

USA – Kosovo
Investment Forum

-
27 October 2010

KOSTT JSC

*Functioning
Developments
Perspective*

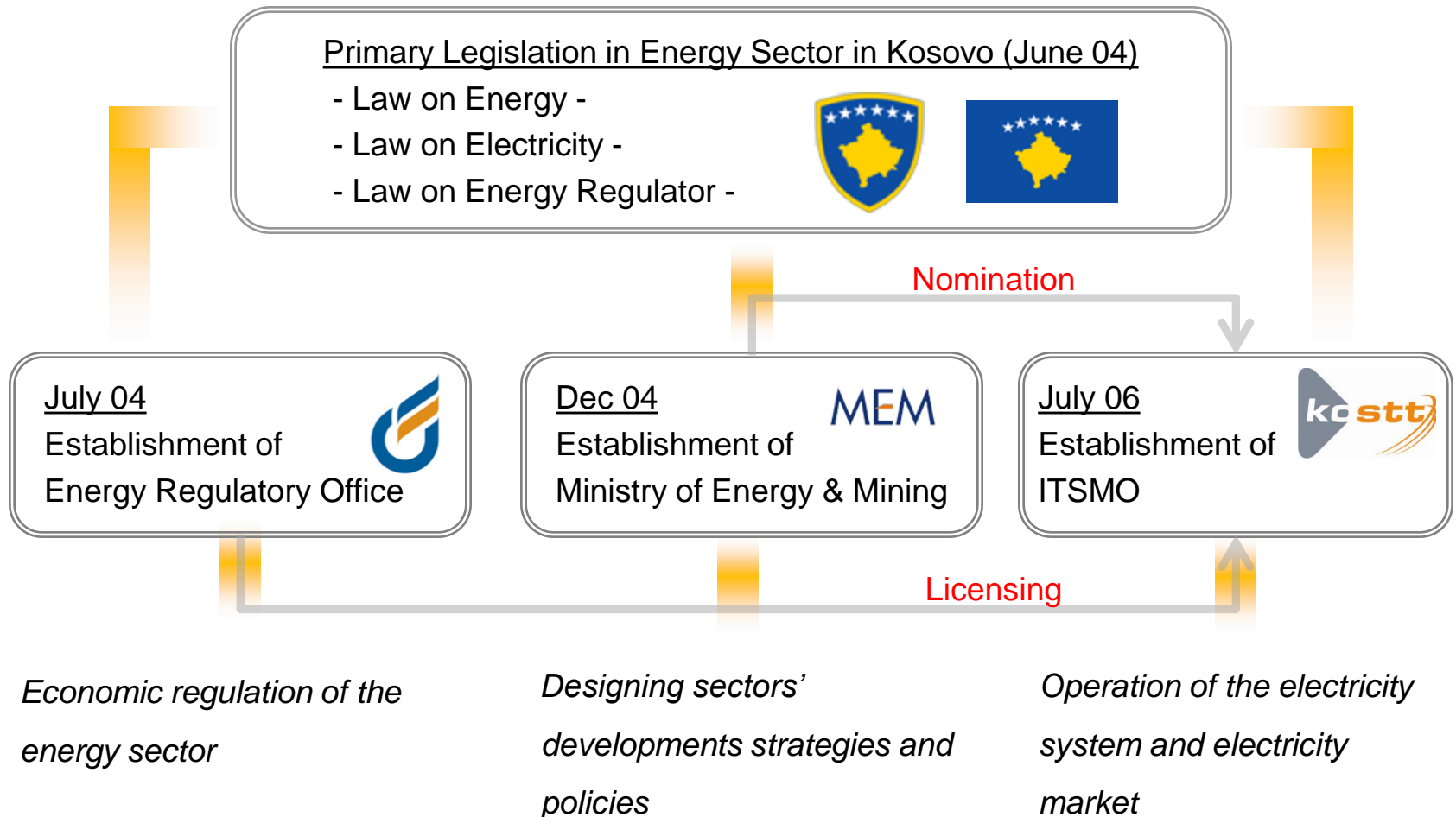
Fadil Ismajli
Chief Executive Officer



*New York
27 October '2010*

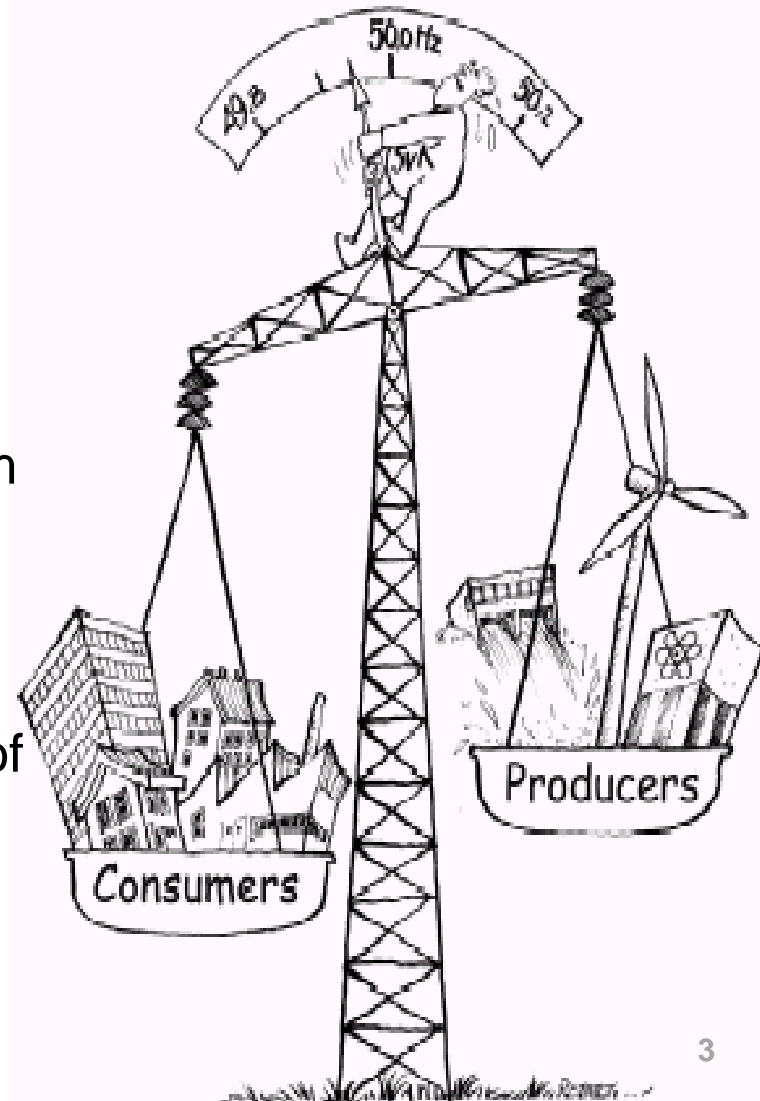


Legal & Regulatory Framework in Kosoo



KOSTT and its functions

- KOSTT JSC is responsible for:
 - Bulk transmission of electricity on HV network and other ancillary services (...secondary regulation, etc.)
 - Maintenance & development of TS
 - Operation of Kosovo electricity system
 - Balancing (demand = supply)
 - Operation of electricity market
 - Congestion management (allocation of interconnections)



License obligation -development of rules, codes, etc.-

- Market Rules – OP for implementation of rules
- Grid Code & Metering Code
- Electrical Standards Code & Technical Equipment Code
- Distribution Code (in cooperation with DSO)
- Technical performance indicators
- Commercial Agreements
- Long-term Power Balance (& PB on annual basis)
- Business Plan of KOSTT (2008-2013)
- **Connection Charging Methodology**
- **Transmission Network Development Plan**
- Other documents under preparation/under approval



Access to the Transmission Network

- KOSTT will offer its transmission capacities for all users
EC Directive → Law on Electricity → TSO License
 - Cost reflective and regulated tariffs & charges
 - Transmission Use of System Charges (EROs Tariff Methodology)
 - Physical connection to the network (KOSTTs Charging Methodology)

Possibilities

- *Connection of consumption site (industry, manufacturing, etc.)*
- *Connection of generation units*
- Cross border related mechanisms (CB principles & rules)
- Parties' access is granted following the fulfillment of technical & financial criteria



Transmission Network Master Plan 2010-2025

Investments

Based on future developments of Generation, demand, regional electricity market, significant investments on Transmission System of Kosovo are needed:

Investments planned for the time period 2010-2015 are:

- **100 Million €** (Network reinforcements 400kV, 220kV 110kV, System Support, refurbishments etc.)

