obligations arising from European Energy Acquis, but the Government's energy strategy called for further KEK J.S.C. unbundling. This would be undertaken in the context of the following factors:

1. The new electricity generation project, KRPP. At the commencement of the KRPP project, the Government of Kosovo has signed a Heads of Terms for a new coal-fired generation station.
2. The rehabilitation of Kosovo B, for each unit separately, with a significant extension of life and in a way that eliminates major power outages.
3. The postponement of Kosovo A decommissioning pending the commencement of KRPP's commercial operations on security of supply grounds.
4. Mine expansion and development. Although this is essential, time-critical, and must be realized in order to secure coal supplies for current and future energy generation, it is important to note that REPOWER-Kosovo did not consider any involvement with this activity.
5. The common electricity market initiative and Kosovo's integration in the regional market while recognizing that implementation of the common market is likely to be gradual over the next five years.

In the light of these five key factors/initiatives, REPOWER-Kosovo developed a report outlining five main options for KEK's further unbundling, starting with the most limited form:

- **Option 1:** The legal unbundling of KEK's mining division from the rest of the J.S.C;
- **Option 2**: Legal and ownership unbundling of Mines;
- **Option 3**: Legal unbundling of Kosovo B and Mines, and ownership unbundling of Mines;
- **Option 4**: Legal and ownership unbundling of Kosovo B and Mines; and
- **Option 5**: Full Demerger.

Again, for each option, the report identified their respective strengths and weaknesses against the imperative of the GoK's objectives for the power sector, as noted above.

In addition, and in assessing the options for unbundling, four basic principles were identified respecting the current situation of KEK and the future operating environment of an unbundled company. These basic unbundling principles were:

- Protection of human capital;
- Business viability and sustainability of the unbundled companies;
- Treatment of current and contingent liabilities; and
- Uninterrupted operation of mines and generation.

Each of the unbundling options elaborated in the report were then evaluated and compared against the same evaluation criteria which reflect the Government's Energy Strategy and current commitments in respect of the power sector. The results of this evaluation are shown overleaf:

REPOWER-Kosovo's conclusions and recommendations from this report, submitted in April 2016, were that:

1. GoK is currently working actively to secure the KRPP project. The requirement of new generation investors for continuous coal supply on a transparent and non-discriminatory basis is likely to be significant for the project. Therefore, for successful implementation of the project, the full legal and ownership unbundling of mining from KEK J.S.C., in accordance with Option 2, is unavoidable. Through the proper management focus it will also contribute to the Mine's expansion and

development to secure coal supplies for current and future energy generation. It is important to note however, that REPOWER-Kosovo was not involved in any activity related to actual mine expansion during the project.

2. If the GoK intends to provide opportunities for Kosovo B rehabilitation, through privatization or through project based foreign investments, legal and ownership unbundling of Kosovo B from KEK is unavoidable. This project is currently of lesser priority than KRPP, and REPOWER-Kosovo recommended considering implementation in two stages:

    a. Implementing legal unbundling of Kosovo B but keeping KEK ownership as under Option 3; then
    b. When adequate private sector investment for the Kosovo B rehabilitation is available, full legal and ownership unbundling of Kosovo B could be implemented and transferred to the GoK at the point of the transaction, in accordance with the Option 4. It should be noted also for this particular conclusion that REPOWER-Kosovo did not consider any support related to mining division.

3. As the future of Kosovo A is uncertain, postpone any unbundling involving it. This rules out the full demerger of KEK in accordance with Option 5. The model here would either be Option 2 or Option 4 depending on the decision made in Conclusions 1 and 2 respectively.

As a result of this report, there was general consensus that Option 2 was the correct approach. However, as mentioned above, by the fall of 2016 the mandate of the initial KEK Board Members had ceased, removing the key counterpart for this project activity. It was not until October 2018 that a new Board was in place within KEK and it and MED agreed to proceed, ending two years of blockage for this activity.

In fall of 2018, REPOWER-Kosovo was asked by MED to assist KEK in presenting unbundling options before the Inter-ministerial Committee for public enterprises. REPOWER-Kosovo provided assistance to KEK management by preparing a PowerPoint presentation on the subject.

REPOWER-Kosovo reviewed the business plan component of MIBRAG's Mine Development Plan with emphasis on regulatory issues and the EU requirements on State Aid and public service obligations and provided a full report for KEK.

Further, REPOWER-Kosovo also prepared first draft of four agreements, which are the basis for the full functioning and operationalization of the unbundled entities in the futures. These agreements are:

1. A lignite supply agreement;
2. An ash and gypsum disposal agreement;
3. A transfer agreement;
4. A shared services agreement.

In addition to that, REPOWER-Kosovo in agreement with KEK, prepared the Terms of References for Functional Review of current KEK's organizational structure, including job evaluation and job grading in view of future developments, which serves for KEK to contract a company with extensive experience in functional review and assessment of different organizations, and the specific know-how to lead such a process, which will include the entire organization.

Table 4. Unbundling evaluation criteria

Unbundling Options					
Evaluation Criteria	**1**	**2**	**3**	**4**	**5**
Implementation Costs Estimated costs of implementations	✓✓✓	✓✓✓	✓✓	✓✓	✓
Period of Implementation Time required to implement	✓✓✓	✓✓✓	✓✓	✓✓	✓
Impact on NKPP Does the option facilitate NKPP?	X	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Investments to Mines Which option promotes mines' development and rehabilitation?	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Liability Dividing Which option is easiest in terms of allocation of assets and liabilities?	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓
Cost Efficiency Which lowest operational costs for the central and corporate functions?	✓✓✓	✓✓✓	✓✓	✓✓	✓
Existing Obligations Which has least for BSA with KESCO	✓✓✓	✓✓✓	✓✓	✓✓	✓✓
Internal Energy Market Which option can contribute more to the development of future electricity market in Kosovo?	XX	✓	✓	✓✓✓	✓✓✓
TPP Kosovo B Rehabilitation Possibilities	**1**	**2**	**3**	**4**	**5**
Privatization Which unbundling option best enables full privatization of Kosovo B?	XX	XX	✓✓✓	✓✓✓	✓✓✓
Project Financing Which options best attracts foreign investments in rehabilitation of Kosovo B?	X	X	X	✓✓✓	✓✓✓
Corporate Financing Which option best supports KEK self-financing or government financing or government financing of rehabilitation?	✓✓	✓✓	✓✓✓	✓✓✓	✓

Evaluation: ✓✓✓ best | ✓✓ moderate | ✓ weak sustainability | X unattractive | XX very restrictive

On February 1, 2018, REPOWER-Kosovo presented to the MED Minister the unbundling options for KEK and potential REPOWER-Kosovo assistance in the thermal power plant (TPP) Kosovo B rehabilitation activities. REPOWER-Kosovo also provided the new KEK Board and KEK management with all relevant documents regarding the unbundling options in preparation for the inter-ministerial meeting held on February 22, 2018. However, during the inter-ministerial meeting, the subject item was removed from the agenda at the request of the KEK Board for more time to prepare a final decision. The REPOWER-Kosovo team was available at the meeting to provide support and clarifications as needed.

In line with the above, on March 7, 2018, REPOWER-Kosovo provided a presentation to the newly established KEK Board of Directors on KEK unbundling options and held extensive discussions after the presentation on each of the options proposed. The presentation was made as per the request of the KEK Board. Since then, no activities have taken place pending the new KEK Board's decision on unbundling.

REPOWER-Kosovo was officially informed by the new KEK Board on April 6, 2018 of the board's decision on KEK further unbundling. They reaffirmed the previous board decision to proceed with legal and ownership unbundling of KEK (Option 2 from REPOWER-Kosovo report). The Board's position was submitted to MED/GoK for further approvals, but by the end of project MED and GoK still did not make their final positions on this decision.

ORGANIZATIONAL ASSESSMENT OF KEK AND IMPROVED SYSTEMS AND HUMAN CAPACITY

In order to conduct the organizational assessment of KEK, REPOWER-Kosovo advised KEK that it was necessary to understand the views and concerns of management, staff, and stakeholders. In this way, the project could develop recommendations that would meet government unbundling objectives while addressing valid concerns over process and outcomes. In order to implement the assessment, REPOWER-Kosovo developed two different questionnaires: one for KEK's own management, comprising of 30 questions; and a second questionnaire for the company's principal stakeholders: MED, ERO, and its own company Board. This second questionnaire comprised 31 questions.

REPOWER-Kosovo agreed with KEK that the project would then hold one-hour face-to-face interviews with those who had submitted questionnaires, and that these would be managed under conditions of strict anonymity, with the results grouped to enable interviewees to speak frankly and openly. It was important that those participating understood that there was no element of individual performance involved and that the focus of the assessment was purely the unbundling, its process, objectives, and intended results. The project used two experienced teams to conduct interviews. Interviews were held at the offices of KEK managers to limit disruptions to their workday. It should be noted that all interviewed managers were very committed to answering the prepared questionnaires.

After conducting the interviews, the REPOWER-Kosovo team was able to obtain a clearer view of the organizational assessment of KEK. Based on the questionnaire returns and interviews, REPOWER-Kosovo completed its assessment and the final report was submitted to KEK, and a presentation outlining its results was given in September 2015. The principal findings were:

Positively:

- KEK had a well and precisely defined organizational structure, with a good understanding amongst management and staff of their reporting lines and accountabilities;
- Job descriptions existed for all staff and are clearly defined, well structured, precise and signed by the employee; and
- The corporate hierarchy was well defined with no double reporting.

Alternatively:

- KEK has a centralized decision-making process and corporate services are centralized;
- There is a lack of business unit involvement in business planning meaning that it is often imposed from the top, sometimes leading to unrealistic or unhelpful targets for individual business units;
- There is no structured reporting system, with inconsistent approaches in terms of both format and time period across the business units;
- Lack of formalized communication flows – this is ad hoc and leads to poor internal information flows;
- There is a mismatch between managers' headline responsibility and their ability to influence or impact on financial performance – they don't have the data they need to make good decisions;
- Poor, slow, and inefficient procurement processes;
- Poor external communications; and
- Many positions in the organizational chart are vacant, particularly in areas such as market/regulation/legal, and the average age profile is of critical concern: almost 17% of staff were within five years of statutory retirement in September 2015, and a further 46% were then in the age band 50-59 years.

Based on its findings, REPOWER-Kosovo prepared a draft Report on Organizational Assessment which included description of the complete organizational assessment process, conclusions, and recommendations for the activities. The report was submitted to the Board of Directors and management of KEK for their review and comments. In parallel to the preparation of Organizational Assessment Report, the REPOWER-Kosovo team had activities in preparation of the draft report on "HR issues in anticipation of unbundling process" during this period.

The Organizational Assessment Report was finalized and formally submitted to KEK by REPOWER-Kosovo and reflected comments received from KEK while excluding the activities that were already in the process of implementation by KEK. It should be noted that some of KEK's comments – principally that not all data provided to REPOWER-Kosovo had been reflected in the report – were not taken into account in the finalization of the Organizational Assessment Report as there were issues that would be addressed in full in later reports under Component 4. With the completion of the report, REPOWER-Kosovo achieved two specific deliverables in its assessment of KEK:

(a) To provide an independent report and summary of findings and views of the assessment team to the MED, KEK Board, and KEK management as the relevant stakeholders; and

(b) To explore an opportunity for the REPOWER-Kosovo team to obtain baseline picture of the KEK organization to be able to assist the REPOWER-Kosovo project in supporting the preparation activities for anticipated unbundling process.

A summary of REPOWER-Kosovo's findings was presented to USAID and U.S. Embassy representatives in a meeting also in September 2015.

IDENTIFY HR-RELATED ISSUES IN ANTICIPATION OF UNBUNDLING

In parallel with the preparation of the Final Organizational Assessment Report, the team began work on the preparation of a draft report on HR issues related to the unbundling process. However, it was agreed with MED and KEK's Board of Directors that this report would be finalized after an agreement on the option for the unbundling of KEK was reached.

As with other tasks under this component, the delay in appointing a new Board by MED, and the subsequent delay in making a firm decision on the unbundling option, delayed delivery of this important report for some two years.

DRAFTING AN ACTION PLAN FOR KEK UNBUNDLING

In April 2016, in anticipation of a decision on the form and extent of unbundling, REPOWER-Kosovo developed a high-level action plan of activities required to implement the unbundling process, which was presented with a covering report explaining the actions, the links between them, and their implications for KEK. The plan identified both key milestones towards completion of unbundling and the specific activities that need to be performed without prejudging the option of unbundling, as this had not yet been decided. The document refers to the unbundling options report, mentioned above, as the document will serve as the basis for the shareholder to make a final decision for the unbundling option to be implemented.

MED advised REPOWER-Kosovo that it intended to wait for the appointment of a new Board, which was expected around the end of Year 2 or the start of Year 3, and that there would not be a final decision on the option for unbundling until the new Board is in place. The project's expectation at the time was that the final decision on the option would be made by the new Board and shareholders reasonably quickly, so that by the end of 2016 a go-ahead would be given. Following that decision, a more detailed 'master' action plan would be developed in coordination with KEK to provide the blueprint for implementation. However, the government only appointed the new Board in the spring of 2018. The Unbundling Action Plan was prepared and delivered in spring 2019.

REPOWER-Kosovo also held a meeting with KEK's Director of Central Unit for Planning and Strategy and discussed the development of operational manuals that are related to the workflow, reporting, monitoring, and communication management for the new entities to be established after the unbundling process, and identified REPOWER-Kosovo's support to KEK on the activities that could be completed prior to GoK/Board of Directors' decision for the selected option for unbundling. The KEK Management stated that it would discuss the mentioned topics and issues and inform REPOWER-Kosovo on the support needed.

DEVELOP THE SCOPE OF WORK FOR THE UNBUNDLING PIU

REPOWER-Kosovo commenced work to develop a proposed scope of work for the PIU which would be charged with the duty of facilitating the unbundling process. The purpose of the scope of work was to define the role and responsibilities of the PIU for KEK Unbundling, which was already identified and defined within the Action Plan for KEK Unbundling. The latter sets the basis for activities which needed to be performed for the anticipated unbundling of KEK. However, in the meantime the approach was shifted from PIU to the Coordination Team within KEK. The potential functionalization of the PIU was pending final decision for unbundling execution.

KEK FUNCTIONAL REVIEW

A meeting was held at KEK premises on September 27, 2018 with representatives from KEK, MED, USAID, and REPOWER-Kosovo to further discuss the request made by KEK to provide support in performing a review of the company's structure, job descriptions, and salary levels. An earlier note was provided to USAID suggesting that this would be feasible, and that the project was well-placed to perform the review if USAID give the go-ahead.

The REPOWER-Kosovo team finalized the terms of reference (ToR) for KEK's functional review, which was sent to USAID for further concurrence. Following USAID concurrence, on March 28, 2019, the ToR was submitted to KEK.

MINE DEVELOPMENT PLAN

In line with the agreed ToR for REPOWER-Kosovo's continuing support to KEK on unbundling, a report was prepared for the company assessing any regulatory and competition aspects arising from the project's review of the Mine Development Plan reports prepared by KEK's consulting company MIBRAG.

The REPOWER-Kosovo team followed up with Mine Development Plan of KEK as provided to REPOWER-Kosovo for the review of the business plan with an emphasis on regulatory issues and the EU requirements on State Aid and public service obligations.

A first draft of Review of "Implication of Mine development Plan for State Aid Issue" was prepared and submitted to USAID on April 2, 2019 for review, and the final draft was submitted to KEK on May 17, 2019.

