



30th Permanent High Level Group

Energy Community Secretariat

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Highlights in 2012/2013 - ELECTRICITY

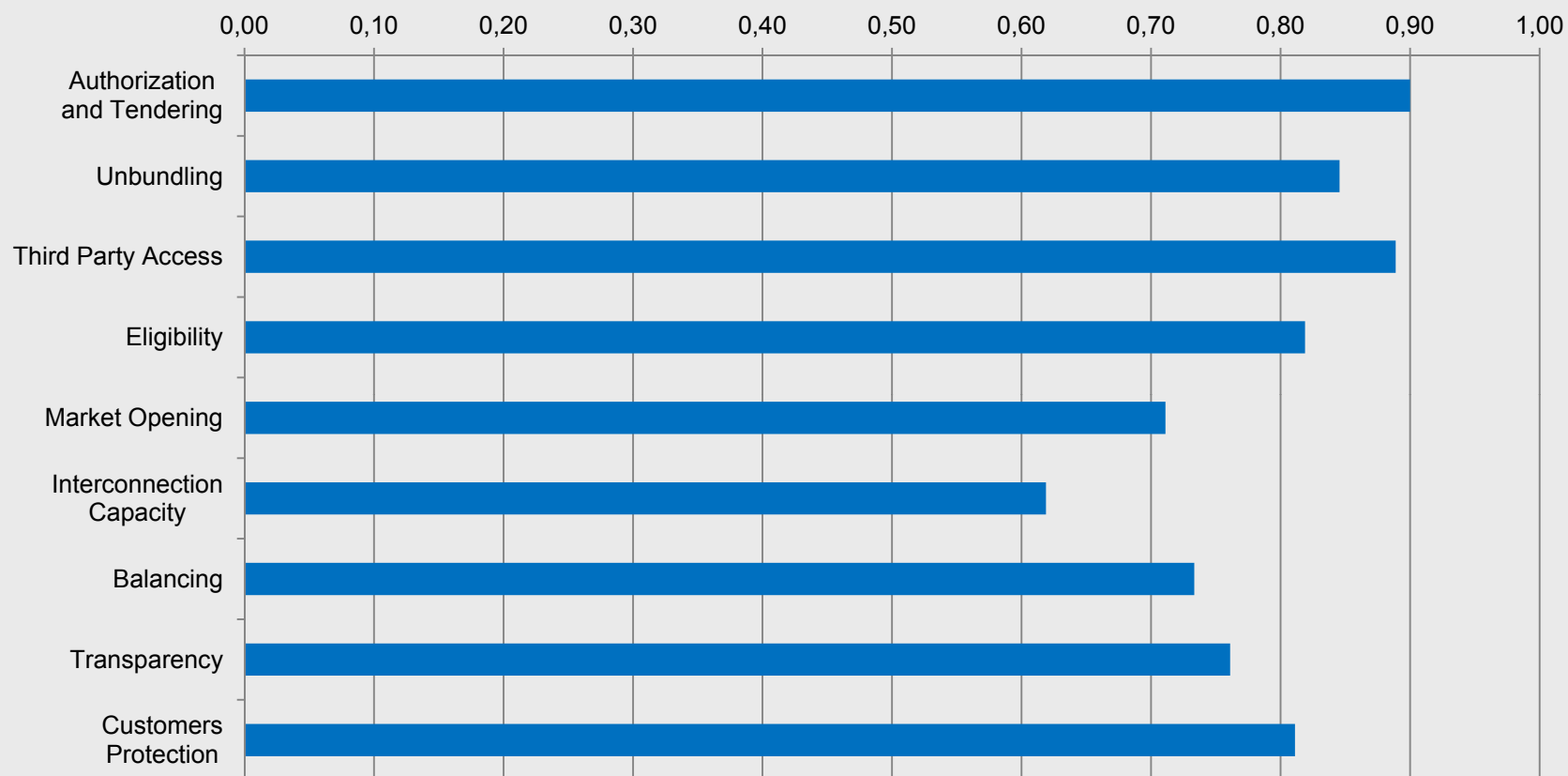


- New Electricity Law in BiH - Federation, postponed in Ukraine, Moldova and Albania
- Third Legislative Package – transposition started in BiH, Montenegro, preparations under way in Albania, Serbia, FYR of Macedonia
- ENTSO-E Network Codes entering the Energy Community
- SoS Statement updates for 2013 submitted by BiH, FYR of Macedonia, Kosovo, Moldova and Serbia
- Market environment developing in BiH, Serbia, FYR of Macedonia, but targets are delayed and effects are still virtual
- Privatization of the Distribution in Kosovo* completed, problems with CEZ in Albania culminated