Additional Investments needed for the time period 2016-2025

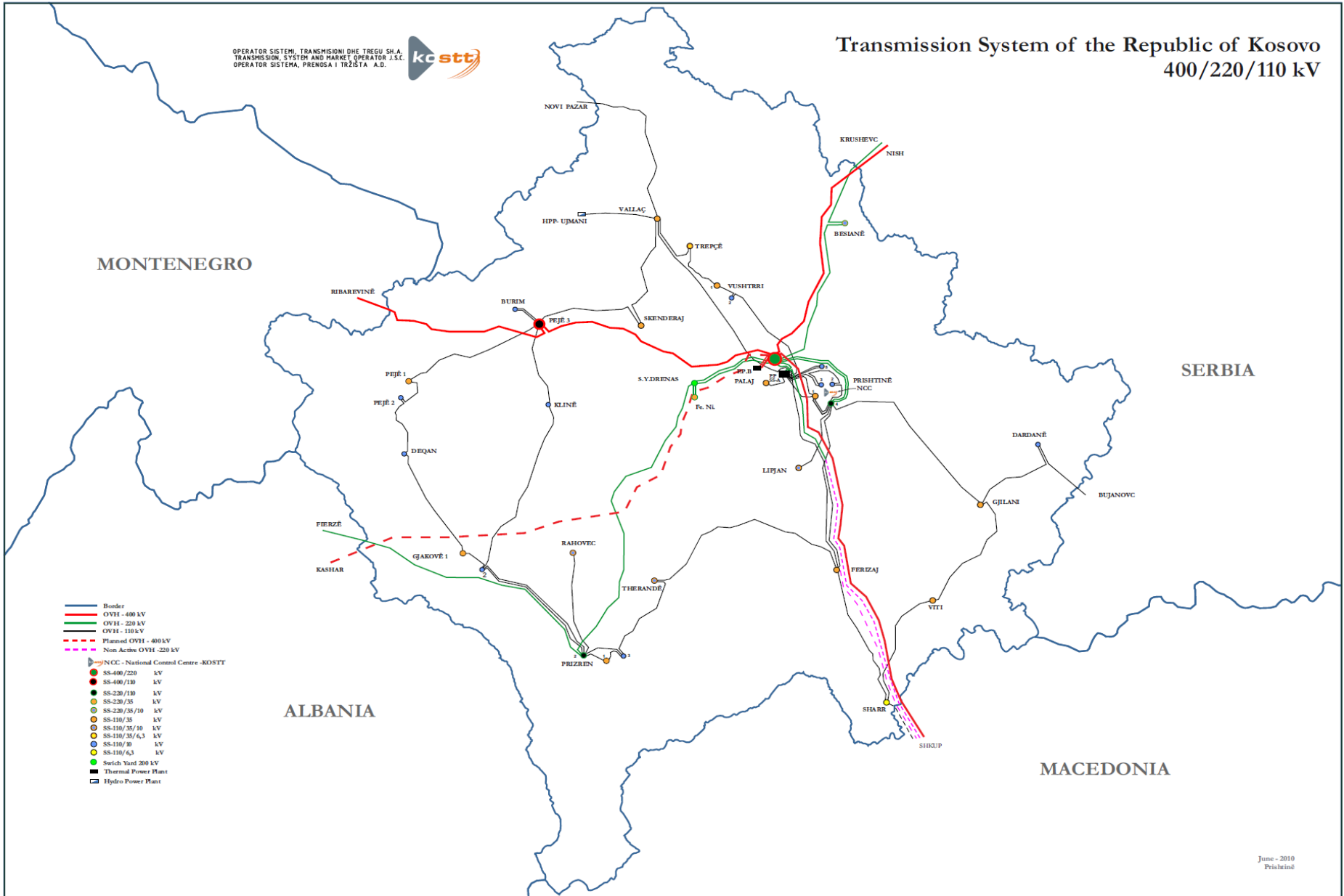
- **50 Million €** for 400 kV network expansion
- **70 Million €** for 110 kV network expansion

TOTAL INVESTMENTS FOR TIME HORIZON 2010-2025: 220 Million €

OPERATOR SISTEMI, TRANSMISIONI DHE TREGU S.H.A.
TRANSMISSION, SYSTEM AND MARKET OPERATOR J.S.C.
OPERATOR SISTEMA, PËRNOGSA I TRËZËSTA A.D.