INTER-COMPANY AGREEMENTS

During March and April 2019, REPOWER-Kosovo discussed with KEK the contractual framework needed to support inter-company operations post-unbundling. The four agreements discussed were:

- A lignite supply agreement;
- An ash and gypsum disposal agreement;
- A shared services agreement; and
- A transfer agreement.

REPOWER-Kosovo indicated that the last agreement was probably not required and that KEK and the GoK could follow the precedent of the KOSTT unbundling in 2006 (effective simply by decision). A cover report outlining the reasons for the modifications made was also prepared explaining the principles followed by the project in the drafting and containing tables with drafting explanations for the four agreements.

REPOWER-Kosovo had agreed with KEK that three of the drafts would be based on existing agreements from two different sources which, while radically different in drafting style from each other, had the merit of being already adopted and (presumably) understood by KEK personnel. The lignite supply and ash and gypsum disposal agreements were based on the KRPP agreement, and the shared services agreement was based on one used between KEDS and KEK. It was stressed to KEK, however, that these initial drafts would require considerable further effort internally.

On May 17, 2019, the following initial draft documents were submitted to KEK:

- Report to KEK J.S.C agreements to support the unbundling of mines from KEK;
- Transfer Agreement;
- Shared Services Agreement;
- Ash and Gypsum Disposal Agreement; and
- Lignite Supply Agreement.

TECHNICAL ASSISTANCE AND TRAINING ON SECTOR UNBUNDLING

During the course of the project a number of training events were organized for KEK on unbundling and on other technical areas where opportunity arose.

DEVELOPMENT OF TRAINING PLAN FOR KEK

Early in January 2015, REPOWER-Kosovo submitted to USAID a draft plan for the training of KEK management on power sector unbundling. In March, an introductory meeting for the Board of Directors and high-level management of KEK was held at REPOWER-Kosovo's office. During this meeting REPOWER-Kosovo's Chief of Party presented the goals and objectives of the REPOWER-Kosovo project and another technical expert presented on the unbundling processes and restructuring as a change management activity of the organization. Following these presentations, the project team had opened discussions with high-level KEK management on the expected restructuring process of KEK.

TRAINING FOR KEK'S BOARD AND MANAGEMENT

In March 2015, a training workshop was held with the KEK Board of Directors and senior management at the TPP Kosovo B offices. The purpose was to provide senior staff with a clear understanding of the purpose and objectives of the unbundling, a detailed awareness of the process and to discuss and agree the principles relating to the outcomes. Training was delivered with the support of three presentations by REPOWER-Kosovo experts to on the details of the organizational assessment. The REPOWER-Kosovo team also conducted an initial survey on the unbundling process with workshop participants; the results of which were collated by REPOWER-Kosovo and presented later in a report to the company.

STUDY TOUR TO CROATIA AND SLOVENIA

As a follow-up to the Options Report of 2016, REPOWER-Kosovo organized a study tour in May 2016 to Croatia and Slovenia in which Kosovo energy sector stakeholders were provided with the opportunity to see concrete examples of international practices with regard to the structural reorganization of utility companies in these two countries.

The REPOWER-Kosovo team was accompanied by representatives of GoK/MED, KEK's Board of Directors and KEK Senior Management. The visit began with a meeting at the Croatian Ministry of Economy as a key administrative institution of Croatian energy sector responsible for energy policy, energy legislation, and energy sector strategy. The Kosovo delegation received direct insights of the Croatian experience regarding the EU accession, experience in fulfillment of the EU Acquis Communautaire requirements, experience with restructuring and strategic development of the Croatian energy sector, as well as experience with energy market opening.

Additionally, the visit also featured a meeting with the largest Slovenian power generation company and the largest producer and trader with electricity on the wholesale market – Holding Slovenske Elektrane (HSE). HSE Group includes hydropower plants, thermal power plants with installed capacity 3,850 MW, and a coalmine united into a single brand name. The delegation found it very interesting to learn how

the HSE Group was organized and met EU directives and obligations; at the same time, they learned the challenges in functioning an open electricity market. Moreover, the participants gained an understanding of how the structure within the HSE group was defined and established.

CAPACITY BUILDING IN ENERGY TRADING

Under the terms of the 2016 Electricity Law, KEK must offer its capacity and energy to buyers in a 'market-based way', reflecting the requirements of EU law for the development of competition in the electricity generation sector. Electricity wholesale trading, and particularly inter-state trading, is new to the Kosovo generation sector as the State generators have traditionally supplied their output within the context of a vertically integrated utility and, after the KEDS privatization, under the provisions of a long-term bulk supply agreement. KEK personnel were required to build their capacity in both the mechanics of such trading and in the commercial aspects. Recognizing this need, REPOWER-Kosovo designed and delivered a two-day training program on February 13-14, 2018 at KEK's training center in Obiliq. The objective of the training was to improve and strengthen the trading functions within KEK as one of the key pillars in Kosovo's energy sector and in anticipation of further regional electricity market integration. The training included KEK staff and employees of KOSTT and ERO.

In addition to REPOWER-Kosovo experts, guest presenters from Nordpool and the former managing staff of UK-based lignite-fired power plants shared their insights and experiences on the key elements of trading, its risks, challenges and opportunities, and particularly the participation of generators in trading operations. These and other presentations attracted the interest of the participants and resulted in interactive discussions, which were followed by a question-and-answer session.

Following the training, REPOWER-Kosovo conducted simulations of different exercises highlighting key areas of trade functions. These exercises simulated real world situations and several of the problems that traders face. The organized groups of participants, each of which filled the role of a different market participant, managed to capture the concepts while trading with each other. In addition, face-to-face consultation with experts at the workshop also enhanced the trading experience.

MONITORING OF PROCESS OF ENERGY AGREEMENTS

REPOWER-Kosovo was originally tasked to monitor the implementation of the 2014 Energy Agreement derived from the technical dialogue facilitated by the European Commission/European Union and consequently signed by the respective representatives of the Kosovo and Serbian governments under the sponsorship of the European Commission.

A key feature of the agreement was an undertaking for the Kosovo regulator, ERO, to grant a supply license to a Serbian electricity operator which would allow a normalization of the existing illegal operations of EMS within four northern municipalities. Under Kosovo law (primary law and secondary legislation issued by ERO), license applications must be made in the name of a Kosovo registered business. REPOWER-Kosovo expected that any such application would trigger a request from ERO for assistance from the project to ensure that due process was followed, and that appropriate license was put in place.

In spring of 2015, in anticipation of a license application from the EMS affiliate, REPOWER-Kosovo was requested by ERO to develop an initial working draft of a supply license. This was developed for "NewCo" which is the working name of the company which will be licensed to supply in the four municipalities. An initial meeting was held with the Commissioner early 2015 to discuss various practical and policy matters relating to the expected inter-relationships between sector participants in light of the Agreement. The draft supply license was modified and submitted to ERO formally in March 2015.

In order to build a fuller picture of the regulatory, operational and technical issues which must be understood, preferably before any license is granted, REPOWER-Kosovo evaluated the different technical codes and the system configuration. This enabled the project to advise ERO of any consequential modifications that might need to be made to the legal and regulatory framework in order to implement the energy agreement in full.

It should be noted that, as of the end of the project, no license application has been submitted by the Serbian operator Elektroserver. KOSTT's management together with MED has invested enormous efforts to urge the process of subject license issuance in dealing both with internal and external involved key-stakeholders such as ENTSO-e and Kosovo's relevant institutions. On September 26, 2019 during its RGCE meeting, ENTSO-e decided to establish a Task Force to develop binding action plan for license application and issuance for both Kosovo and Serbian relevant authorities. The action plan envisages license to be granted to Elektroserver by the end of December 2019. Expected issuance of the license by ERO will, in parallel, enable process of KOSTT to finally activate the already signed connection agreement with ENTSO-e and become an independent control area. USAID will continue to closely monitor development of this process.

COMPONENT 5: DEVELOP A FINANCING STRATEGY FOR THE REHABILITATION OF KOSOVO B

OVERVIEW

The original REPOWER-Kosovo Task Order envisaged extensive technical support to MED to prepare for the rehabilitation of Kosovo B, bringing the plant up to applicable European emissions standards, and extending its operational life.

REPOWER-Kosovo planned a number of tasks, commencing with a survey of the investment market and identification of possible investors, identification of financial options for the works, and establishment and training of a PIU and support to select transaction advisors. In December 2015 the project's Market Survey Report was provided to MED, with the Financial Options Report following in January 2016, together with a pack of documents for the establishment and operation of the PIU.

By mid-2016, however, it became clear that MED needed to focus their internal resources on the KRPP, and that they did not have the internal capability to deliver two major procurement exercises in the sector in parallel. Following discussion between the MED and USAID in 2016, it was agreed that REPOWER-Kosovo's Year 3 and Year 4 work plans would be adjusted to encompass a limited amount of effort by REPOWER-Kosovo to support MED in its work to implement the KRPP project. In particular, it was agreed that REPOWER-Kosovo would assist in the development of two technical site studies: a meteorological survey and a flood risk assessment. The project would also support an update of the original Environmental and Social Impact Assessment Report prepared and submitted to the Government by Orion 3E Consortium in August 2016. By the end of fiscal year 2018, all three of these reports had been finalized by REPOWER-Kosovo and officially submitted to the Government and KRPP PIU.

Key outcomes of REPOWER-Kosovo's technical assistance to MED under Component 5 include:

- Market Survey Report developed and issued to MED;
- Financial Options Report developed, and Option 2 recommended;
- PIU establishment documents developed;
- Three site studies completed for MED;

- Original KRPP ESIA reviewed and updated (based on the ToR endorsed by MED); and
- Financial Options Report updated and issued.

DESIGN AND IMPLEMENT MARKET SURVEY

Immediately after project inception, the REPOWER-Kosovo team commenced its desk study of documents related to Kosovo B. The team reviewed legislation on foreign direct investment, tax legislation, intellectual property legislation, and other legal documents as groundwork for this task, as these statutes provide the legislative framework within which the Kosovo B transaction will take place. The team also reviewed Kosovo's energy policies, laws, administrative procedures, energy strategies, and regulatory framework relating to the power sector in Kosovo.

Following this desk study, the REPOWER-Kosovo team prepared an initial draft outline of the market assessment and market identification study for internal discussion and review. This study assessed the legal, economic, commercial, and technical context for the Kosovo B transaction, and the nature of the market for this kind of transaction internationally. In the summer of 2015, REPOWER-Kosovo undertook a detailed analysis of the Kosovo economy, the Kosovo energy sector and its likely developments both nationally and within the region, taking particular note of Kosovo's commitments under Energy Community law, and Kosovo B's likely future capacities and position in the Kosovo energy sector, once rehabilitated.

In presenting the analysis to USAID and U.S. Embassy representatives, REPOWER-Kosovo emphasized the importance of Kosovo B rehabilitation as a priority for improving Kosovo's electricity security of supply. The presentation also noted that the successful achievement of this rehabilitation must properly address the financial, technical, environmental, and other challenges related to the project. Highlighting concerns over security of supply could help gain support from relevant international bodies and increase the likeliness of project success, like what was successfully done under an earlier USAID project in 2010. It was pointed out that successful implementation of Component 5 was also highly dependent on having a credible feasibility study that identifies all of the work that needs to be done during the rehabilitation process. Having this study conducted and signed by an experienced and credible company is of crucial importance as it increases investors' predictability of the work to be completed thereby reducing investor risk.

In late 2015, as part of preparation for later stages, an informative report was developed in order to:

- Identify the kinds of investors who have competencies to develop coal projects and provided an initial long list of companies with a track record of such investments in the region;
- Identify the opportunities, risks and challenges likely to be faced by developers investing in the rehabilitation project, highlighting the lessons that could be learned from power project experiences in the region;
- Suggest how such challenges could be addressed during the preparation of the Kosovo B project, in order to avoid future pitfalls; and
- Identify the next steps for marketing Kosovo B rehabilitation project.

The findings of the report were discussed with MED and formally submitted to MED in January 2016.

Following submission of the reports, a presentation on the two reports was also made to the MED in Year 3. However, since then no decision has been received from the MED which has been heavily involved in negotiations on the KRPP, the MED advised REPOWER-Kosovo that until commercial close on KRPP is achieved, they cannot turn their attention to Kosovo B. In the final outcome, although commercial close was achieved in 2017, MED continued to focus on the KRPP project and there was no further consideration of the market study report.

DEVELOP THE FINANCIAL OPTIONS FOR KOSOVO B REHABILITATION

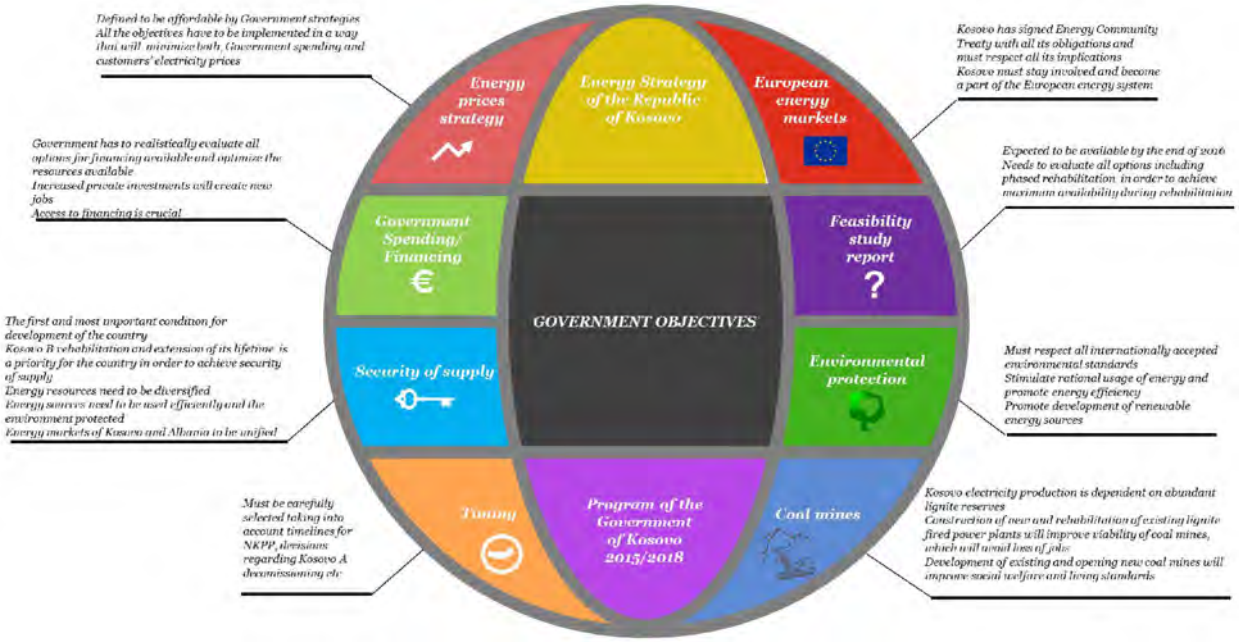
In late 2015, as the principal deliverable under this subtask, the Financing Options Report was developed. The purpose of the Financing Options Report was threefold:

- To outline the principal models available for private sector participation in the Kosovo B rehabilitation project;
- To put the options for financing available into a project specific context, summarizing all the issues, pros and cons for each different option; and
- To help the GoK make an informed decision on the financing structure for Kosovo B rehabilitation.

The report described:

- The key developments and decisions made by the GoK and KEK regarding the Kosovo B rehabilitation since the completion of the repower original (2015-2016) financing options study;
- Present and future potential sources for corporate financing;
- Project organization and activities necessary for corporate financing option;
- Similar projects and financing experiences in the region;
- Risk minimization for corporate financing option;
- The potential as well as conditions for attracting minority shareholder(s); and
- The best approach, next steps and related timeframe.

