



INSTITUCIONET E PËRKOQSHME VETËQEVERISËSE
PRIVREMENE INSTITUCIJE SAMOUPRAVLJANJA
PROVISIONAL INSTITUTIONS OF SELF-GOVERNMENT

QEVERIA E KOSOVËS

GOVERNMENT OF KOSOVA

VLADA KOSOVA

MINISTRIA E ENERGIJË
DHE MINIERAVE

MINISTRY OF ENERGY
AND MINING

MINISTARSTVO ENERGIJE
I RUDARSTVA

Minutes of the 7th ECCG Meeting held on 2 October 2006

The 7th meeting of the ECCG was held on 2 October 2006 in the MEM conference room. Names of participants are listed at the end of these minutes of meeting. Meeting was welcomed and chaired by Mr Astrit Beqa, Permanent Secretary of MEM. Agenda of the meeting was approved as attached. Minutes of the 6th meeting of the ECCG approved as presented.

I. Update on Expert Meeting held in Vienna on 14-15 September 2006

Mr Gezim Pula, Director of the Strategy and Development Dept. of MEM provided a comprehensive PowerPoint presentation on the developments and draft Conclusions of Expert Meeting held in Vienna on 14-15 September 2006. He focused on current activities and issues including (i) short term security of supply, (ii) draft MoU on Social issues and the need for the MLSW to take lead of this process, (iii) need for developing Road Maps for Electricity and Gas, (iv) future activities, and (v) a list of the needs for technical assistance developed for MEM. Mr Pula expressed the concern, which was also expressed in the Expert Meeting in Vienna, that Kosovo, as a number of other countries in the region, may not be able to open the electricity market for all non-household customers by January 2008.

Mr Astrit Beqa, Permanent Secretary of the MEM, informed the participants about the establishment of a working group for the Energy Community Treaty (ECT) within MEM. He invited Ms Lejla Uzicanin, to provide information and comments.

Ms Lejla Uzicanin who led the UNMIK/Kosovo delegation in the Expert Meeting provided further details on the developments and conclusions of the Expert Meeting in Vienna. Ms Uzicanin informed that the September meeting in Vienna was called an Expert Meeting but there participated PHLG members/representatives. She made clear to the ECCG that EC would not welcome and most probably reject a request from Kosovo to derogate from the deadline of electricity market opening for all non-household customers by 1 January 2008. She recommended that Kosovo proceeds with the gradual opening of such market and provide detailed reasoned arguments on this to the Energy Community Treaty (ECT) institutions and forums as they will be required. Regarding the needs for TA

in the framework of the ECT, Ms Uzicanin stressed the need for Kosovo institutions to request whatever these institutions need, although the case could be that not all of them will be funded. It is important for us to know and formally articulate what we need. Regarding to the MoU on Social Issues, Ms Uzicanin informed that the Kosovo delegation of had worked hard to convince the EC representatives so that this MoU doesn't have 'hard obligations' that our countries cannot meet. In its final form the MoU represents an express of the political will to discuss and consider social issues. Regarding the security of power supply, Ms Uzicanin informed that our delegation in the Expert meeting explained to the EC representatives the difficult circumstances we are operating in Kosovo and asked them to consider this situation.

Mr Salvador Elmazi, Director of the department of Energy proposed to add n the list of TA needs a study/analysis on the electricity market opening and its financial implication for Kosovo, including developing of a workable schedule for it.

Mr. Muhamet Aliu, Permanent Secretary of the MESP, raised a number of questions on the draft MoU on Social Issues. Mr Pula and other responded to the questions. Mr. ____ agreed on the need for a close collaboration between MEM and MESP for the development of a comprehensive action plan on the implementation of the acquis on environment. He agreed to designate and mobilise his staff to work on such a plan. MEM will provide short term expat expertise.

Mr. Mentor Morina from the MLSW made a number of questions for his clarification and committed to inform the Permanent Secretary of the MLSW on the meeting he attended and the need for close collaboration with MEM on the MoU on Social Issues. A copy of this MoU in English and Albanian was provided to him.

Mr. Vaso Leno, proposed that participants agree on the following:

- KEK, ERO, and KOSTT present their needs for technical assistance (TA) in the framework of the Energy Community Treaty (ECT) to the MEM, so then MEM can submit them to the ECT Secretariat in Vienna by the deadline, October 15, 2006.
- MEM and MLSW will work closely to finalise the arrangements for the signing of the MoU on Social Issues, as planned, during the next Ministerial Meeting in Skopje in mid-November 2006. One highly qualified expat consultant is in the filed ready to work with the MLSW.
- Appointment from the KOSTT of a national coordinator on for monitoring security of supply issues. KOSTT would submit to the MEM the name and contact details of the coordinator.