Transmission System of the Republic of Kosovo 400/220/110 kV



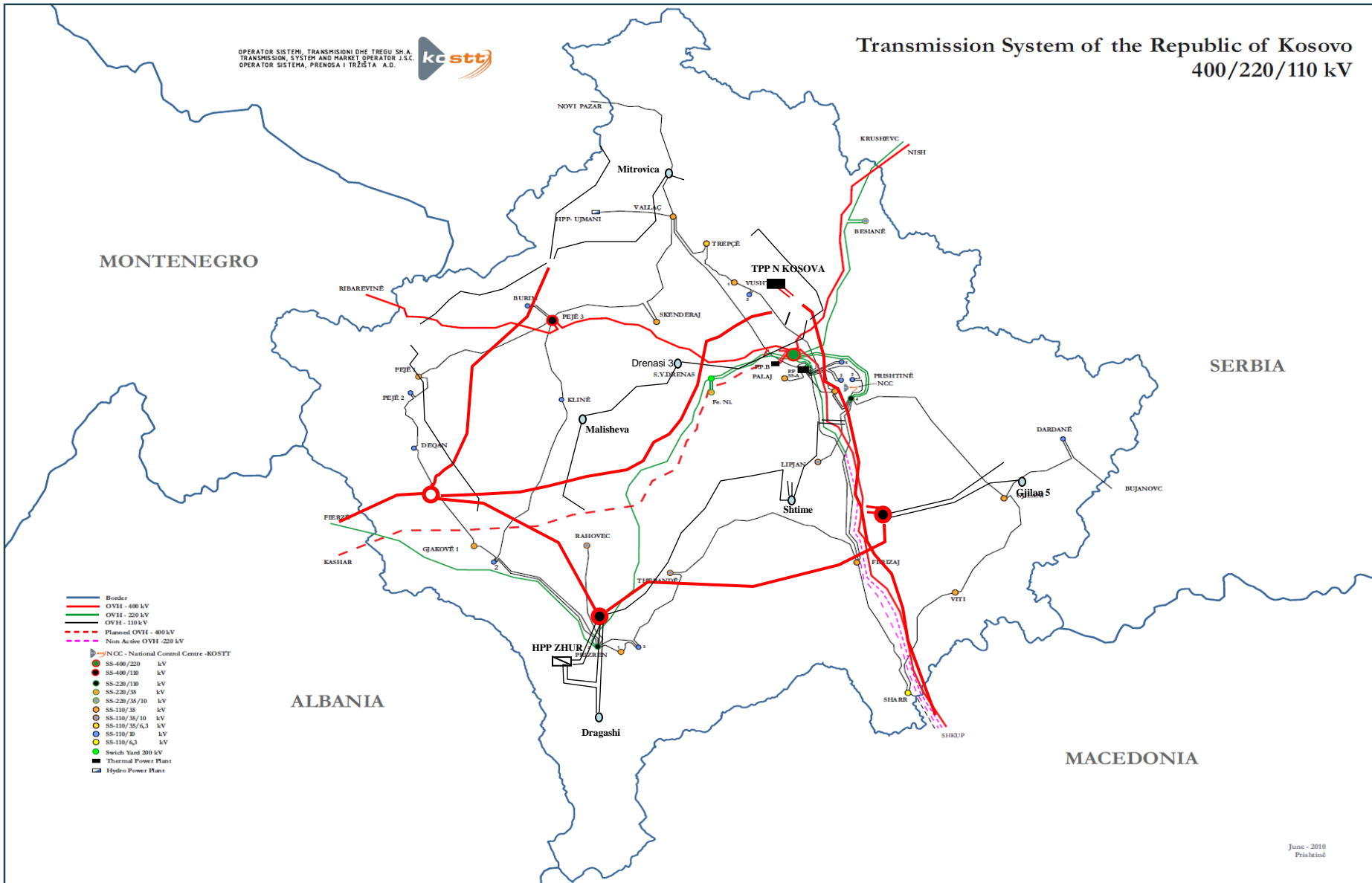


Transmission Network Master Plan 2010-2025

OPERATOR SISTEMI TRANSMISIONI DHE TREGU SH.A.
TRANSMISSION, SYSTEM AND MARKET OPERATOR J.S.C.
OPERATOR SISTEMA, TRASNOSIA I TRAZITIA A.D.