Figure 5. Drivers and challenges for the GoK related to Kosovo B refinancing as indicated in USAID/REPOWER's Financing Options Report for Kosovo B, 2019.



The report further highlighted the timeline of each option and drew conclusions, identifying the decisions to be taken. The chief conclusion of the project is that the risk of failure is greater for Kosovo if the project financing option was pursued, as the GoK would be subject to greater time constraints in terms of the timetable to be followed, and would have to be in a much higher state of preparedness throughout the process than is the case for corporate financing. In the end, however, REPOWER-

Kosovo recognizes that the GoK may feel forced to take the higher risk strategy if it cannot carry additional debt. The report was formally submitted (together with the Market Study report described above) in January 2016.

At MED's request, a follow up report for financing options for Kosovo B was finalized and submitted to MED for its review on May 21, 2019. The report contains an updated analysis of options for financing, having in mind the decision on majority public ownership of the Kosovo B plan.

ESTABLISH A PROJECT IMPLEMENTATION UNIT (PIU)

During the first Project Year, REPOWER-Kosovo developed a complete draft pack of governance documents for the establishment, operation and management of a PIU, using experience gained during the KEDS transaction and the successful operations of its PIU.

Once final, the document pack included the following:

- Project Management and Reporting Structure
- Summary of Responsibilities of Key-Project Actors
- Inter-Ministerial Committee
- Project Implementation Unit
- Technical Working Group
- Transaction Advisor
- External Experts/Advisers
- Inter-Ministerial Committee - By-laws
- Meetings Protocols
- Code of Conduct
- Declaration of Impartiality and Confidentiality
- Technical Working Group - responsibilities and By-laws
- Meeting Protocol
- Declaration of Impartiality and Confidentiality
- Project Implementation Unit, organizational structure, responsibilities and scope of work (SOW)/work plan and PIU members' declaration of Impartiality and Confidentiality for:
  - Project Manager
  - Public Relation Support Specialist
  - Commercial Law Support Specialist
  - Procurement Support Specialist
  - Energy Environmental Support Specialist
  - Economic and Financial Support Specialist
  - Assistant /Administrative Support Officer
  - Public Pronouncement /Tender Dossier for Project Implementation Unit
  - Public Pronouncement /Tender Dossier for Transaction Advisers
  - Other participants in project Declaration of Impartiality and Confidentiality

REPOWER-Kosovo also met with the Head of the Private Public Partnership (PPP) Department Office in the MoF to discuss the legal framework for PPP under Kosovo Law and to stress REPOWER-

Kosovo's intention to consider PPP as just one of a number of possible options for the financial rehabilitation of Kosovo B.

The draft pack of governance documents for the establishment, operation and management of a PIU were put on hold pending an appropriate point in time for presentation to GoK, which was expected to be only when MED had made sufficient progress towards completion of the KRPP project and had made the decision to establish the subject PIU. At the end of the REPOWER-Kosovo project, no such decision has been made by MED.

SUPPORT THE TENDERING PROCESS

The original REPOWER-Kosovo Task Order envisaged that transaction advisors would be required to implement the rehabilitation transaction. The precise nature of the tendering process to be followed would be dependent of the Government's policy decisions regarding the rehabilitation process, particularly relating to the method of financing. The option taken here would determine who or what would be procured. In the final outcome, no progress on this task could be undertaken in the absence of that decision, except for a limited review of existing governance documents for transaction advisers including public pronouncement/tender.

TECHNICAL STUDIES ON SITE CONDITIONS

In 2016, concerns over the continuing delay in MED's selection of the Financial Option and its consequent decisions, led USAID to enter into discussions with MED to seek a way forward and, if possible, to ensure that the technical assistance available to government under the REPOWER-Kosovo project could be sensibly utilized. MED confirmed that it remained committed to the KRPP project as being essential to security of supply, and that it could not contemplate the Kosovo B rehabilitation until that project closed. MED also advised that, as part of its obligations to meet pre-conditions for the KRPP Financial Close, was required to commission a number of technical and economic studies relating to the proposed new construction. It requested USAID to allow REPOWER-Kosovo to offer support in performing these studies. After discussions, it was agreed that it would be consistent with the project objectives for REPOWER-Kosovo to develop two technical studies related to the construction site:

1) Meteorological study; and
2) Flood risk study.

USAID and DT Global therefore agreed on a modification to the REPOWER-Kosovo Task Order so that the REPOWER-Kosovo effort could focus its support under Component 5 on the KRPP. From that point onwards, REPOWER-Kosovo's work under this component therefore switched from Kosovo B rehabilitation, to the development of technical studies to assist government in its KRPP project and to work on reasonable amendment to the existing ESIA for KRPP to reflect the changes of the KRPP structure from 2x300 MW to a 450 MW single-unit plant. After lengthy discussions with USAID and MED on appropriate terms of reference and the procurement of appropriate technical experts, REPOWER-Kosovo commenced work on the studies in April 2017.

During the project's fourth year, work advanced on the flood risk assessment study and meteorological survey study for KRPP construction site. Both draft studies were submitted to USAID for final review on October 31, 2017, prior to submission to the KRPP PIU for comments in order to produce final versions. REPOWER-Kosovo considered all comments received and organized a closed session for the PIU and USAID on November 29, 2017 between REPOWER-Kosovo, USAID, and the MED KRPP PIU. At the meeting, REPOWER-Kosovo presented both draft final reports to the KRPP PIU. The PIU had an opportunity to provide their final comments on the reports for finalization. The final reports of both studies were submitted in October 2017.

AMENDMENT OF THE ESIA

During the reporting period, REPOWER-Kosovo organized a site visit to KEK for its experts who would conduct the revision of the ESIA. REPOWER-Kosovo met with KEK management, and officials from the Ministry of Environment and Social Planning (MESP) and hydro generation company Ibër Lepenc. Another site visit was organized for the REPOWER-Kosovo experts to the mining site in Obilić municipality, the planned KRPP site, and KEK's water treatment facility. The REPOWER-Kosovo team also met with the PIU, discussing all remaining aspects of ESIA revision.

Furthermore, a public focus group discussion was held on December 13, 2017, an activity required for the revised ESIA. Twelve members of the public were selected and invited to the focus group. These individuals included people living in close proximity to the area of the planned KRPP and individuals from the minority Serbian community. Out of the twelve invited, ten participants were able to take part at the focus group discussion and express their views regarding the social and economic impacts of the planned new power plant.

The project commenced work on amending the ESIA study, then on March 13, 2018, a copy of the first working draft of the ESIA was submitted to the MED PIU to conduct the input data control. The final draft was submitted to MED PIU in May 2018.

On July 9 and 10, 2018 the REPOWER-Kosovo team attended a two-day workshop entitled the "Environmental and Social Impact Assessment process for the Kosova e Re Power Plant". The workshop was organized by the USAID-funded Kosovo Energy Security of Supply (KESS) project. The REPOWER-Kosovo experts engaged on development of the revised ESIA and had an advisory role at the workshop. The following presentations were given at the workshop:

- Information about KRPP, presented by the MED PIU;
- Legal Requirements for EIA/ESIA and public consultation, presented by the Ministry of Environment and Spatial Planning (MESP);
- Outline of the ESIA consultation process and organization of public debate, presented by ContourGlobal;
- Current status of the ESIA, presented by ContourGlobal; and
- Involvement of the municipality of Obiliq in the ESIA process, presented by the mayor of Obiliq municipality.

The presentations were followed by open and transparent discussion from participants from USAID, MED, MESP, KESS, REPOWER-Kosovo, Obiliq municipality, and ContourGlobal.

The amendment of the ESIA allowed the PIU to meet its obligation to complete the KRPP project documentation.

CROSS-CUTTING ACTIVITIES UNDERTAKEN DURING THE YEARS

2017-2026 ENERGY STRATEGY DEVELOPMENT

Throughout 2016, REPOWER-Kosovo provided input into IMWG meetings for the development of the revised Energy Strategy. Initially, as part of its support, REPOWER-Kosovo issued a report to the working group comprising all comments provided by donors and proposing appropriate responses in the draft document. REPOWER-Kosovo also drafted an additional annex listing all the additional studies and evaluation exercises that MED should develop following approval of the Strategy itself.

Building on this initial support, USAID then requested REPOWER-Kosovo to organize a meeting to present the draft 2017-2026 Energy Strategy to international organizations. The meeting was held on March 16, 2017 following which REPOWER-Kosovo again provided support to the working group to help it in addressing comments on the draft document made by the EC, EnCS, and the World Bank.

In later March 2016, REPOWER-Kosovo was again requested to provide support to strengthen particular parts of the draft Energy Strategy developed by the Ministry after feedback was received from several international institutions, including World Bank, EBRD, EC, and USAID, on the document's weaknesses. As MED had very little time available before its date of submission to the Office of the Prime Minister, REPOWER-Kosovo provided only limited clarification and improvements, but was unable to address all concerns related to the fundamental approach and scope of the document raised by the international donors. Notwithstanding the short time available, the amendments proposed by REPOWER-Kosovo to the draft Energy Strategy were sufficient to improve the document substantially and members of the international community confirmed their satisfaction with the end result to MED. The final strategy was re-adopted by the new Government and approved by the National Assembly.

HIGH LEVEL PUBLIC FORA

Early in the first project year, MED requested REPOWER-Kosovo's support to hold a public forum which would be an arena in which to focus on the Government's strategy for the Kosovo-Albania market coupling. In response to this request, REPOWER-Kosovo developed a concept note for a High-Level public forum to be held early in February 2016 to present the challenges and opportunities facing the electricity sector, with a particular focus on the common electricity market. The concept note was then shared with both MED and USAID, at which point it was decided to have the forum be more general in theme.

REPOWER-Kosovo provided full logistical support in the organization of the forum, providing letters of invitation, agendas, draft speeches, and a brochure, all in close cooperation with the MED's internal PR team.

The first forum, with the title 'Security of Energy Supply in Kosovo', was attended by USAID, the U.S. Embassy, the World Bank, International Monetary Fund, the European Bank for Reconstruction and Development, Deutsche Gesellschaftfür Internationale Zusammenarbeit, the EU, EnCS, and the European Network of Transmission System Operators for Electricity, together with Government of Albania and the Albanian regulator, transmission system operator and electricity supply company.

KOSOVO'S FORMER PRIME MINISTER, ISA MUSTAFA, GIVING OPENING REMARKS AT THE FIRST HIGH LEVEL FORUM.

The success of the first forum prompted MED to request USAID to allow REPOWER-Kosovo to arrange and support a second forum in 2017, to which USAID gave its consent. Accordingly, on April 18, 2017, REPOWER-Kosovo facilitated the second, high level public forum hosted by MED, with the U.S. Ambassador to Kosovo, making the keynote address. That year's forum was titled "Energy Strategy and Market Liberalization", with these twin themes presented by MED and ERO respectively.

The event was extremely well attended, both during the main event and panel sessions, which took place in the afternoon, as it attracted a considerable number of participants both from local and international institutions. It was a great opportunity for all stakeholders to share their presentations and professional expertise and to exchange views on different subjects related to the energy sector as a whole.

The forum debated and commented on the importance of the GoK's recently adopted Energy Strategy 2017-2026, with particular focus on its implementation and on current issues of critical importance for the energy sector. The forum also provided an opportunity for national and international stakeholders to debate the current and future challenges presented by market liberalization and regional energy integration, as well as the progress towards meeting the "'Western Balkans 6 (WB6) soft measures," a large amount of indicators relating to Energy Community Treaty compliance, monitored by the EC Secretariat in Vienna. Following the conclusion of the main event, participants were invited to attend one of two separate focus groups which were convened to debate issues arising around current areas of reform in the Kosovo electricity market: the first phase of market liberalization and revised support scheme arrangements for energy projects using renewable energy sources. These focus groups were led by experts from the REPOWER-Kosovo project.

A third forum was then arranged in 2018 with the theme "Investments in Energy Infrastructure." The forum provided an opportunity for all relevant energy institutions and stakeholders in Kosovo to discuss the challenges facing the sector in implementing the government's recently adopted energy strategy, as

well as to debate and comment on current issues of importance for the electricity sector. The forum attracted more than 170 participants from local and international institutions. Speeches were given by Ramush Haradinaj, Prime Minister of Kosovo, Valdrin Lluka, Kosovo Minister of Economic Development, Greg Delawie, US Ambassador to Kosovo, Christian Heldt, German Ambassador to Kosovo, Riccardo Serri, Representative of the European Union Office in Kosovo, and Marco Mantovanelli, World Bank Country Manager for Kosovo. The speeches emphasized increased cooperation among stakeholders and donors. After the Forum, REPOWER-Kosovo collated and submitted copies of all presentations to the MED for publication on the Ministry's website.

ENVIRONMENTAL MONITORING

USAID's environmental policy requires that the potential adverse impacts of USAID-funded and managed activities be assessed prior to implementation via an Initial Environmental Examination or IEE process defined by Title 22, Part 216 of the U.S. Code of Federal Regulations on environmental procedures (22 CFR 216). Pursuant to 22 CFR 216.3(a)(2)(iii), the Mission reviewed the potential environmental impacts of the proposed Project and recommended a Negative Determination with Conditions in the IEE (DCN 2014-KOS-060). Pursuant to environmental procedure 22 Code of Federal Regulations (CFR) 216.3(a)(3)(iii), the IEE declared a Negative Determination with Conditions to address project activities having potential negative environmental impacts.

ENVIRONMENTAL MONITORING AND REVIEW METHODOLOGY

To effectively mitigate impacts and comply with the IEE Conditions, the project designed a methodology and prepared an Environmental Mitigation and Monitoring Plan (EMMP) to achieve environmental compliance during the implementation of these activities in a manner that would either minimize and manage or eliminate environmental risk. The goal of this approach was to ensure that prior to implementation, all REPOWER-Kosovo activities were reviewed to ensure compliance with the USAID environmental regulation 22 CFR 216 as well as the environmental laws and regulations affecting environmental impact assessment, industrial emissions affecting air quality, water quality standards, and all related permit requirements of both the GoK and the EU. Specific objectives were to:

1. Identify thresholds/significance for project activities;
2. Conduct environmental screening and review process for small and medium-risk activities; and
3. Develop and implement a project specific EMMP to provide mitigation measures and guidance on indicators for monitoring the effectiveness of these measures.

Table 5. Steps in the REPOWER-Kosovo environmental review methodology

Step in Environmental Review Methodology	Documentation or Deliverable Completed
1. Conduct preliminary screening of Kosovo work plan tasks to determine environmental risk of each task and sub-task	During environmental screening, all project components were found to bear at least one type of activity having the potential to exert some negative impact on the environment and were therefore designated as "Low to Moderate Risk Activities." Potential impacts, if any, are generally expected to be indirect in nature, as they concern improving the institutional or regulatory environment for eventual clean energy infrastructure development, rehabilitation, or management. With proper mitigation measures, these impacts are expected to be negligible. See Screening Table 3, EMMP Section 2.
2. Design specific mitigation measures and develop EMMP	REPOWER-Kosovo EMMP, Section 3. Mitigation measures specified in the EMMP followed the Initial Environmental Examination (IEE) and USAID Sector Environmental Guidelines for Small-scale Energy (2014) where appropriate (available at https://usaidgems.org/sectorGuidelines.htm).
3. Provide training to REPOWER-KOSOVO staff on EMMP implementation	Documented and summarized in Project Quarterly Report, April 2015.
4. Implement mitigation measures specified in the EMMP	Activities were reviewed to ensure compliance with the EMMP as well as the environmental laws and regulations affecting environmental impact assessment, industrial emissions affecting air quality, water quality standards, and all related permit requirements of both GoK and the EU. Implementation and monitoring were documented in the "Verification" column of the EMMP tables and submitted as Environmental Mitigation and Monitoring Reports (EMMRs) to USAID.
5. Review, verify and document that mitigation measures are implemented and effectively address environmental concerns.	
6. Perform additional environmental review for Task 6 or other activities not addressed in this document, following approval of the USAID Contract Officer's Representative (COR) and Bureau Environment Officer (BEO) pursuant to REPOWER-KOSOVO IEE, Section 4.2.6.2.	N/A
7. Report on the implementation of environmental compliance requirements	Report on the implementation of environmental compliance requirements in routine project reporting documents as relevant (i.e., Annual Reports, EMMRs, and Quarterly PMP reporting on the Environmental Indicator on the PIRS Monitoring Result Form).