Highlights in 2012/2013 - ELECTRICITY



Transposition



Progress in implementation – ELECTRICITY (1)



Electricity acquis component	Assessment	Progress achieved and pending issues
Authorization Tendering	Transposition advanced, sometimes in divergent acts, little practical results, inappropriate data, repeated unsuccessful tenders	Improved framework in BiH (Federation Law), practical progress in Albania, higher transparency and efficiency of Governmental / regulatory procedures
Unbundling	Mainly advanced transposition, well implemented for the transmission, much less so for DSO and for functional unbundling - no compliance programs	Progress in Montenegro and Serbia, dominant integrated utilities are still present, DSO unbundling is pending
TPA access Tariffs	Most advanced in all jurisdictions, both for transmission and distribution	Lower implementation status in Kosovo* and Albania refusal and exemptions need more work
Eligibility Regulated prices	Fairly advanced in transposition (save Albania) Implementation less compliant, phased-out or conditioned, targets delayed for 2015	Progress in BiH (Federation) Regulated (lower) prices are available to eligible customers in most jurisdictions Regulation of generation needs to be abandoned

Progress in implementation – ELECTRICITY (2)



Electricity acquis component	Assessment	Progress achieved and pending issues
Market opening Supplier switching	Slightly less advanced and divergent transposition and implementation, little practical switching reported	Progress in secondary rules (BiH – all jurisdictions, FYR of Macedonia, Serbia) SoLR of some form regularly introduced still dominant players, no new suppliers in overregulated environment
Cross – Border transmission capacity	Least compliant due to lack of transposition of Regulation 1228 and Congestion Management Guidelines	Auctions are applied on all borders for various time horizons, but not yet coordinated (Save Serbia) Rules are scrutinized (Albania, Ukraine), needs full implementation
Balancing	Rules are developed but not market-based (save Serbia) implementation slightly behind	Balancing costs are mainly regulated and socialized, no effective price competition Balance responsibility does not provide incentives for accurate nominations

Progress in implementation – ELECTRICITY (3)



Electricity acquis component	Assessment	Progress achieved and pending issues
Transparency	Relatively fair transposition implementation is in function of the still modest needs of the market environment	Problems in effective acquisition of data in transmission (Albania, BiH) and distribution (Albania) Tariffs are promoted and accessible, regulatory monitoring is neglected
Customer protection	Transposition is fair mainly due to overtreatment of the public domain in the supply Implementation is less compliant following adverse priorities (undue protection of eligible customers and lack of adequate protection of vulnerable customers)	Universal service and SoLR for switching is being introduced (BiH, FYR Macedonia, Serbia, Montenegro) misconception of PSO is common, cross-subsidies to be abandoned (Ukraine, Albania) and vulnerable customers to be duly observed

WMO Electricity - Status Quo



RAP element	Meeting the intermediary RAP deadlines	Prospects of meeting the 2015 deadline	Progress achieved / pending issues
Capacity Calculation	Partly	unclear	Grid Model updated & LT Coordinated Capacity Calculation in place
Forward Markets	No	likely	SEE CAO – Auction Rules, VAT, calculation of expected auction revenues, announcement of Company establishment
Day-ahead Market	No	unclear	The establishment of Power Exchanges was announced for Serbia and Croatia, but real progress was not achieved.
Intraday Market	No	unlikely	No measurable progress achieved
Abandoning of Barriers in National Legislation	To be abolished as part of the legislative reviews to implement the Third Energy Package with deadline of 1 January 2015		ongoing