Transmission System of the Republic of Kosovo 400/220/110 kV



- Border
- OVH - 400 kV
- OVH - 220 kV
- OVH - 110 kV
- Planned OVH - 400 kV
- Non Active OVH - 220 kV
- NCC - National Control Centre - KOSTT
- SS-400/220 kV
- SS-400/110 kV
- SS-220/110 kV
- SS-220/35 kV
- SS-220/35/10 kV
- SS-110/35 kV
- SS-110/35/10 kV
- SS-110/35/6,3 kV
- SS-110/30 kV
- SS-110/6,3 kV
- Switch Yard 200 kV
- Thermal Power Plant
- Hydro Power Plant

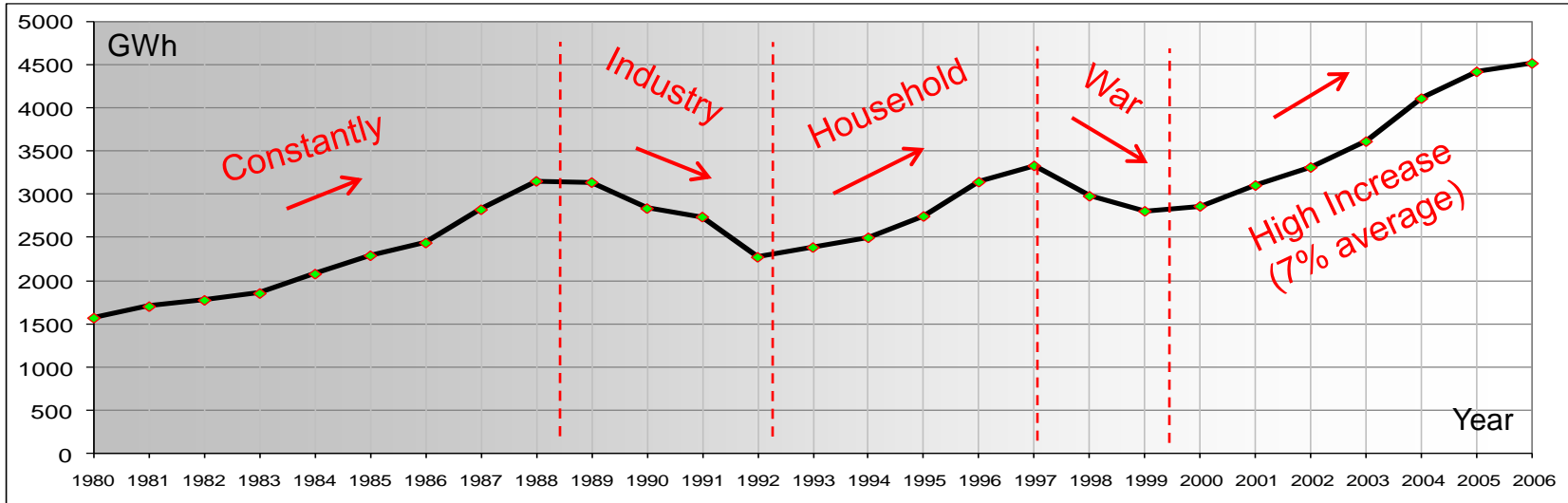
Network investment results

- ❑ Fully compliant with GRID CODE and ENTSO-E requirements security and quality of supply
- ❑ Support for generation developments
- ❑ Support for Renewable Energy Integration in Transmission System
- ❑ Support for Internal and Regional Electricity Market
- ❑ Reduction of technical losses.