ENVIRONMENTAL COMPLIANCE AS REFLECTED BY THE ENVIRONMENTAL INDICATOR

In addition to requiring the project specific EMMP to minimize and manage or eliminate negative environmental impacts, the IEE specified in Section 5.6 that "The USAID Mission will include an indicator for environmental compliance as part of the project's performance monitoring plan." The Environmental Indicator approved by USAID in Year 2 of the project, and was defined as "the number of times the EMMP is reviewed for compliance with all recommended environmental mitigation measures, and progress on compliance as well as any issues reported to USAID" (Target: 4 times per year, included in quarterly reporting). This indicator is appropriate because it monitors progress on compliance with all other environmental indicators provided in the EMMP that are associated with each project task. The Environmental Indicator was included as a regular reporting element of the REPOWER-Kosovo Performance Monitoring Plan (PMP), with quarterly updated documented and reported to USAID on the PIRS Monitoring Result Form. The Performance Indicator Reference Sheet (PIRS) that defines this indicator is documented in Table 2 of the EMMP.

As measured by the Environmental Indicator, environmental review was undertaken for REPOWER-Kosovo activities as required in order to achieve the EMMP objectives has well as ensure compliance with USAID, GoK, and EU environmental compliance requirements. The plan was fully implemented throughout the period of performance, with major deliverables examined by one or more of the project's environmental experts.

Table 6. EMMP reviews - targets and actuals

Number of times the EMMP is reviewed for compliance with all recommended environmental mitigation measures, and progress on compliance as well as any issues reported to USAID					
BASELINE (FY2016): 0					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Targets	N/A*	4	4	4	4
Actuals	N/A*	**4**	**4**	**4**	**4**

*REPOWER-Kosovo did not have a USAID approved Environmental indicator for FY2015.

GENDER AND INCLUSIVITY CONSIDERATIONS

In April 2015, the STTA Gender Specialist conducted a gender analysis, utilizing one-on-one and group interviews with project staff, beneficiaries, and stakeholders. A list of proposed interviewees was identified from both energy sector institutions (MED, MESP, KEK, KOSTT, KEDS, ERO) and private sector and international institutions. USAID's inputs were sought and received on the proposed list. A total of 18 interviews were held with beneficiaries and main stakeholders. Findings were presented to USAID, along with a gender action plan (GAP).

REPRESENTATIVES FROM REPOWER'S BENEFICIARY INSTITUTIONS DISCUSS KEY CHALLENGES FACING WOMEN IN THE ENERGY SECTOR.

In spring 2016, REPOWER-Kosovo's 'mCircle' initiative was launched, with ERO, KOSTT, MED, and KEK, respectively to introduce beneficiary staff to the program. The beneficiary representatives were informed about the benefits and time commitments of the mCircle initiative. The initiative was met with interest and support from all beneficiary organizations. REPOWER-Kosovo also met with KEDS/KESCO in the hope that they might also participate, although they initially expressing strong support, ultimately the company did not respond with an agreement to meet and discuss the establishment of a mCircle within their organization. As part of this exercise, a single 'focal point' person was nominated within each organization who would interact with the Project and with her counterparts in the sister organizations. REPOWER-Kosovo updated the Women's Council mCircle Framework following comments received from each organization.

During the workshop, REPOWER-Kosovo led the way in introducing the mCircle concept to the energy sector institutions, elaborating upon its benefits and practical applications within energy institutions. This event also provided an excellent opportunity for energy sector professionals to network with one another and engage in dialogue on challenges facing women in the Kosovo energy sector. The themes of the workshop were carefully selected to allow for an interactive workshop that facilitated thoughtful discussion on the key challenges, as well as the advantages, facing women in the energy sector in Kosovo. The participatory workshop format allowed discussion on best practices and ideas and ensured that participants left with a more comprehensive understanding of the mCircle toolkit and concrete actions that can be applied for individual and organizational benefit.

The one-day workshop was organized at Villa Gërmia in Pristina and attended by 56 participants, all of whom were female. The training was delivered through a combination of presentations, question and answer sessions, inter-active group work, and joint discussions. The trainees introduced topics for discussion with some elaboration and focused on generating interaction with and feedback from the participants.

In addition to providing the background and detail on how mCircle can be set up, the training aimed to provide a forum through which the participants could identify challenges they face and discuss means through which to eliminate or address those challenges. More specifically, the participants focused on the need and manner in which they can create opportunities for themselves and women in the energy industry in general. This included a discussion on leadership, leadership qualities and opportunities for women; how to make use of mCircle towards professional advancement; how to generate mentorship; career planning and goal setting; and how to attract women to science and engineering.

In the summer of 2016, a follow-up meeting was held with the mCircle focal points from MED, KOSTT, ERO, and KEK. The purpose of the meeting was to share experiences and progress on working towards goals identified during the Gërmia workshop earlier in the year. While the reports were generally positive and gave rise to valuable discussion, it was clear that within ERO there are negative signals regarding open and merit-based (and non-discriminatory) recruitment, with the cancellation of advertisements for open vacancies because the winning candidates were not the desired candidates.

One of the initiatives raised at the Gërmia workshop was the creation of a national association for women involved in energy in Kosovo. In early 2017, the mCircle focal points agreed to support this, and requested REPOWER-Kosovo support. The project advised the focal points on the legislative framework regarding associations and drafted a Statute, which was discussed and agreed between the four focal points who were to be the founding members of the new association. Following agreement, in April 2017, REPOWER-Kosovo supported the founding members in registering the new organization. On June 27, 2017 REPOWER-Kosovo hosted a workshop for the new Association 'Association of Women in the Energy Sector of Kosovo' (AWESK) at which it could be officially launched. Both the US Embassy and the Office of the Prime Minister were represented at the launch.

REPOWER-Kosovo met with the Association of Women in the Energy Sector of Kosovo's (AWESK) founding members on November 10, 2017 regarding the next steps to creating the AWESK Strategic Plan. The group set a tentative timetable in reaching the goals for the completion of the Strategic Plan.

In January 2018, REPOWER-Kosovo supported a two-day workshop to support AWESK in developing a three-year strategic plan to support their future activities and was held on January 25 and 26, 2018. AWESK conducted its strategy and action plan drafting workshop at the REPOWER-Kosovo premises in preparation of a strategic plan where objectives, activities, SWOT analysis, mission, vision and other aspects were defined.

REPOWER-Kosovo also supported AWESK in finalizing its official statute, and on April 19, 2018 a registration certificate was issued to AWESK.

REPOWER-Kosovo facilitated AWESK in organizing a meeting held at REPOWER-Kosovo offices on May 17, 2018 analyzing the approved statute of AWESK. In the AWESK statute, it is written that the assembly of members should approve the strategic action plan (SAP) of the association and approve the rules and procedures for the functioning of the Assembly and Advisory Board of AWESK. The draft strategy had been developed with REPOWER-Kosovo support. In this regard, the REPOWER-Kosovo team prepared the draft rules and procedures based on best international and regional practices for the functioning of NGOs, which are also in compliance with local legislation and are applicable in Kosovo. The Draft Rule of Procedures were shared with AWESK members for their comments on May 25. The translated version in Albanian was submitted shortly thereafter.

REPOWER-Kosovo additionally proposed to AWESK founding members that it may be appropriate and helpful for the project to provide a short training course on the conduct of formal meetings. This recognizes that the planned workshop hosted by REPOWER-Kosovo be designed as a forum in which the first General Assembly of the Association would take place, and that there is relatively little experience within the sector in the conduct of such formal decision-making meetings. AWESK responded very positively and REPOWER-Kosovo commenced preparation of a presentation and accompanying sample documentation. The course would cover both the general process of planning for convening, running, closing and follow-up, and training on the draft rules of procedure that REPOWER-Kosovo prepared for AWESK. The training was conducted on October 17, 2018.

AWESK'S ADVISORY BOARD IN ATTENDANCE AT ITS FIRST GENERAL ASSEMBLY MEETING IN PRISTINA.

THE REPOWER-KOSOVO INTERNSHIP PROGRAM

REPOWER-Kosovo held detailed discussions with beneficiaries (KEK, KOSTT and ERO) on their needs and wishes for university student participation. A concept note outlining a student engagement scheme was designed that would allow students from the University of Pristina (UP) and the American University in Kosovo (AUK) to undertake a six-month internship program within the beneficiary organizations – KEK, KOSTT and ERO.

A number of meetings were then held with each university to understand how the engagement scheme could work with each institution, including details of payment to students, timing, and duration of student participation.

Table 7. Internship program student participants

Kosovo students completing the REPOWER Internship Program						
	Round 1	**Round 2**	**Round 3**	**Round 4**	**Round 5**	**Round 6**
Male	6	8	8	8	8	8
Female	9	**8**	**8**	**8**	**8**	**8**
Total	**15**	**16**	**16**	**16**	**16**	**16**

REPOWER-KOSOVO'S SIXTH AND FINAL ROUND OF INTERNS INCLUDED 14 STUDENTS, 13 OF WHICH WERE WOMEN.

NEGOTIATIONS AND PREPARATIONS

At the start of Year Two, a meeting was held with USAID's Education Team and representatives of the Transformational Leadership Program project to share experiences of engaging interns. A meeting was subsequently held with UP, to agree how to proceed and finalize the process. The AUK agreed to sign a subcontract with REPOWER-Kosovo to participate in the paid pilot internship program for four students.

REPOWER-Kosovo also established its own internal monitoring of the performance of the interns and of the host organizations, through regular discussions with both students and management, to ensure that:

- The program was operating as it was designed to, with the placements providing genuine work opportunities to the students;
- The students were conducting themselves in a serious and professional behavior; and
- The students were being managed by the beneficiary organizations in a fair, supportive and professional manner.

THE INAUGURAL ROUND OF INTERNSHIPS

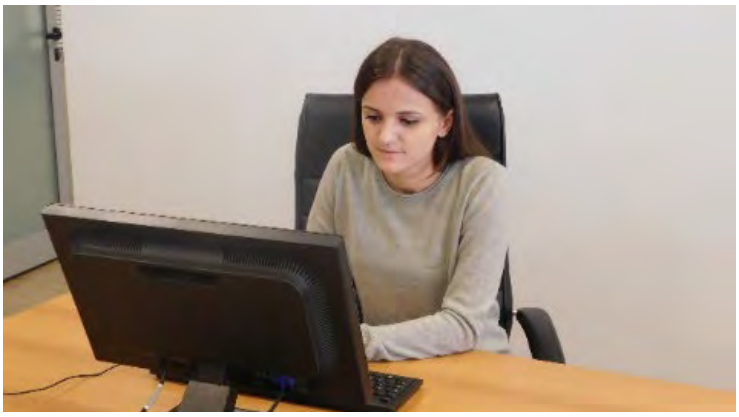
REPOWER-Kosovo experts, together with the stakeholder organizations, participated in the intern selection process which gave the opportunity to ensure that all appropriate selection criteria were respected and that selections were made on merit. A similar selection process took place with UP. As a result, the final list of interns from both universities comprised of nine female students and six male students.

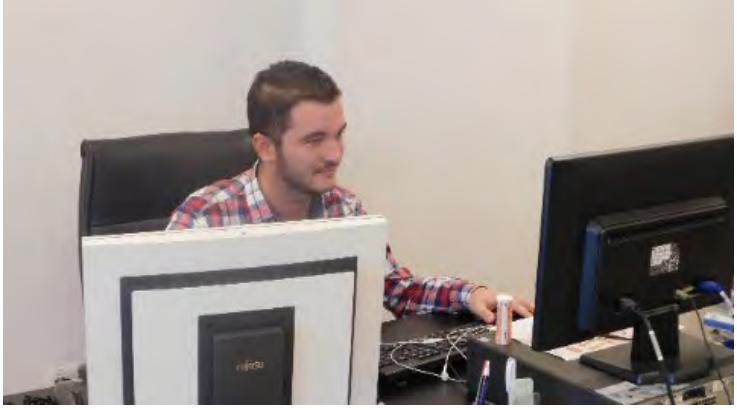
"I will always be thankful to REPOWER's idea to launch such an excellent process. The internship helped me to build self-confidence in dealing with day-to-day operational issues while interacting with the wonderful people working at KOSTT who were always able to help us and give us their support at any time we wanted"

--- ENIS RIZA, STUDENT AT UP, 2016

To launch the program, all interns were invited to an induction meeting at REPOWER-Kosovo's office and, following a welcome address by USAID's Deputy of Economic Growth Office, and REPOWER-Kosovo's Chief of Party gave a presentation outlining the project, the structure of the electricity sector and the objectives of the program.

The feedback following the completion of the first tranche of interns was extremely encouraging from both management and students. The former expressed significant satisfaction with the program and with the conduct and performance of the students. Students also expressed happiness and fulfillment with their placements and the opportunities provided to them.





TWO STUDENTS FROM UP'S FACULTY OF ELECTRICAL ENGINEERING TAKE ON THEIR INTERNSHIPS WITH KOSTT DURING THE INAUGURAL ROUND OF INTERNSHIPS IN 2016.

"REPOWER's internship program was the unique experience that helped me to translate theory into practice. Prior to this internship process, I had no idea how, for example, the market operations work despite reading about it in my books. I will always remember the day I was selected for REPOWER's internship process. I was excited and eager to prove myself and confirm to KOSTT that their choice was right"

--– HEROLINDA BLAKAJ, STUDENT AT UP, 2016

THE SECOND ROUND

Towards the end of Year 2 and building on the success of the first round of interns, REPOWER-Kosovo began discussions with AUK and UP on engaging the new class of energy interns who would be deployed to KEK, KOSTT and ERO early in Year 3.86 students were interviewed by a panel of KEK, KOSTT, REPOWER-Kosovo, and ERO representatives. UP's career development center also participated in the event. At the completion of the evaluation process, 16 students were selected from the UP, and three from RIT Kosovo (AUK). The candidates were then placed within respective energy institutions: KOSTT (six students), KEK (seven students), and the ERO (three students).

STUDENTS FROM REPOWER-KOSOVO'S SECOND ROUND OF INTERNS GATHER TO TALK ABOUT THE PROGRAM AND THEIR EXPECTATIONS FOR IT.

REPOWER-Kosovo held a midterm informative meeting with the interns of the second round of REPOWER-Kosovo's internship program on December 21, 2017 at the project office, with all 16 interns present. The purpose of the meeting was to learn and obtain feedback on the implementation of the internship program to date and discuss possible improvements as needed. Each intern conveyed their experience working at KEK, KOSTT, or ERO. The general feedback was that the students were very satisfied with their treatment in their respective institutions and the experiences gained during the period. Almost all of them stated that they developed more knowledge and skills than they expected at the beginning of the program. It is also important to mention that KEK continued to provide additional opportunities and support for interns allocated there by sending them to the training center for professional training.