II. Update on current developments in the ERO and KOSTT

Mr Naim Bejtullahu, Commissioner from the ERO, remarked that it would be better that the theme of the presentation by the ERO is written in the agenda. Then he provided detailed information on the current activities of the ERO, including codes, licensing, etc. He informed that (i) secondary legislation is almost completed, (ii) codes presented from KOSTT will be approved soon, (iii) regarding the third party access, KOSTT is in good tract, but distribution faces many difficulties, (iv) ERO is working on a transition market model for electricity, (v) a number of electricity traders are licensed, and (vi) the first report on monitoring is issued.

Mr. Sabri Musiqi from the KOSTT provided information on the status and development of the transmission code, undergoing preparations for new transmission tariffs, security of supply, etc. He reiterated the request for the ECT institutions to intervene for the soonest membership of the KOSTT in the SETSO task Force which will resolve a number of pending issues affecting KOST operations and revenues. Kosovo still has not been able to achieve an agreement with the EMS on the management of the transmission capacities of Kosovo. KOSTT expected that it would be licensed by the ERO in October 2006.

III. Measures for short term security of power supply

Because no one from KEK was present in the meeting, information on the short term measure on the security of power supply taken by the KEK wasn't provided to the ECCG. Participants in the meeting agreed that MEM requests such information from the KEK and make it available to the ECCG members.

IV. Update from donors

Ms Lendita Gashi from presented shortly the progress of the TA projects funded by the EAR as well as EAR's planned support to the energy and mining sector for the medium term period after 2006. She reiterated that the EAR is supporting all key energy sector stakeholders with technical assistance. Ms Gashi motioned that in the PHLG meeting in June 2006 discussions were held on a regional fund to finance capital regional projects including interconnection lines such as that between Kosovo and Albania. She asked if any news was there in this respect.

Mr Astrit Beqa informed the participants that has requested inclusion of the interconnection line with Albania as a top priority project in the Kosovo Consolidated Budget during 2007-2009. MEM is consulting KTA on this project.

Mr Naim Bejtullahu highlighted the need for both countries (Kosovo and Albania) to engage formally in the process of construction of the interconnection line.

Mr Vaso Leno informed that a draft MoU between two countries on the interconnection line is ready for signature by the two respective ministers of energy.

V. Conclusions

During the meeting it was agreed that:

- MEM, KEK, ERO, and KOSTT present their needs for technical assistance (TA) in the framework of the Energy Community Treaty (ECT). KEK, ERO, and KOSTT agreed to submit their needs for TA to the MEM by October 6, 2006, so that MEM can compile Kosovo's needs for TA in one formal document to be submitted to the ECT Secretariat in Vienna by the deadline, October 15, 2006.
- MEM and MLSW will work closely to finalise the arrangements for the signing of the MoU on Social Issues, as planned, during the next Ministerial Meeting in Skopje in mid-November 2006. MLSW will take the lead for the implementation of the MoU on Social Issues.
- MEM and MESP will work closely in developing an Action Plan and timetable for implementing the acquis on environment.

- Appointment from the KOSTT of a national coordinator on for monitoring security of supply issues. KOSTT would submit to the MEM the name and contact details of the coordinator.

VI. Date of next meeting

The next meeting will be before the end of 2006. Date and time will be decided by the Permanent Secretary of the MEM after the PHLG Meeting in Vienna on 16-17 October 2006. MEM/EPTISA will be responsible for organising this meeting.

Participants

Kosovo Organisations

UNMIK	Lejla Uzicanin
MEM	Astrit Beqa, Gezim Pula, Salvador Elmazi, Hajrulla Shehu, Arbena Aliu
MESP	Muhamet Aliu, Permanent Secretary
MLSW	Mentor Morina
KOSTT	Sabri Musiqi, Resmije Ahma
ERO	Naim Bejtullahu, Azem Kastrati

Donors

EAR	Lendita Gashi,
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EAR Consultants

Eptisa	Vaso Leno, Helene Ryding
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Minutes prepared by
Vaso Leno, Arbena Aliu, Hajrulla Shehu



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Office of the Permanent Secretary

**SEVENTH MEETING OF
KOSOVO ENERGY COMMUNITY COORDINATION GROUP (ECCG)**

2 October 2006, at 13:00 hrs in the Ministry of Energy and Mining

AGENDA

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| 1 | Welcome | Mr A Beqa, Permanent Secretary, MEM |
| 2 | Approval of the Agenda | |
| 3 | Approval of Minutes of the Sixth ECCG Meeting | |
| 4 | Update on Expert Meeting of September 2006 - Treaty obligations for Kosovo in 2006-2007
(Current activities: Market opening (eligible customers); MoU on Social Issues; Road Maps for Electricity and Gas)
Future activities | Mr Gezim Pula, MEM |
| 5 | Update on current developments | ERO and ITSMO |
| 6 | Measures for short term Security of Power Supply | Ms Pranvera Dobruna, KEK |
| 7 | Updates from donors | World Bank, USAID EAR; KfW |
| 8 | Any other business | |
| 9 | Date of next meeting and Closure | |