Perspective for investments

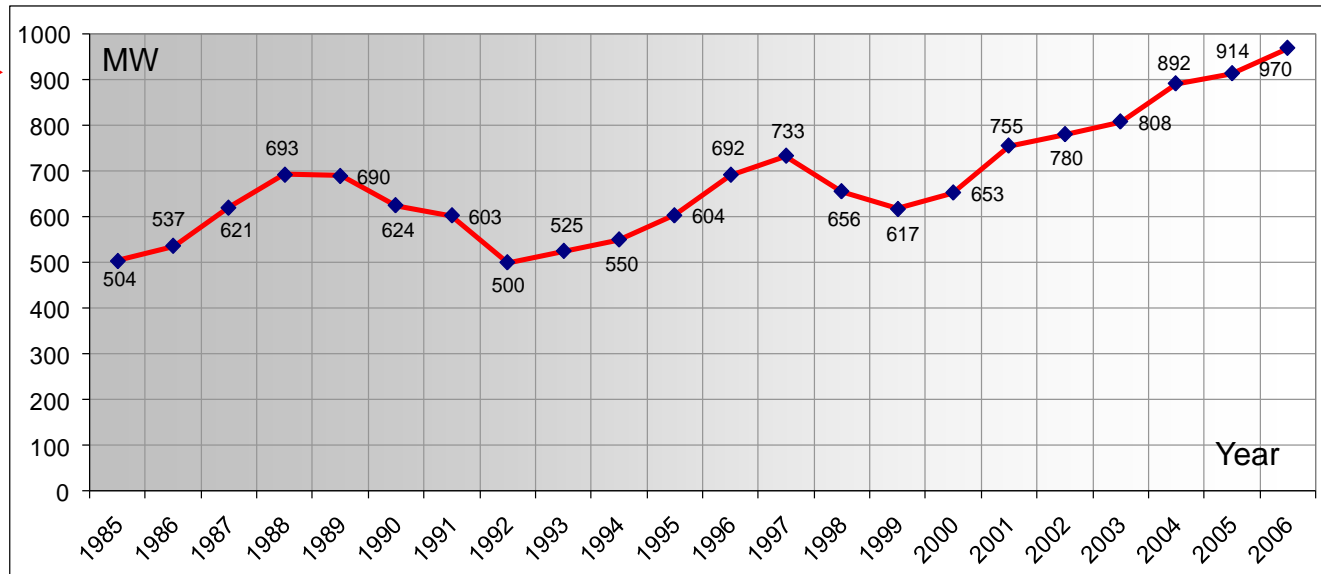
- Well developed legal framework (all in compliance with EU legal framework)
- Strong and autonomous agencies (Regulators, Antitrust, etc.)
- Solid infrastructure and connections (roads, airport, 4h→harbor)
- Very well developed electricity transmission infrastructure - regulated and easy access to the network
- Natural resources (lignite-14 billion tones, hydro potential, etc.)
- Incentive policies for foreign investments (easy entry, tax, etc.)
- Very high offer of labor – different profiles (English language in general very well spoken)
- The declining political risk
- Investments in Kosovo – target the markets in region as well

Historic Electricity Consumption & Peak Load



Similar reflections on the peak load (MW) →

**In
10 years
=
double**



Energy sector developments

- New generation capacities (lignite fired 1000 up to 2000 MWs; one HPP more than 300 MW and small HPPs)
- Privatization of electricity distribution and supply company
- Market opening for retail customers (2015 full opening)
- Emerging regional market – wider market, more possibilities
 - Development of regional bodies for facilitation of electricity market and trades
 - Development of electricity trading mechanism