A closing ceremony for the second round of interns was held on April 25, 2017 at the REPOWER-Kosovo office.

THE THIRD ROUND

REPOWER-Kosovo continued its internship program with an additional 16 students placed in three power sector respective institutions, ERO, KEK and KOSTT for the third round. The project was careful to keep a balance between female and male students as part of REPOWER-Kosovo's gender-sensitive approach so that equal numbers of female and male students were enrolled.

REPOWER-Kosovo held a closing ceremony of the third round of the internship program on March 1, 2018, in attendance was the United States Ambassador to the Republic of Kosovo, Mr. Greg Delawie, USAID/Kosovo Mission Director, Mr. James Hope, representatives from the University of Pristina and

RIT Kosovo, beneficiary institutions. During the ceremony, participants had the opportunity to listen to a short presentation on the internship program from REPOWER-Kosovo and experiences from one of the selected interns. At the end of ceremony, the interns received certificates of attendance.

After the ceremony, the Ambassador Delawie had a personal discussion with the interns to get better acquainted with them and hear more about their achievements during the internship program. He congratulated them on their dedication and hard work and wished them the best of luck in their career.

THE FOURTH ROUND

REPOWER-Kosovo began activities for the fourth round of its internship program with a meeting held on February 9, 2018 at the UP's offices with Vice Rectors to discuss and agree on the structure and schedule for the implementation of the new internship round. Also, as per REPOWER-Kosovo's request, REPOWER-Kosovo received commitments from energy institutions and companies for the engagement of the same number of students as the previous round, sixteen.

Additionally, REPOWER-Kosovo held meetings with the representatives RIT Kosovo and announced the call for students to apply.

After a transparent and open admission process, the REPOWER-Kosovo team, together with representatives of the beneficiary institutions, completed the evaluation process, of which 16 students were selected from the UP, and 3 from RIT Kosovo (AUK). The candidates were then placed in the respective energy institutions: KOSTT, KEK, and ERO, with the fourth round kicking off on April 2, 2018. As in previous years, the students have been placed in KEK (seven), KOSTT (six), and ERO (three).

A working meeting with interns for the fourth round was held at REPOWER-Kosovo offices in May 2018 to review how the internships were proceeding. The meeting opened an opportunity for the students to share their view on how things were progressing during their time at KEK, KOSTT, and ERO, and a discussion evolved on several items. For example, students were surprised to learn that contrary to public opinion, Kosovo has cheap energy, and the obligation of system operators (KOSTT and KEDS) was to first dispatch RES energy and only then coal-generated energy. Interns expressed their commitment to learn new things in the energy sector and also that they were very satisfied with their treatment from REPOWER-Kosovo's beneficiaries.

In July 2018 REPOPWER-Kosovo attended a roundtable meeting at UP entitled "Strengthening employment opportunities for students and graduates of UP." REPOWER-Kosovo presented the achievements of students who completed the REPOWER-Kosovo internship program. The main topic of the round-table meeting was to identify the required reforms to the educational system to fulfill the market needs for skilled and professional resources. The fourth round of the internship program was completed on September 30, 2018.

THE FIFTH ROUND

On September 6, the REPOWER-Kosovo team met at UP offices with the Vice Rectors for Finances and the Vice Rectors for Quality of Studies, to discuss and agree the timeline for starting this round. REPOWER-Kosovo received confirmation from RIT Kosovo of their commitment to start fifth round. Sixty students applied for 13 positions from UP, and nine students applied for three positions from RIT.

In April 2019, at the premises of national library of Kosovo the completion ceremony was held for students of the fifth round of internship program, and for the startup of the sixth and final round. During the ceremony, the interns expressed their gratitude for the opportunity that they were given with the

program, while the beneficiary institutions similarly appreciated the quality of interns selected, as well as their overall involvement in the working processes.

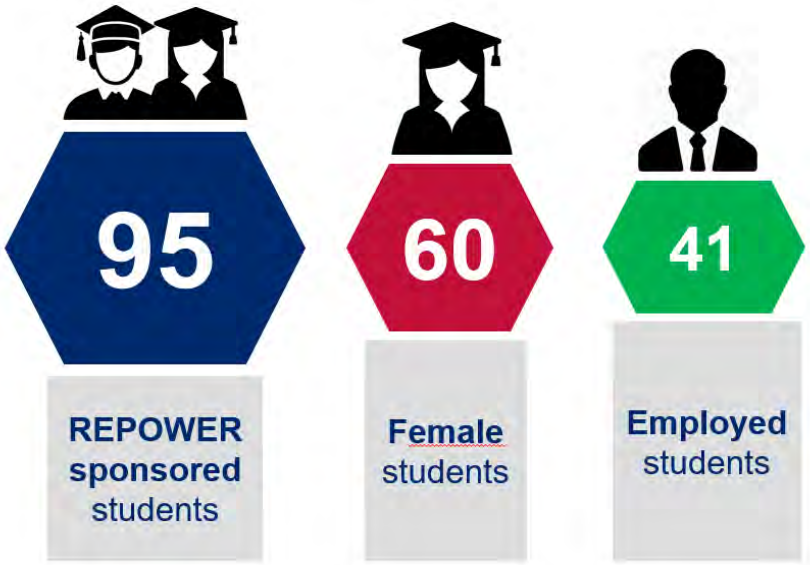
THE SIXTH ROUND

Sixteen students from UP and AUK were selected through a transparent and competitive internship application process within their respective universities and then placed at various locations within ERO, KOSTT and KEK for four months between the period of April 2019 – July 2019.

Most notably, under this sixth internship round, a remarkable 93% of student interns selected were women. This represents a significant deviation from the traditionally male dominated energy culture within Kosovo and demonstrates the unique gender-sensitive approach integrated into REPOWER-Kosovo's programming. It also highlights USAID and REPOWER-Kosovo's commitment to raise the visibility of and opportunities for women in the energy sector.

THE REPOWER INTERNSHIP PROGRAM OVERALL IMPACT

Over the six internship rounds facilitated by REPOWER-Kosovo, in partnership with UP and (AUK), 95 students completed the internship program at positions with the ERO, KOSTT, and KEK. Of these 95 students, 63% of student participants were women. Additionally, 43% of all interns who successfully completed the program found immediate employment opportunities within the ERO, KOSTT, KEK and private business within the Kosovo power sector.



PERFORMANCE TARGETS AND ACTUALS

Indicator	Description		Yr1	Yr2	Yr3	Yr4	Yr5
CI	Percentage of Unserved Demand (ration of unserved energy to supplied energy plus unserved energy) (%)	**Target**	3.92	3.52	3.17	2.85	2.57
		Actual	1.27	1.84	1.36	0.95	0.74
SO 1	Number of megawatts (MW) preliminary authorized by ERO	**Target**	30	36	40	45	50
		Actual	0.702	68.512	168.409	201.4	100.5
CC2	Total public and private funds leveraged by USG for energy projects ($ million)	**Target**	10	40	10	20	500
		Actual	0.87	115.78	45.69	142.78	89.18
OBJECTIVE 1: Promoting Clean Energy							
Component 1: Develop an Enabling Legislative and Policy Environment for Clean Energy Projects							
1.1	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	**Target**	2	2	2	3	3
		Actual	5	7	21	6	3
1.1a	Number of policy reforms/laws/regulations/ administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets adopted as a result of USG assistance.	**Target**	1	2	3	3	3
		Actual	5	7	21	6	3
Component 2: Assist the ERO with Planning, Preparing and Prioritizing Clean Energy Projects							
2.1	Number of procedures for application for licensing of energy projects simplified or reduced	**Target**	1	2	3	0	0
		Actual	1	3	5	0	0
2.1a	Number of procedures for application for licensing of energy projects simplified or reduced adopted.	**Target**	0	1	3	2	0
		Actual	0	0	5	1	0
2.2	Improved Organizational Capacity of ERO to ensure more reliable and affordable energy security of supply	**Target**	N/A*	2.00	2.35	2.75	3.00
		Actual	N/A*	2.318	2.79	2.79	2.7
Component 3: Provide Support to Kosovo and Albania's Common Electricity Market							
3.1	Number of improved cooperative energy policies, laws, plans, agreements, or model actions strengthened, developed.	**Target**	2	2	3	3	4
		Actual	1	1	0	3	0
3.1a	Number of improved cooperative energy policies, laws, plans, agreements, or model actions strengthened, developed, adopted and/or implemented.	**Target**	0	1	4	5	4
		Actual	0	0	0	1	0

Indicator	Description		Yr1	Yr2	Yr3	Yr4	Yr5
OBJECTIVE 2: Improving Enabling Environment for Private Investment in the Energy Sector							
Component 4: Support the Continued Unbundling of the Energy Sector							
4.1	Number of policy reforms/laws/regulations/ administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance.	**Target**	1	2	2	2	3
		Actual	0	0	0	1	0
4.1a	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets adopted as a result of USG assistance.	**Target**	0	0	4	3	3
		Actual	0	0	0	1	0
Component 5: Support development of a more secure, stable energy supply							
5.1	Progress of independent privatization advice to the Government of Kosovo towards the Kosovo B privatization transaction	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**
	Milestones:						
	1. Strategy defined						
	2. Roadshow conducted						
	3. PIU established						
	4. Transaction adviser hired						
	5. Kosovo B Financial Close (TA develops RfP, RfP approved by GoK, TA-GoK agree pre-qualification criteria, bidding documentation requirements, timetable for RfP; bidder selected, GoK negotiations supported, financial close supported)						
	6. Kosovo B rehabilitation funds committed**					Jan 2018	
CROSS-CUTTING INDICATORS							
CC1	Person hours of training completed in technical energy fields supported by USG assistance	**Target**	500	650	480	640	640
		Actual	657	739.4	1000.6	571.75	617.3
	Male person hours	**Actual**	492	359.95	708	388.5	320.5
	Female person hours	**Actual**	165	379.45	292.6	183.25	296.8
CC3	Number of institutions with improved capacity to address climate change issues as a result of USG assistance	**Target**	2	2	2	1	0
		Actual	3	9	24	6	21

Indicator	Description		Yr1	Yr2	Yr3	Yr4	Yr5
ENVIRONMENTAL INDICATOR							
EMMP	Number of times the EMMP is reviewed on a quarterly basis for compliance with all recommended environmental mitigation measures, and progress on compliance as well as any issues reported to USAID	**Target**	N/A***	4	4	4	4
		Actual	N/A***	4	4	4	4

N/A* The first Organizational Capacity assessment was conducted in Fiscal Year 2 as the indicator needed to be restructured properly.

N/A** The project neither met nor exceeded the target dates (milestones) due to the fact that a strategy could only be defined once the Government of Kosovo made their decision regarding their preferred method of financing. In Year 2, REPOWER-Kosovo was notified that it would not happen in the foreseeable future. Therefore, activities regarding this indicator were put on hold because of future strategic decisions of the Kosovo energy sector and participants about the timing of the rehabilitation of the thermal power Plant Kosovo B.

N/A*** REPOWER-Kosovo did not have a USAID approved Environmental Indicator for FY2015.

CAPTURING LEARNING AND COLLABORATION

In line with USAID's Collaborating, Learning, and Adapting (CLA) approach the REPOWER-Kosovo team encouraged a culture of learning and adaptation across project teams and among project stakeholders by implementing activities to provide opportunities for capturing learning and collaboration REPOWER-Kosovo considered the following components during this exercise:

HAS REPOWER-KOSOVO IMPLEMENTATION ENABLED PROGRESS FOR THE KOSOVO ENERGY SECTOR?

Overall, the project activities have been able to provide support to the Kosovo energy sector in some project components, while other components activities have not been able to develop due to processes which have been out of project control.

Some of the major achievements to date as a result of REPOWER-Kosovo project activities include: the market liberalization process in Kosovo, the establishment of the Renewable Energy Sources (RES) Fund, supporting the process for TSO application by the KOSTT, revision of the Kosovo energy strategy, assistance provided in the multi-year tariff periodic reviews, and support toward the creation of an integrated electricity market between Kosovo and Albania. The project also supported beneficiaries through facilitating workshops and study tours. An activity that has developed especially well during the project is the REPOWER-Kosovo internship program with Kosovar students where many students have been able to obtain permanent employment. Another good example of enabling progress, is the development of AWESK which is now an association of capable women from different professional backgrounds which helps women's empowerment and engagement in the energy sector of Kosovo.

MISSION INVOLVEMENT WHEN IMPLEMENTING ENERGY PROJECTS IN KOSOVO

The project has acted on the premise that the leadership role should always lie with the beneficiary. The role of the project is to support beneficiaries. It is often the case that when beneficiaries need assistance, the project responds in a way that the beneficiary should actively collaborate with the project, and the project provides support meanwhile the beneficiary is always the lead and owns all processes. However, due to political sensitivity in dealing with almost all issues within the Kosovo energy sector, there is a constant need to keep the Mission closely informed and take advice where necessary. Some issues on a higher political level can be dealt only by the Mission without involvement of the project itself. This is emphasized below as one of the major specifics for implementation of energy projects in Kosovo.

DEFINING SPECIFICS FOR IMPLEMENTING ENERGY PROJECTS IN KOSOVO

The Kosovo energy system is a relatively small system, but it is facing enormous challenges both internally and externally. The energy system has to respond on all demanding requirements coming from international treaties regardless of where or not they are prepared to implement them, while in parallel ensuring technical and financial viability of the entire sector. Taking all of this into account,

the technical assistance and project needs to be very informed about the priority needs and timing for different requirements.

One of the most important specifics is that a strong and close cooperation of the project with the Mission is inevitable since politics is involved in each and every stage of the sector reforms and further developments.

IMPLEMENTATION APPROACHES MAY BE SUITABLE FOR SIMILAR ENERGY PROGRAMS

Regardless of the political constraints in Kosovo, the most suitable method for implementation would be to seek opportunities to implement activities at a level where they can be accomplished. By doing so, it might facilitate dealing with constraints in a higher political arena and at the same time the sector would not lag behind with reforms and development. However, as mentioned above, the crucial element is to developing close cooperation with both the Mission and beneficiaries and to make beneficiaries assume the leading role.

REFLECTING AND ANALYZING THE LEARNING FROM IMPLEMENTATION

The project periodically has informal meetings to discuss development in the sector, developments in technologies, relations with beneficiaries, analyze the best way for moving forward, and project activities and providing assistance.

The REPOWER-Kosovo project has demonstrated flexibility in the work plan wherever it was possible to do so. In dealing with project beneficiaries, the project is aware that change is a part of market reform and has made adjustments in order to cater to the needs of beneficiaries, however it has always done so within its scope of work and overall objectives. It is important to note that the Mission equally demonstrated required flexibility and enabled the project to respond promptly on any change within or outside of the work plan when appropriate justifications and reasoning were provided.

Some of the challenges the project faced had to do with supporting and advising the development of both coal-based and renewable technologies to ensure Kosovo's energy security of supply although the two are generally in contrast. Also, there have been occasions where US and EU policy were not aligned regarding the energy sector in Kosovo, and at times a challenge to strike a balance between project objectives and beneficiary objectives in that by supporting beneficiary objectives the project ran the risk of not meeting its own objectives. As a USAID-funded project, the project followed the Country Development and Cooperation Strategy (CDCS).