Highlights in 2012/2013 - GAS



Decision on TAP

Ukraine - reverse flow

Dispute cases in gas

Finalisation of the Security of Gas Supply Study

ECRB: Report on balancing

Third Package in focus; network codes – stronger link with ENTSOG

Progress in implementation - GAS



Gas acquis component	Assessment	Progress achieved and pending issues
Unbundling	no (AL, BH, SER); functional unbundling not in place in MD, UKR	Ukrtransgaz (UKR) made some progress; Yugorosgaz Transport (SER) legally unbundled; case against BH; case against SER –very soon
Market opening/eligibility	formally - open markets; LT supply contract against competitive rules	progress in SER, CRO, UKR; market share of dominant supplier decreased
TPA access/tariffs	non discriminatory (except BH); different treatment of cross border flows and national transmission (UKR, MD - also AL, MNE)	SER adopted the new tariff system (En-Ex); case against BH; cases on cost-reflectivity of tariffs: closed in CRO, on-going in MK, close to finalization in MD→dismissal of ANRE chair
Regulatory powers	Fair, except BH/FBiH	MD - regulator's independence passed the test; UKR - no powers over transit pipelines; lack of NRA in BH/FBiH - ongoing case
TPA exemptions	not in place in UKR, MD, BH (FBiH)	BH (RS) – amended the Gas law
TPA services/capacity management	well defined in CRO, SER, MK	SER adopted the Grid/Market Code
Balancing	intolerance levels, non-market based; socialized over all network users (CRO for linepack, MD, UA)	ditto
Security of supply	supply standards (MD, UKR, SER, BH), national emergency measures?	MK to adopt secondary legislation soon; the SoS Statements (2013) more advanced; decision on Regulation 994?

Progress in implementation (1)

- *The deadlines for the transposition of Directives expired on 31 December 2011 (D 2006/32/EC and D 2010/30/EU) and 30 September 2012 (D 2010/31/EU).*
- *The legal framework transposition: good progress, but not uniform (Albania, Bosnia and Herzegovina, Ukraine lagging behind).*
- *The reform focus shifted from primary to secondary legislation (implementation), often assisted through various donor programmes.*
- *The preliminary assessment of NEEAP: 80% achievement of the intermediary energy savings target (app. 3% for 2010-2012).*

ESD TRANSPOSITION:

- *Bosnia and Herzegovina (Republika Srpska), Croatia, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia and Kosovo* adopted the legislation on energy efficiency.*
- *Albania, Bosnia and Herzegovina (Federation of Bosnia and Herzegovina) and Ukraine – only drafts.*
- *2nd NEEAP - submitted, but still to be approved (Croatia, Kosovo*, the former Yugoslav Republic of Macedonia, Montenegro, Serbia). Moldova adopted 1st NEEAP; Ukraine still in draft (other deadline applies for these)*

Progress in implementation (2)



EPBD TRANSPOSITION:

- *Recognized as the most complex piece of EE acquis (other horizontal laws to be changed: procurement, public budgeting, construction, etc) .*
- *Regional roadmap developed as part of the Study on EE in Buildings (2012).*
- *Certification of buildings - most advanced area of transposition.*
- *Progress by Bosnia and Herzegovina, Croatia, Moldova, Montenegro, Serbia and Ukraine.*
- *Supported by EBRD/REEP.*
- *Common challenges: development of a proper scheme for cost-optimal calculation, software for energy performance certification, training and education of the many actors involved.*
- *Incomplete and insufficient legal and institutional framework in CPs (many actors at national and municipal level).*

ELD TRANSPOSITION:

- *Most of the CPs have previously transposed the old ELD 92/75/EEC.*
- *Progress with ELD recast: Bosnia and Herzegovina (Republika Srpska), Croatia, the former Yugoslav Republic of Macedonia, Kosovo* and Ukraine have adopted the framework legislation and, in some cases, also the Delegated Regulations.*
- *Only drafts in Albania, Federation of Bosnia and Herzegovina, Moldova, Montenegro and Serbia.*

Regional Overview



- *Many existing barriers to energy efficiency are still slowing down the implementation of energy efficiency in Contracting Parties.*
- *CPs are facing more barriers to financing energy efficiency than EU Member States (economic structure, public budget constraints, lower income etc).*
- *The preferred model of implementation of EE measures in CPs (especially for the public sector): borrowing from international financial institutions. That is not sustainable on longer term.*

Priorities:

- *EPBD transposition*
- *2nd NEEAP implementation*
- *Directive 2012/27/EU: A Recommendation at the MC; a study under tendering on the impact assessment of EED in EnC (when adopted).*

The background is a dark blue image of a globe with glowing blue lines representing energy or communication networks. The lines are concentrated over Europe and Africa, with some lines extending towards the Americas.

*Thank you
for your attention!*

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