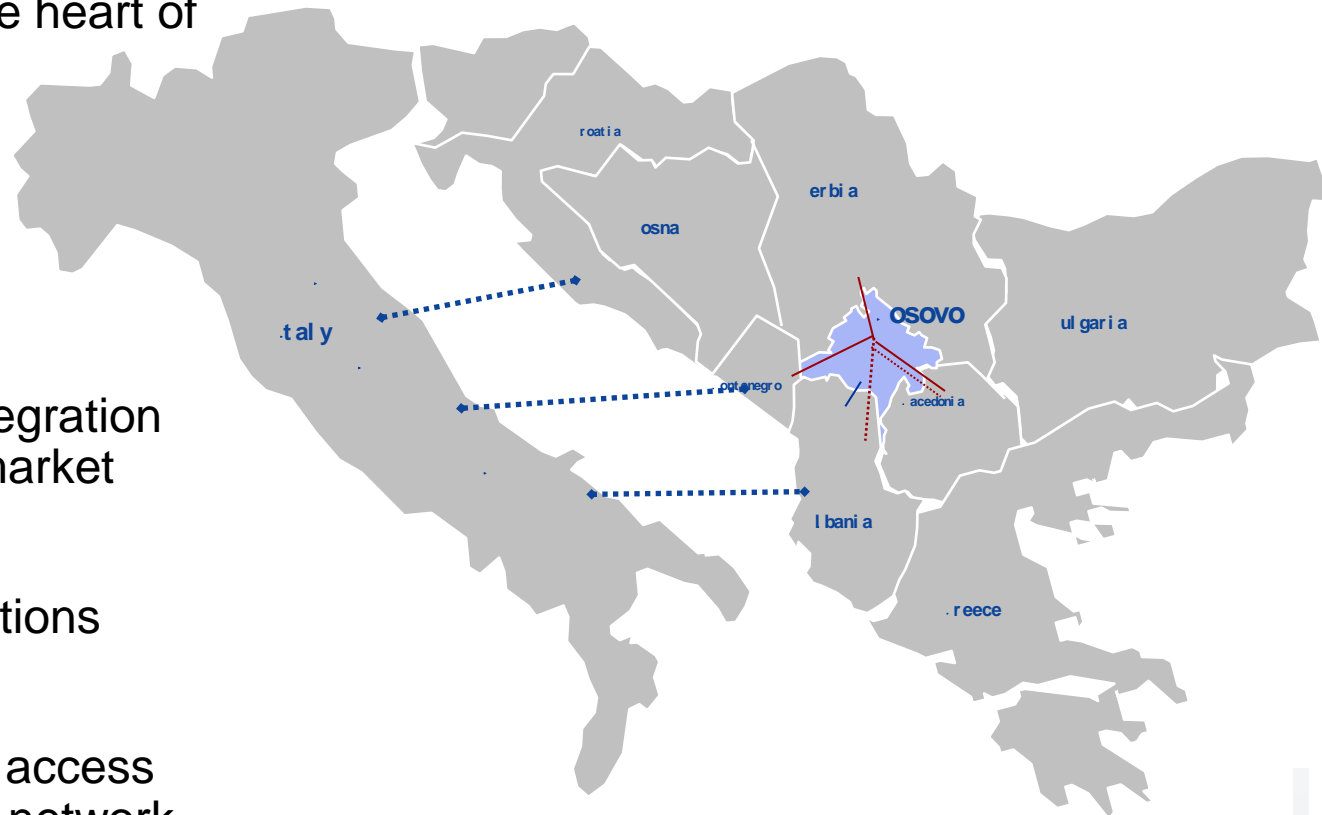
Role of the KOSTT in Kosovo's energy sector



- KOSTT carried out studies and developed the transmission grid to enable:
 - The Connection of new generation units up to 2000MW in different locations in Power system
 - Promotion of renewable energy resources
 - Increase the transmission network availability
 - Increase system reliability and security of network
 - Promotion of green power and energy efficiency

All these components are a prerequisite for safe operation of new generating units and a good signal for future investors

Role and importance of KOSTT in SEE region

- Electricity hub in the heart of South East Europe
- High cross-border capacities
- Europe calls for integration respectively SEE market
- Comparable regulations
- Non-discriminatory access to the transmission network