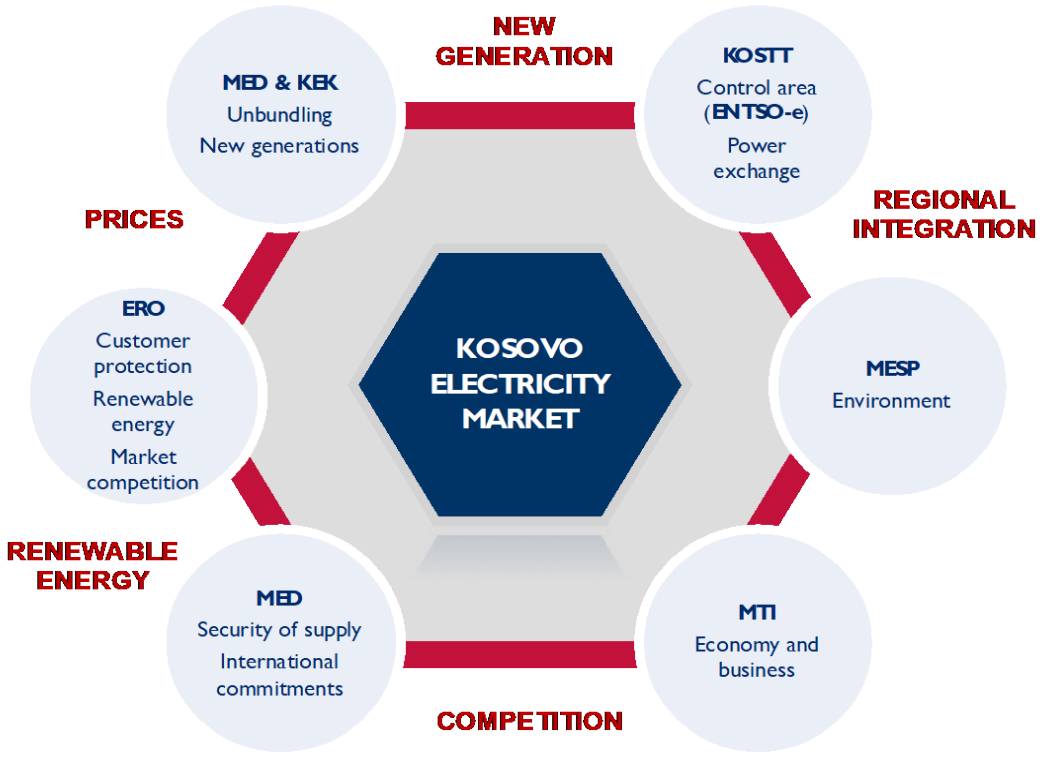
Furthermore, at times the project was faced with the need to provide immediate assistance and had to quickly mobilize its pool of experts which sometimes proved especially difficult (booking experts, budgeted price caps for experts etc.). REPOWER-Kosovo recognized the importance of providing tailored assistance to beneficiaries which is a pragmatic approach in the energy sector in Kosovo.

Overall, when dealing with Kosovo institutions what works to yield the best results is keeping updated on developments in the sector, constant communication on a regular basis with beneficiaries, and general flexibility.

POTENTIAL USAID INTERVENTIONS IN THE EVOLVING POWER SECTOR

Since 2001, Kosovo's power sector has made substantial improvements in its resilience and reliability. In no small part, this is due to USAID's ongoing financial, technical and political support to Kosovo authorities over this period. The power sector remains, however, vulnerable in its lack of security of supply and exposed to many challenges, both national and regional, and in particular in the ever-evolving European energy market landscape.

Figure 6. The interrelated challenges remaining for Kosovo's power sector



Among the national challenges, security of supply remains the perennial problem. The KRPP will need ongoing support from USAID to assist government to secure a successful transaction. Assuming that the transaction goes forward to a successful financial close, the sector as a whole will need ongoing support in the following areas:

- Implementation of new market design including the role and performance of NKEC;
- Support to KEK to implement its unbundling and to further build capacity in competitive generation market operations and energy trading nationally and regionally; and
- Support to develop the next round of new capacity (as advised by the World Bank in 2010, Kosovo needs more than the planned new KRPP, but its future capacity requirements need to be planned taking into account many combined factors: demand growth, the impact of potential energy savings and energy efficiency measures, the growth in RES, potential natural gas interconnection, greater electricity interconnection and regional integration).

Should the KRPP transaction fail, Kosovo's government will need to return to step one and will have no option but to develop a replacement deal and, probably, seek a developer in new geographical regions, such as China. Another failure will make any new transaction both more difficult to achieve and more expensive (Kosovo is already paying a premium for being in a 'distress purchase' situation). Failure therefore represents a clear risk to Kosovo, but also presents a risk to the implementation of any new USAID intervention in the power sector, which is likely to find that government cannot respond to other initiatives due to its concentration on the transaction.

External or regional challenges are principally two-fold: the unblocking of ENTSO-E membership and full TSO participation for KOSTT and the impact of the Fourth Energy Package 'Clean Energy for All Europeans'.

The facts of the Serbia-Kosovo dispute and the failed implementation of the EU negotiated Energy Agreement of 2014 are well known and are not repeated here. Over the past five years, Kosovo's TSO, KOSTT, has stepped up its efforts to secure a resolution of the dispute and has made significant progress in demonstrating the validity of its claims within the ENTSO-E decision-making bodies. There is, at the date of writing, a strong possibility that a new connection agreement, without the conditionality, will be put in place by February 2020. Currently, ENTSO-E is preparing the new connection agreement with KOSTT which is to be aligned with Synchronous Area Framework Agreement (SAFA), or System Operation Guideline. ENTSO-E is also preparing a new Catalogue of Measures, including list of derogations and exemptions from the System Operation Guideline, which is to be appended to the new Connection Agreement and have to be fulfilled by KOSTT over period of two years after the Agreement's coming into force. However, history demonstrates that it is unwise and naïve to rely on the expected resolutions in this context, and it is entirely feasible that KOSTT will face ongoing efforts by EMS to frustrate its full participation in the region.

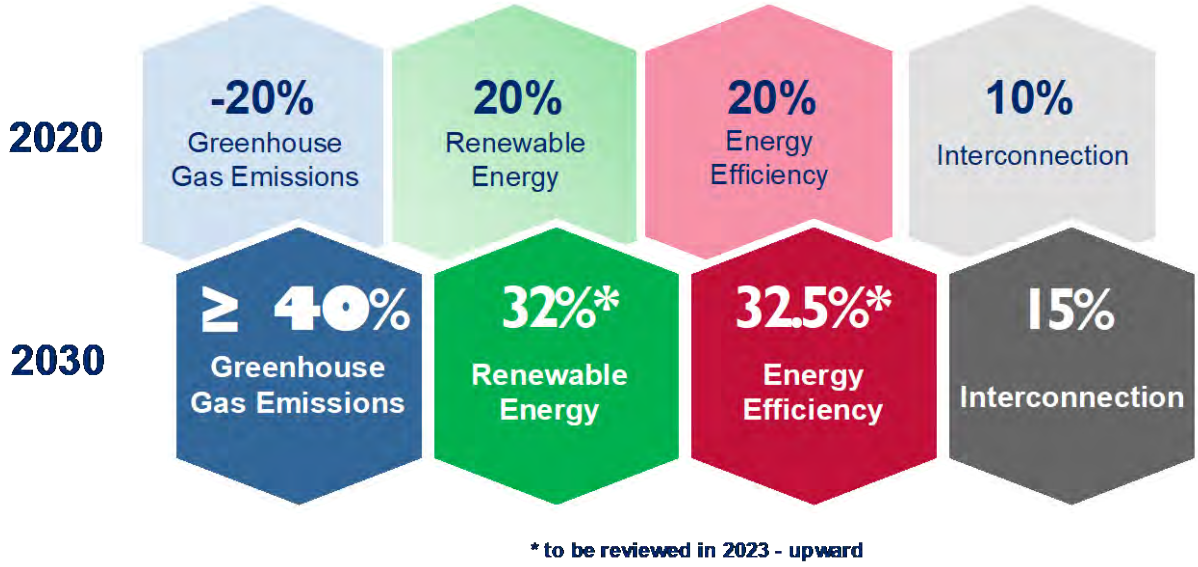
A Fourth Energy Package has now been brought into force for EU Member States to facilitate achievement of the Paris Agreement objectives and the 2015 Energy Union Strategy. It contains eight separate legislative elements grouped into five thematic areas as shown in Figure 2 below:

Figure 7. The five themes of the Fourth Energy Package

It is not yet known when this package will become binding on Energy Community parties, but the window between Member State implementation and Contracting Party implementation has been narrowing with successive packages. The Kosovo authorities now need to be evaluating the implications of the Fourth Energy Package and determining the actions necessary for implementation, including legislative measures and technical support.

The Package introduces, currently for Member States only, an important tightening, by 2030, of targets for the percentage of electricity from renewable sources and to enhancing the efficient use of energy across all sectors and in creating energy savings, reduced greenhouse gas emissions, and greater interconnectivity in electricity.

Figure 8. Tightened targets to achieve the Paris Agreement



Implementation of the Fourth Energy Package will impact the whole sector. Some of the key challenges which will ultimately be introduced for the Kosovo authorities under these thematic areas are suggested below:

- Government will need to:
  - Develop legislative measures for harmonization of the national legislative framework (energy laws, transport, environment, buildings etc.);
  - Review and enhance its planning, reporting and monitoring on national plans and targets; and
  - Build the requirements of the Fourth Package into its strategy and policy for the energy, transport and building sectors.
- ERO will need to:
  - Support government in the abovementioned measures;
  - Review the new measures for enhanced consumer protection and consumer choice and translate those measures into reality through amendments to the regulatory framework including supplier licenses and ensure for cost recovery of new mandatory measures (smart metering, etc.) through network price controls;
  - Through consultation with sector participants and coordination with neighboring states, support government in the development of Kosovo's Risk Preparedness Plan; and
  - Develop the strategic response to enhanced supplier competition requirements and review market processes to accommodate new time limits on customer switching.

- KOSTT will need to:
  - Work with the ERO to develop the sector's response to the Fourth Package at transmission level; and
  - Plan the extent to which Kosovo's interconnection capacity can / should be enhanced to promote regional energy flows.

The challenges represented by the Fourth Energy Package for Kosovo are considerable. The Kosovo authorities have been reliant for previous Packages on technical assistance from USAID and other members of the international community, notably the EU. The Fourth Package is likely to represent an even more significant challenge than the past as the hurdles become progressively higher and harder to achieve, particularly for a relatively small energy system such as Kosovo. However, it is equally true that areas of focus within the Fourth Package also represent significant opportunities for Kosovo to promote its own energy security, particularly in the area of energy efficiency which has hitherto received little specific attention from either the international community, government or regulator (except for the latter in terms of electrical losses). The regulator's ability to influence the efficient use of electricity should not be underestimated and it is in a position, and has the powers, to work through suppliers to sensitize consumers to energy savings and to adjust consumer behavior.

The power sector is only one part of the Fourth Package and a major focus of this is the buildings sector. The EU estimates that buildings represent approximately 40% of energy consumption across the union and that some 75% of the building stock is energy inefficient. There is a strong likelihood that Kosovo's building stock will, if analyzed, be seen to be significantly less efficient than the Union average. This means that the potential gains for improving efficiency are greater. While responsibility for enhancement of national building controls lies with national and municipal government, again, ERO can play a part in ensuring that homeowners and home builders understand the benefits of energy efficient building materials and appliances and have the tools and data to make informed investment decisions. This may go hand-in-hand with the regulator's continuing role in promoting prosumer involvement in the sector.

HOW MIGHT A FUTURE USAID INTERVENTION IN THE POWER SECTOR MIGHT WORK WITH THE KEY SECTOR BENEFICIARIES?

The nature of the beneficiaries has changed over the last almost 20 years. During the last 10 years it has been the State-owned parts of the sector that have received USAID's technical assistance: KEK, KOSTT and ERO, together with the Ministry responsible for energy.

ERO has, during this past decade, received the lion's share of support, particularly in the areas of Third Package compliance and tariff setting. During the past five years, REPOWER-Kosovo has endeavored, successfully, to move ERO into a more mature relationship between regulator and consultant, ensuring that they take the lead on planning, policy and implementation, with the project providing support and assistance 'behind the scenes' together with know-how transfer and capacity building 'on the job'. REPOWER-Kosovo strongly recommend that this altered relationship is maintained in any future technical assistance to further promote ERO's sustainability as an independent body.

KEK as a beneficiary has been transformed structurally since 2005 and should have undergone a final transformation into unbundled Mining and Generation companies. This last transformation remains to be completed, and the creation of the wholesale purchaser, NKEC, adds a further market participant at the wholesale end of the market. We believe that KEK would benefit from further support to implement

the unbundling and to build its capacities in competitive market trading and enhanced generation operations. Its need for support during the expected Kosovo B rehabilitation remains unchanged and valid.

NKEC is likely to need support in the future to promote good governance by ensuring its transparency and cost effectiveness as well as ensuring that its existence and operations do not create market distortions or barriers to entry in the wholesale and retail markets.

KOSTT has received relatively little USAID support over the last fifteen years, partly because it has received intensive EU technical assistance during the first ten of those years. It is probably fair to say that today the TSO/MO represents the best performing entity within the electricity sector with an in-house capability to handle most of its strategic and operational needs. However, the challenges that the company faces, and the complexity of the technical tasks it needs to perform at both system and market levels, are some of the highest in the sector and it will have the need for specialist technical support going forward, as it has in the past five years. We strongly believe that it should continue to receive support from USAID to help it deliver what it needs to deliver for the sector and for all operators within the sector, particularly at generation level. Potential support of USAID to KOSTT would be:

- Support in implementation of Catalogue of Measures;
- Further support in implementation of ENTSO-E codes;
- Legal support in negotiations with EMS i.e. settlement on past revenues; and
- Support in establishment of APX (legal, regulatory and, to a lesser extent, financial)

Finally, it is particularly important that both TSO/MO and ERO maintain their financial and operational independence, but this is being undermined by recent legislative proposals to cap personnel salaries. KOSTT and ERO, more than any other part of the sector, risk losing their best and most capable technicians to other markets and other countries in the region. REPOWER-Kosovo believe that this and other possible hostile legislative proposals should, in the future, be challenged by USAID to ensure that the significant investments in a strong and independent power sector are not undermined by wider governmental initiatives.

ANNEX 1. LIST OF DELIVERABLES

Component	Name	Submission	Beneficiary
Year 1			
C1	Comments on Law on Energy Regulator	2014 – 12	ERO, MED
C1	ERO Budget Brief - Support to ERO	2015 – 10	ERO
C1	Economic Review of Kosovo Energy Legislation	2015 – 03	MED
C1	Interim Report on issues for considerations in regard to Feed in Tariff (FiT) revision	2015 – 03	MED, ERO
C1	Draft Report on recommendations for modification of Primary Energy Laws	2015 – 10	MED
C1	Report with comments and recommendations for improvements of relevant renewable energy legislation	2015 – 11	MED
C2	Report, WSH on RES with municipalities and stakeholders	2015 – 09	MED
C2	Feed in Tariff and Kosovo RES Targets – Current State of Play	2015 – 01	ERO
C2	Simplified authorization procedure for Micro RES producers	2015 – 04	ERO
C2	Comments and remarks in regard to Simplified RES procedures	2015 – 06	ERO
C2	Interim Report on input data collection and Cost of Service study development plan	2015 – 03	ERO
C2	Report on generation, import, transmission, distribution and customer services costs	2015 – 07	ERO
C2	ERO options to address Kosovo power system imbalance issues	2015 – 07	ERO
C2	Report on recommendations for revision of Pricing Rules	2015 – 10	ERO
C2	DSO Compliance Plan Review - Support to ERO	2015 – 03	ERO
C2	ERO WS - Preparation of the annual and monitoring reports	2015 – 03	ERO
C2	Report of analyses on connection of new generation candidates	2015 – 04	ERO
C2	Report on ERO's position regarding the MAR applications of the licensees for the Third Relevant Year	2015 – 05	ERO
C2	Report with recommendations for ERO's responses to stakeholder comments & during the public consultation process	2015 – 05	ERO
C2	Model Used to Calculate the Maximum Allowed Revenue	2015 – 10	ERO
C2	Report of provided comments and responses to ERO in regard to the public consultation process	2015 – 10	ERO
C3	Road Map of Activities KOS-ALB Common Electricity Market	2015 – 06	MED, KOSTT, ERO
C3	Interim report on the development of detailed market rules for the common market	2015-10	MED, KOSTT, ERO
C3	Recommendations for the market protocols and procedures	2015-10	KOSTT, ERO
C3	Recommendations on changes of generator, supplier and trader licenses	2015-10	ERO
C3	Report on provided optimal solutions for trading party registrations	2015-10	ERO
C3	Report on provided solutions for balancing market operations	2015-10	KOSTT, ERO
C3	Report on the provided recommendations for license obligations of trading parties	2015-10	ERO

Component	Name	Submission	Beneficiary
C3	Report on input data collection for KOS-ALB Common Electricity Market	2015-04	KOSTT, ERO
C3	PLEXOS Market Model for KOS-ALB Market Analyses	2015 – 06	MED, KOSTT, ERO
C3	KOS-ALB Market Study	2015 – 07	MED, KOSTT, ERO
C3	Training curriculums, agendas, participant lists, and pre-and post-training surveys	2015 – 10	MED, KOSTT, ERO
C3	Training presentations, materials and report with training outcomes with attachments	2015 – 10	MED, KOSTT, ERO
C3	Training WSH for Key Stakeholders	2015 – 10	MED, KOSTT, ERO
C3	Concept for compliance monitoring for units in KOSTT - primary reserve	2015 – 04	ERO, KOSTT
C3	Cross border KOS-ALB secondary control	2015 – 04	MED, KOSTT, ERO
C3	Supply License NewCo	2015 – 10	ERO
C4	Report of Initial Survey on unbundling	2015 – 04	MED, KEK
C4	Workshop Report with KEK staff on Unbundling	2015 – 03	MED, KEK
C5	Governance Documents for Rehabilitation of TPP Kosovo B	2015 – 11	MED
C5	Tender Dossier Advisory Services	2015 – 11	MED
C5	Tender Dossier	2015 – 11	MED
	Environmental		
E	Environmental Mitigation and Monitoring Plan	2015 – 23	USAID
	Gender		
Gen	Gender Analysis and Action Plan	2015 – 08	USAID
	USAID - General		
C1	Discussion Paper Review of options for future Electricity supply for Kosovo	2015 – 07	USAID
C5	Road Map for Implementation of Component 5	2015 – 01	USAID
G	REPOWER - Affordability study development process	2015 – 01	USAID
G	Maximize Impact REPOWER Year 2	2015 – 09	USAID
G	Market Opening North	2015 – 04	USAID
G	ERO budget implications	2015 – 08	USAID
G	Progress review with USAID MD	2015 – 08	USAID
G	Third Package Compliance Status	2015 – 05	USAID
	PowerPoint Presentations		
C1	Strengthening the legal and regulatory framework related to RES in Kosovo	2015 – 09	ERO
C1	ERO Construction of new generating capacities from Renewable Energy Sources (RES)	2015 – 09	ERO
C1	MED Government policies for Renewable energy sources	2015 – 09	MED
C1	The role of Municipalities of Kosovo in developing Renewable Energy Sources	2015 – 09	Municipalities, MED, ERO
C1	MESP Environmental Impact Assessment Procedures	2015 – 09	MESP, MED
C3	Trading Participation Exercise in the Common Electricity Market	2015 – 10	KEK
C3	Common Market Road Map	2015 – 07	MED, KOSTT, ERO
C4	Organizational Assessment KEK Report to Board	2015 – 10	MED, KEK

Component	Name	Submission	Beneficiary
C4	Introductory Meeting KEK Management Supporting continued unbundling	2015 – 03	KEK
C4	Presentation 1 WS Unbundling KEK Restructuring Process	2015 – 03	MED, KEK
C4	Presentation 2 WS Unbundling KEK Restructuring and Investment Examples	2015 – 03	MED, KEK
C4	Presentation 3 WS Unbundling KEK Restructuring Principles	2015 – 03	MED, KEK
C5	Market Survey and Financing Options	2015 – 09	MED
Year 2			
C1	Energy Strategy questions and comments	2016 – 07	MED
C1	Clarifications of selected aspects of the Energy Strategy	2016 – 09	MED
C1	Third Package Compliance Energy Laws (Electricity) Cover Note to MED	2015 – 11	MED
C1	Third Package Compliance Energy (Electricity) Laws	2015 – 11	MED
C1	Gas directive compliance table	2015 – 12	MED
C1	Third Package Compliance Energy Laws (Natural Gas) Cover Note to MED	2015 – 12	MED
C1	Rule on RES authorization	2016 – 07	ERO
C1	One-Stop Shop report clean	2015 – 11	MED
C1	OSS workshop report	2015 – 11	MED
C1	OSS Options Paper	2015 – 11	MED
C1	OSS Concept Paper	2015 – 11	MED
C1	Board Induction memo	2015 – 12	ERO
C1	Common Electricity market developments	2016 – 05	MED, KOSTT, ERO
C2	ETR10 - KEK MAR Consultation Paper	2015 – 12	ERO
C2	ETR10 - WHPC Consultation Paper	2015 – 12	ERO
C2	Report with comments and recommendation improvements of RES legislation	2015 – 23	MED
C2	RES workshop concept note	2015 – 09	USAID
C2	Response to comments paper on ETR10	2016 – 03	ERO
C2	Cover Report on Energy Laws Implementation Issues	2016 – 03	MED
C2	Load forecast study	2016 – 04	MED
C2	ERO MAR model	2016 – 05	ERO
C2	ERO MAR Model User's Manual	2016 – 05	ERO
C2	Grid Connection Agreement - comments	2016 – 07	ERO
C2	KEK Review Timetable	2016 – 05	KEK
C2	New Legal and Operating Environment under the Third Energy Package	2016 – 06	ERO
C2	Regulatory Accounting Guidelines	2016 – 08	ERO
C2	Net-metering self-consumption concept	2016 – 06	ERO
C2	Report on allocation of losses to customer categories	2015 – 12	ERO
C2	RES workshop report	2015 – 09	ERO
C2	Model for hydro and wind feed in tariff revision	2015 – 11	ERO
C2	Comments on procedure on Costumer Transfer	2016 – 02	ERO
C2	ERO market opening action plan	2016 – 09	ERO
C2	ETR10 PES Consultation Paper	2016 – 02	ERO
C2	ETR10 DSO Consultation Paper	2016 – 02	ERO
C2	ETR10 TSO+MO Consultation Paper	2016 – 02	ERO
C2	Third Energy Package Implementation Issues	2016 – 03	MED
C2	Expenditures mid-term framework REPOWER comments	2016 – 04	ERO

Component	Name	Submission	Beneficiary
C2	Chapter I - Board and Governance	2016 – 07	ERO
C2	Background Report on Certification	2016 – 07	ERO
C2	Report on FIT revision for hydro and wind	2105 – 11	ERO
C2	ERO - ETR10	2016 – 02	ERO
C2	Review of Customer Switching Rule	2016 – 01	ERO
C2	Organizational Capacity Review Report ERO	2015 – 10	ERO
C2	Secondary Legislation Actions Required	2016 – 04	MED
C2	Certification Matrix of Precedents	2016 – 08	KOSTT
C2	Legal Tests Required for EU Certification	2016 – 08	KOSTT
C2	Report on improvement of Rule on CoO	2016 – 04	ERO
C2	Interim report on tariffs	2016 – 03	ERO
C2	Comments on the MOU between KEK and KESCO	2015 – 11	ERO
C2	Key points for a roadmap on market opening	2016 – 02	ERO
C2	Outline of Annual ERO Work Program	2016 – 02	ERO
C2	CoSS Model-Simple	2016 – 05	ERO
C2	CoSS Model-Direct	2016 – 05	ERO
C2	Detailed Cost of Service Study	2016 – 05	ERO
C2	Periodic review plan	2016 – 06	ERO
C2	Background Report on Certification	2016 – 07	ERO
C2	Cost Reflective Tariff Model User's Manual	2016 – 08	ERO
C2	Report on results of CRT model for 2015	2016 – 08	ERO
C2	Cost Reflective Tariff model	2016 – 08	ERO
C3	Detailed steps for Kosovo participation at APEX	2016 – 07	MED, KOSTT, ERO
C3	KOSTT Ancillary Service REPOWER 570 EOI	2016 – 08	KOSTT
C3	Text for Joint Statement on MoU	2016 – 03	MED
C3	KOSTT Ancillary Service REPOWER 570 Invitation to Tender Letter	2016 – 08	KOSTT
C3	KOSTT Ancillary Service REPOWER 570 Doc1 - Tender Instructions	2016 – 08	KOSTT
C3	KOSTT Ancillary Service REPOWER 570 Doc2 - Tender Evaluation Criteria	2016 – 08	KOSTT
C3	KOSTT Ancillary Service REPOWER 570 Doc3 - Outline Contract and Tendering Form	2016 – 08	KOSTT
C3	KOSTT Ancillary Service REPOWER 570 Doc4 - Ancillary Services General T&C	2016 – 08	KOSTT
C3	KOSTT Ancillary Service REPOWER 570 Doc3 - Outline Contract	2016 – 08	KOSTT
C3	Common market and PX main points	2015 – 11	MED, KOSTT, ERO
C3	Revised Market-Rules	2016 – 06	ERO, KOSTT
C3	Roadmap ALB-KS Common Electricity Market	2016 – 01	MED, KOSTT, ERO
C3	Discussion on simplified AS agreement	2016 – 06	KOSTT
C3	KOSTT - ENTSO-E membership	2016 – 07	KOSTT
C3	Market-Rules	2016 – 09	MED, KOSTT, ERO
C3	ALB-KS Market Study	2016 – 02	MED, KOSTT, ERO
C3	Phase I CM implementation	2016 – 10	MED, KOSTT, ERO
C4	Report on Organization Assessment of KEK with added comments from KEK	2016 – 02	KEK
C4	REPOWER Action Plan-KEK Unbundling	2016 – 04	MED, KEK
C4	Options for Unbundling of KEK	2016 – 04	KEK
C4	PIU Scope of Works	2016 – 05	KEK

Component	Name	Submission	Beneficiary
C5	Financing Options	2016 – 01	MED
C5	Market Potential and Challenges	2016 – 01	MED
	Gender		
Gen	Gender Action Plan	2015 – 10	USAID
	General		
G	Study Tour Concept	2016 – 08	USAID
G	Study Tour May Croatia – Slovenia	2016 – 06	USAID
G	Sector Working Group on Donor Coordination for Energy	2016 – 06	MED
G	KOSTT reciprocity measures against EMS	2016 – 09	KOSTT
G	ERO Board Decisions briefing note USAID	2015 – 11	USAID
G	RES fact sheet	2016 – 09	USAID
	Briefing note for USAID 2015 Energy Laws	2015 – 12	USAID
	PowerPoint Presentations		
C1	ERO new laws challenges	2016 – 07	ERO
C1	OSS presentation	2015 – 11	MED
C1	Retail Market Opening Action Plan for ERO	2016 - 10	ERO
C1	Streamlining procedures for RES projects	2016 – 11	ERO
C2	Presentation on TSO Certification	2016 – 06	KOSTT
C3	Kosovo participation in APEX	2016 – 11	MED, KOSTT, ERO
C4	Organizational Assessment KEK Report to Board	2015 – 10	KEK
C4	KEK Unbundling Options	2016 – 09	KEK
C5	Financing options PPT – MED	2016 – 02	MED
C5	Financing options Kosovo B	2016 – 02	MED
C2	CAPEX Monitoring Day 5	2016 – 05	ERO
C2	Capex Workshop Presentations Day 3 Session 2a	2016 – 05	ERO
C2	Capex Workshop Presentations Day 3 Session 2b	2016 – 05	ERO
C2	Capex Workshop Presentations Day 5 Review and Conclusions	2016 – 05	ERO
C2	CoO ERO	2016 – 06	ERO
G	HLFSOS - REPOWER presentation	2016 – 03	POWER SECTOR
G	HLFSOS Focus Group1 REPOWER presentation	2016 – 03	POWER SECTOR
G	HLFSOS REPOWER presentation GM RB	2016 – 03	POWER SECTOR
G	mCircle Framework Training	2016 – 03	AWESK
G	KEK Review New Laws	2016 – 06	KEK
C3	Road Map Common Market Establishment	2016 – 03	MED, KOSTT, ERO
C2	Rule on Organization and Operation - Presentation to ERO Board	2016 – 05	ERO
G	US Ambassador – Kosovo Power Sector Key Issues	2016 – 05	USAID
Year 3			
C1	USO-PSO Report	2016 – 10	ERO
C1	Clarifications of selected aspects of the Energy Strategy	2016 – 09	MED
C1	PPA - MO and Supplier	2017 – 01	ERO
C1	PPA - MO and FiT RES Producer	2017 – 01	ERO
C1	Rule on Authorization Procedure	2017 – 01	ERO
C1	Review of Donor comments to Energy Strategy	2017 – 01	MED
C1	1. PPA - MO and FiT RES Producer KOSTT	2017 – 04	ERO

Component	Name	Submission	Beneficiary
C1	2. PPA - MO and RES Producer REG Framework KOSTT	2017 – 04	ERO
C1	3. PPA - MO and Supplier KOSTT	2017 – 04	ERO
C1	Rule on Support Scheme	2016 – 12	ERO
C1	PPA comments	2017 – 04	ERO
C1	Report on Municipal Environmental Permit for RES	2017 – 09	MED, ERO
C2	Certification Timeline	2016 – 12	KOSTT
C2	License Generation of Electricity	2016 – 12	ERO
C2	License Transmission system operator KOSTT	2016 – 12	ERO
C2	Supplier of Last Resort	2016 – 12	ERO
C2	Market Liberalization Timetable	2016 – 11	ERO
C2	Regulatory Accounting Guidelines	2016 – 08	ERO
C2	Short term and midterm generation adequacy forecast	2016 – 11	ERO
C2	Study case - Winter Outlook 2016-17	2016 – 11	ERO
C2	Rule on Licensing of Energy activities	2016 – 12	ERO
C2	REPORT Revised Licensing Pack	2016 – 12	ERO
C2	Electricity supply license	2016 – 12	ERO
C2	License DSO KEDS	2016 – 12	ERO
C2	License Market Operator KOSTT	2016 – 12	ERO
C2	Methodology for Determination of Prices for Providing Universal Service	2016 – 12	ERO
C2	Annex 1 TSO Certification - draft application	2016 -12	KOSTT
C2	Annex 2 Draft EXHIBITS Master for application document	2016 -12	KOSTT
C2	Annex 3 Issues for KOSTT	2016 -12	KOSTT
C2	Cover page of TSO report	2016 -12	KOSTT
C2	Rule on General conditions on Energy supply	2016 -12	ERO
C2	Guidelines for KOSTT on the Completion of the EC Questionnaire	2016 – 10	KOSTT
C2	REF simulation	2017 – 01	KOSTT
C2	Certification Matrix of Precedents	2016 – 08	KOSTT
C2	The Legal Tests Required for EU Certification	2016 – 08	KOSTT
C2	Rule on Certification	2016 – 10	KOSTT
C2	Background Report on Certification	2016 – 07	KOSTT
C2	Memo to KOSTT on 'reciprocity'	2016 – 10	KOSTT
C2	RES FUND - Regulation	2016 – 10	KOSTT
C2	REPOWER comments - Manual market opening	2016 – 12	ERO
C2	ANNEX I - Sample analysis (Rule on Capital Expenditure Assessment)	2017 – 03	ERO
C2	CAPEX Monitoring workshop	2017 – 03	ERO
C2	PPA - MO and Supplier	2017 – 01	ERO
C2	PPA - MO and FiT RES Producer	2017 – 01	ERO
C2	PPA - MO and RES Producer REG Framework	2017 – 01	ERO
C2	Rule on Capital Expenditure Assessment	2017 – 03	ERO
C2	PPA comments received MO _ RES Feed tariff	2017 – 03	ERO
C2	Cover Report for TSO Application	2017 – 02	ERO
C2	REPORT - KOSTT Market Rule Changes	2017 – 03	ERO
C2	Revised Market-Rules	2017 – 03	ERO, KOSTT
C2	Rule on Capital Expenditure Assessment	2017 – 04	ERO
C2	REPORT - RES tariff impact assessment	2017 - 09	ERO
C2	Load Profiles - Interim report	2017 – 09	ERO