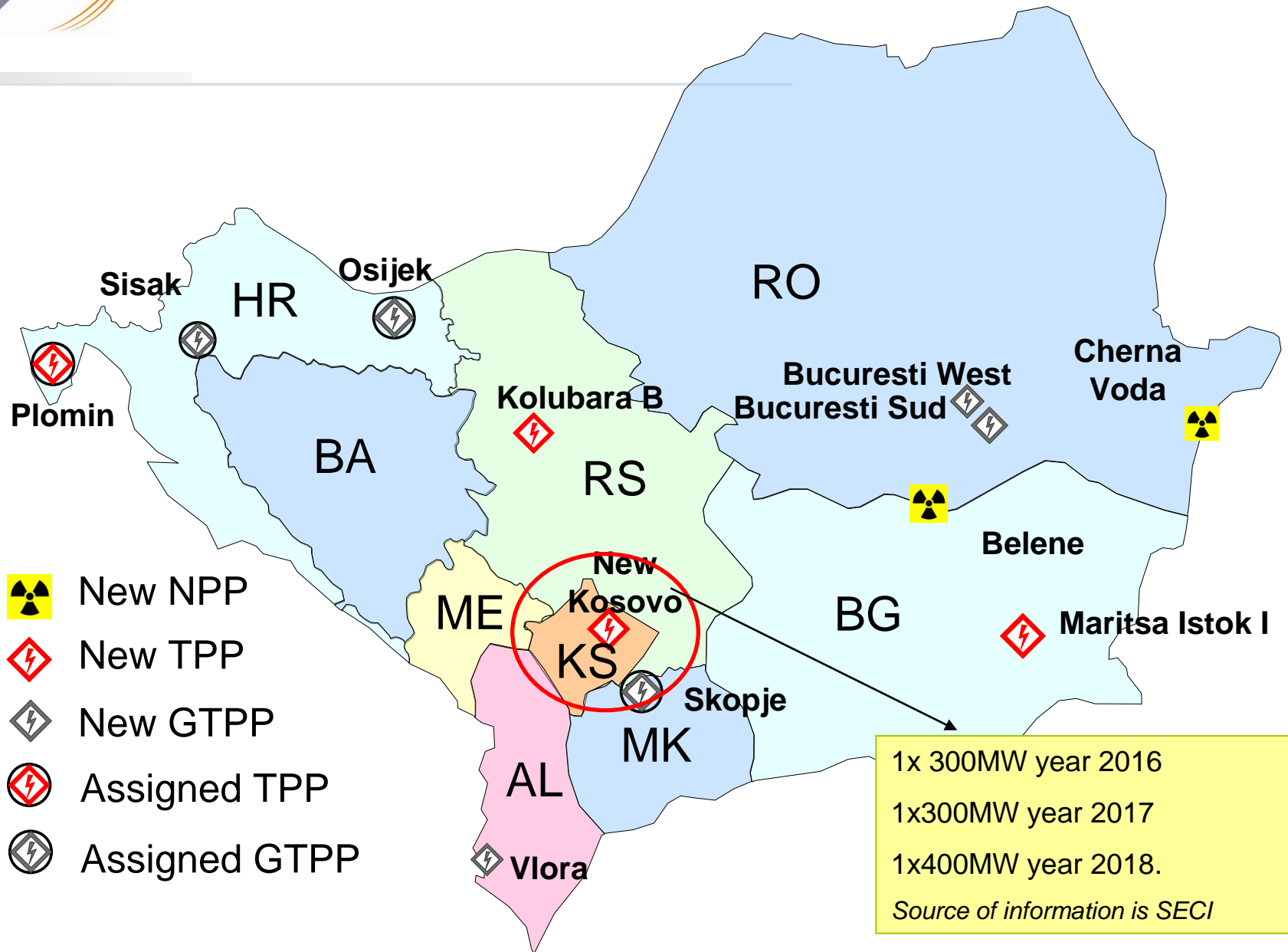
interconnections planned or under study



Role and importance of KOSTT in SEE region

- In technical terms, position of Kosovo's transmission system has very important role in the region:
 - Strong interconnection lines with neighboring countries underpin importance of the Kosovo Network region.
 - Security and stability of Kosovo Network has high impact in the network operation of South East Europe
 - High cross-border transit flows through Kosovo Network.
 - Stable operation of Transmission system of Kosovo contributes to increased efficiency of the electricity market in this SEE
 - Kosovo has the resources that may provide low cost energy in future, as base load energy in the SEE, where there is a deficit of power generation as well for the Italian market

SEE - New generation location? (base case official)

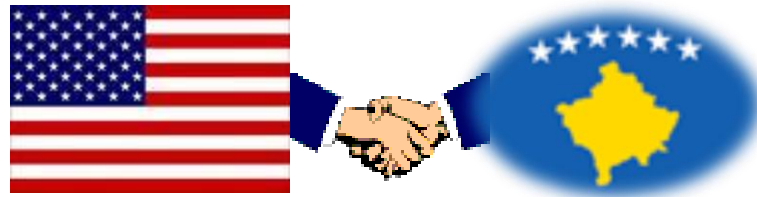


Current position



Future flow in SEE network





USA - Kosovo Investment Forum

27th October 2010

Thank You



www.kostt.com

*KOSTT - Transmission, System and Market Operator j.s.c.
Iljaz Kodra nn
10000 Prishtina, Kosova*