Component	Name	Submission	Beneficiary
C3	Phase I Common Market implementation	2016 – 10	MED, KOSTT, ERO
C3	KOSTT Business plan for participation in APEX	2017 - 06	KOSTT
C3	Power system replacement reserve needs in Kosovo - Albania common market	2017 – 09	MED, KOSTT, ERO
C4	HR Issues Document Structure	2016 – 11	KEK
C4	Options for Unbundling of KEK	2016 – 04	KEK
C5	Technical Assistance to MED - KRPP_PIU	2016 – 10	MED
C5	Flood risk assessment study for the KRPP	2017 – 09	MED
C5	Micro-location Meteorological Survey Study for the KRPP	2017 – 09	MED
	General		
G	Memo to MED on EU Regulation 347	2016 – 10	MED
G	Agenda High Level Energy Forum 2	2017 – 03	USAID
G	KOSTT Legal Opinion on Directors performance related payment	2017 – 02	KOSTT
G	RES fact sheet	2017 – 01	USAID
G	KOSTT APEX shareholding	2017 – 02	KOSTT
G	2nd High Level Forum Concept Note	2017 – 03	USAID
G	Gender annual workshop Report	2017 – 07	USAID
G	Checklist for Environmental Review - Report on Municipal Environmental Permits for RES	2017 – 09	MESP, MED
G	RES impact assessment	2017 – 10	USAID, ERO
	USAID		
G	Blurb market opening guideline (COR)	2017 – 03	USAID
G	Blurb on Study Tour Croatia - Slovenia	2017 – 06	USAID
G	Blurb on Ambassador's briefing	2016 – 05	USAID
G	Success story Brief summary on Laws	2016 – 08	USAID
G	Success Story- Two interns hired by KOSTT	2016 – 11	USAID
	PowerPoint Presentations		
C1	REPOWER Retail Market Opening Action Plan for ERO	2016 - 10	ERO
C1	RES Issues	2016 – 11	USAID
C1	Retail Market Opening Coordination Day	2016 – 11	ERO
C2	Presentation on TSO Certification	2016 – 06	ERO, KOSTT
C2	GCOS and Licensing pack	2016 - 12	ERO
C2	USS SOLR	2016 – 12	ERO
C2	RES fund presentation	2016 – 11	ERO
C3	Participation in APEX	2016 – 11	MED, KOSTT, ERO
C2	KOSTT TSO Certification Application	2017 – 02	KOSTT
C2	Capex monitoring - technical assessment	2017 – 02	ERO
C2	Capex Monitoring Workshop - CBA in DSO Investment Planning	2017 – 02	ERO
C2	Capex Monitoring Workshop - DSO Investment Prioritization	2017 – 02	ERO
C2	Capex Monitoring Workshop Presentations- CBA	2017 – 02	ERO
C2	Capex Monitoring Workshop Presentations- Finance ability	2017 – 02	ERO
C2	Study on QoS regulation	2017 – 05	ERO
C2	Load Profiles Meeting	2017 – 05	ERO

Component	Name	Submission	Beneficiary
Year 4			
C1	Rule on procedures for issuing CoO	2018 – 06	ERO
C1	Rule on procedures for issuing CoO Annexes	2018 – 06	ERO
C1	RES Kosovo Support Scheme Alternatives	2018 – 07	ERO
C2	RES tariff impact assessment	2017 – 10	ERO
C2	RES impact assessment model excel	2017 – 10	ERO
C2	Price information screen	2017 – 11	ERO
C2	MYT2 - KEDS Consultation	2017 – 12	ERO
C2	MYT2 - KOSTT Consultation	2017 – 12	ERO
C2	MYT2 - Efficiency Factors	2017 – 12	ERO
C2	Methodology for preliminary SLPs in Kosovo	2018 – 02	ERO
C2	Preliminary SLPs	2018 – 02	ERO
C2	Study on QoS - Input data	2018 – 03	ERO
C2	Connection Charge Methodology DSO	2018 – 03	ERO
C2	Rules on QoS	2018 – 03	ERO
C2	KOSTT - Rule on procedures for electricity purchase and sale	2018 – 05	KOSTT
C2	Support on Development of Load Profiles	2018 – 07	ERO
C2	KOSTT North Issue	2018 – 08	KOSTT
C2	Unresolved issues relating to electricity supply in northern Kosovo	2018 – 08	KOSTT
C2	ERO OCA September 2018 Tables	2018 – 09	ERO
C2	ERO Organizational Capacity Review 2018	2018 – 09	ERO
C3	Rule on procedures for electricity purchase and sale	2018 – 05	KOSTT, ERO
C3	Discussion doc for KOSTT and ERO designing operation of NKEC	2018 – 05	KOSTT
C3	Financial implications of liquidity obligation in the Kosovo DAM	2018 – 06	MED, KOSTT, ERO
C3	Joint Action Plan APEX Market Coupling	2018 – 08	MED, KOSTT, ERO
C3	Discussion document designing operation of NKEC	2018 – 10	MED, KOSTT, ERO
C3	Working Draft Kosovo Electricity Market Design	2018 – 12	KOSTT, ERO
C5	KRPP ESIA Final Report	2018 – 05	MED
	General		
G	Annex 3. Draft Evaluation NREAP 2011-2020 - REPOWER comments	2017 – 12	MED
G	Annex 1. Draft-NREAP_2011-2020 - REPOWER comments	2017 – 12	MED
G	Comments on Draft NREAP 2011-2020	2017 – 12	MED
G	REPOWER Infographic	2018 – 02	USAID
G	High Level Forum 2018 - REPOWER Presentation	2018 – 03	POWER SECTOR
G	REPOWER Kosovo Fact Sheet	2018 – 04	USAID
	Power Point Presentations		
C1	PPT RES Kosovo - supporting mechanisms alternatives	2018 – 07	ERO
C2	Load Profiles Meeting	2017 – 05	ERO
C2	Study on QoS regulation	2017 – 05	ERO
C2	Support in characteristic load profile development	2018 – 07	ERO
C2	Guide to WACC	2018 – 09	ERO
C2	REPOWER WACC Notes	2018 – 09	ERO

Component	Name	Submission	Beneficiary
C2	Training for KEK -1b - Generator on PX	2018 – 13	KEK
C2	Training for KEK-1-Introduction to market concepts	2018 – 13	KEK
C2	Training for KEK-2-Economics of Pricing	2018 – 13	KEK
C2	Training for KEK-3-Contract Types	2018 – 14	KEK
C2	Training for KEK-4b-Commercial engineering	2018 – 14	KEK
C2	Training for KEK-4-Trading risks	2018 – 14	KEK
C2	Training for KEK-5-Trading exercise	2018 – 14	KEK
C4	KEK Unbundling Options	2018 – 20	KEK
C5	Assistance in Kosovo B rehabilitation - overview	2018 – 12	MED
Year 5			
C1	Price impact from competition	2019 – 04	ERO
C2	Assistance with Model of Community Development Agreements Related to renewable project implementation	2019 – 02	MED
C2	ERO Workplan 2019 - 2022	2019 – 04	ERO
C2	Report on assistance for the Prosumer implementation mechanism	2019 – 05	ERO
C2	ERO internal rule RES Reference Price	2019 – 05	ERO
C2	Operational Manual for OSS	2019 – 05	MED
C2	PPA - MO and FiT RES Producer edited EBRD response May 28 response to EBRD comments	2019 – 05	ERO
C2	PPA - MO and FiT RES Producer edited sent to EBRD from ERO agreed draft EBRD comments included May28	2019 – 05	ERO
C2	Compliance Statement TSO	2019 – 06	KOSTT
C2	KOSTT Annual TSO compliance assessment	2019 – 06	KOSTT
C2	TSO Tasks compliance table	2019 – 06	KOSTT
C2	ERO Organizational Capacity Review 2019	2019 – 06	ERO
C2	ERO Rule on Prosumer	2019 – 08	ERO
C2	Report on Development of Enduring Prosumer Regulation	2019 – 08	ERO
C2	SoS Methodology	2019 – 09	ERO
C3	Working Draft Kosovo Electricity Market Design	2018 – 12	ERO, KOSTT
C3	Assistance on Legal and Regulatory Gap Analysis for Market Coupling	2018 – 12	MED, ERO, KOSTT
C3	KOSTT-OST Cross border reserve sharing study	2019 – 07	MED, ERO, KOSTT
C3	SAFA RG CE - KOSTT exceptions and derogations	2019 – 07	KOSTT
C3	Demand Side Response in Kosovo	2019 – 07	KOSTT
C3	SAFA for RG CE – 13 - Annex 11 – Exemptions and Derogations for KOSTT	2019 – 09	KOSTT
C4	Outline of ToR for REPOWER to KEK unbundling	2018-11	KEK
C5	Discussion document designing operation of NKEC	2018 – 10	MED
C5	Consultation report - Development of SoS PSO	2018 – 12	MED
C5	Follow-up report for financing options for Kosovo B TPP	2019 – 05	MED
	General		
G	AWESK database	2018 – 10	AWESK
G	Resolution 1GA_2018 - AWESK Rules of procedure for adoption	2018 – 10	AWESK
G	Resolution 2 GA_2018 - List of Nominees for Advisory Board Members	2018 – 10	AWESK
G	Resolution 3 GA_2018 - AWESK Strategy and Action Plan for adoption	2018 – 10	AWESK

Component	Name	Submission	Beneficiary
G	Resolutions and motions for the 1st General Assembly	2018 – 10	AWESK
	Power Point Presentations		
C2	CDA Best Practices	2019 – 02	MED
C2	CDA RES	2019 – 02	MED
C2	MMPH EIA-Procedures	2019 – 02	MED
C2	Sustainable Approaches Towards Community Development Agreements for RES projects	2019 – 02	MED
C2	KOSTT Certification Compliance Program	2019 – 06	KOSTT, ERO
C2	KOSTT DSR	2019 – 07	KOSTT
C2	PSO Key principles – ERO	2019 – 07	KOSTT
C2	KOSTT DSR - SEP Example	2019 – 09	KOSTT
C2	KOSTT SAFA	2019 – 06	KOSTT
C4	Unbundling of KEK	2019 – 07	KEK, MED
C5	NKEC PSO options	2018 – 11	MED
C5	OSS for RES	2019 – 06	MED
C5	Kosovo B Financing Options	2019 – 07	MED
G	Training program for AWESK founders on formal meeting conduct	2018 - 10	AWESK

ANNEX 2. LIST OF TRAININGS AND STUDY TOURS

Date	Training	Male Person Hours	Female Person Hours	Total Person Hours
Trainings				
09-10, March 2015	Workshop for ERO monitoring reports	164	95	259
12, March 2015	Workshop regarding unbundling for KEK	29	4	33
19, March 2015	Unbundling of Energy Sector workshop	163	15	178
29, September 2015	RES Workshop for project beneficiaries	136	51	186
04-05, November 2015	Workshop on establishing One-Stop-Shop on RES	48	27	75
30, March 2016	Workshop mCircle	0	228.7	228.7
19, May 2016	Workshop/training session Power Exchange	53	13	66.
30, May - 3 June 2016	Workshop/training session -CAPEX Monitoring for ERO	67.75	46.75	114.5
23, August 2016	Regulatory Accounting Guidelines Workshop	14.2	8.5	22.7
26, October 2016	Retail Market Opening #1 Coordination day	40	8	48
04, November 2016	Detailed steps for Kosovo Participation in Albanian PX	18	4	22
16, November 2016	Retail market opening #2 Market liberalization	44	8	52
18, November 2016	RES Fund Workshop	18	0	18
28, December 2016	Retail market opening #3 Market liberalization further information	64	8	72
03, February 2017	One-Stop-Shop Workshop	18	12	30
22-24 February 2017	Capital Expenditure monitoring workshop	84	14	98
17, March 2017	Market Liberalization Workshop	204	88	292
24, March 2017	mCircle Workshop	0	45.5	45.5
27, June 2017	AWESK Workshop	3.3	45.8	49.1
04, July 2017	Municipal permits – Municipalities involvement in development of RES projects, held in Prishtina	16.7	8.3	25
05, July 2017	Municipal permits - Municipalities involvement in development of RES projects, held in Ferizaj	22	3	25
06, July 2017	Municipal permits - Municipalities involvement in development of RES projects, held in Peja	22	8	30
19, September 2017	ERO Workshop on Maximum Allowed Revenues	77	28	105
30, November 2017	Project Finance RES projects Workshop	35	8.75	43.75
25-26, January 2018	AWESK Strategy and Action Plan Drafting Workshop	0	55.5	55.5
07, February 2018	Market Integration workshop	115.5	36.75	152.25
13-14, February 2018	Capacity building of KEK trading function	155.75	42	197.75
23, October 2018	AWESK Workshop General Assembly	0	225.5	225.5

Date	Training	Male Person Hours	Female Person Hours	Total Person Hours
26-27, November 2018	Security of Supply and Public Supply Obligation workshop	67.5	7.5	75
26, February 2019	Community Development fund workshop	62.5	27.5	90
06, June 2019	Joint Working Group workshop for market coupling implementation and Albanian Power Exchange	85.5	15.8	101.3
18, June 2019	KOSTT TSO compliance workshop	20	5	25
22, July 2019	KEK Unbundling and financing options Kosovo B rehabilitation workshop	45	1.5	46.5
19, September 2019	KOSTT Workshop for Demand Side Response	40	14	54
Study Tours				
23-25, May 2016	Study tour to visit Croatia and Slovenia Balancing control area experiences	84	10.5	94.5
30, August 2016	Market Opening and Deregulation Study tour to Croatia	33	0	33
06-08 September 2016	Study tour to Belgium and Denmark RES best practices	60	45	105
18-20, October 2016	Study Tour Germany and Austria Single bidding zone experiences	42	7	49
23, March 2017	Study tour to Slovenia Common market establishment	15	0	15
30, March 2017	Study tour to Croatia Common market establishment	20	5	25
21-23, November 2017	Study Tour Belgium and Croatia on implementation of Certificates of Origin	56	14	70
04-05, December 2017	KOSTT Study tour to Norway on market coupling	26.25	26.25	52.5
		2,268.95	**1,317.10**	**3,586.05**

ANNEX 3. FINANCIAL REPORT

A financial report presenting the complete costs associated with the REPOWER-Kosovo project during the period of performance has been submitted separately to USAID.

U.S. Agency for International Development/Kosovo

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