

28 Permanent High Level Group Meeting

Vienna, 14th March 2013

Agenda Item 6

SECURITY of SUPPLY

Security of Supply STATEMENTS 2011

1. SUBMISSION STATUS
2. SOS STATEMENTS for GAS
3. SOS STATEMENTS for ELECTRICITY

SoS STATEMENTS of 2011

Submission Status (March 2013)

Contracting Party	G A S					E L E C T R I C I T Y				O i l a n d O i l p r o d u c t s			
	2007	2009	2011	2012 ¹	2013	2007	2009	2011	2013	2007	2009	2011	2013
Albania	yes	yes	no	no		yes	yes	no				no	
Bosnia and Herzegovina	yes	yes	yes	no		yes	yes	yes				yes	
Bulgaria	no					no							
Croatia	yes	yes	no	no		yes	yes	no				no	
former Yugoslav Republic of Macedonia	yes	yes	yes	no		yes	yes	yes				yes	
Kosovo*	yes	yes	yes	no		yes	yes	yes				yes	
Moldova			no	no				no				no	
Montenegro	yes	yes	yes	no		yes	yes	yes				yes	
Romania	yes					yes							
Serbia	yes	yes	yes	no		yes	yes	yes				yes	
Ukraine				yes				yes				yes	

* Only the Gas part of Security of Supply Statement

- *Albania, Croatia and Moldova never submitted their updates for 2011*
- *No Contracting Party submitted an annual update of gas supply for 2012 (Ukraine submitted their first Statement in February 2012)*
- *The structure for updates on oil stocks status is not mandatory*

SoS STATEMENTS of 2011

Compliance Status (GAS)

Structure of the Security of Gas Supply Statement	Albania	Bosnia and Herzegovina	Croatia	former Yugoslav Republic of Macedonia	Kosovo*	Moldova	Montenegro	Serbia	Ukraine
Diversity of supply		yes		yes	n/a		n/a	yes	yes
Technological security		yes		no	n/a		n/a	yes (basic)	yes
Geographical origin of imported fuels		yes		yes	n/a		n/a	yes	yes
Current levels of gas consumption [bcm] and expectations for the next three years (i.e. 2011-2013)		yes		yes	n/a		n/a	no	yes
Currently available production, storage and import capacity [bcm] for the next three years (i.e. 2011-2013)		no		no	n/a		n/a	yes (basic)	yes
Forthcoming production, storage, transmission and interconnections investment for the next three years: - authorised - actually in process of construction		very basic		yes (basic)	n/a		n/a	yes (basic)	yes
Quality and level of the maintenance of the networks		no		no	n/a		n/a	yes (basic)	no
Measures to - cover peak demand - deal with shortfalls of one or more suppliers		no		no	n/a		n/a	yes (basic)	yes (basic)
Defined roles and responsibilities of the different gas market players (role of regulatory or other authorities inclusive) in achieving security of supply general policies		yes (basic)		yes (basic)	n/a		n/a	yes	yes
Minimum non-discriminatory and transparent security standards		no		no	n/a		n/a	yes (basic)	yes (basic)
Specific customers (for example households) protection measures during: a partial disruption of national gas supplies/extremely cold temperatures throughout a peak period/cold weather "1 in 20 years"		no		no	n/a		n/a	yes (basic)	yes (basic)
All potential cooperation measures with other Contracting parties, EU Member States and other neighbouring countries		no		no	n/a		n/a	yes (basic)	yes (basic)
Competitive impact on all gas market players of the set of measures designated to secure supply		no		yes (basic)	n/a		n/a	yes (basic)	yes (basic)
Levels of storage capacity (injection, withdrawal rates etc)		n/a		n/a	n/a		n/a	yes	yes (basic)
Extent of long-term gas supply contracts concluded by companies established and registered on their territory, and in particular their remaining duration, based on information provided by the companies concerned, but excluding commercially sensitive information, and the degree of liquidity of the gas market		yes (basic)		no	n/a		n/a	yes (basic)	yes
The regulatory incentives for new investment in exploration and production, storage, LNG and transport of gas, taking into account Article 22 of Directive 2003/55/EC as far as implemented by the Contracting Party concern.		no		no	n/a		n/a	no	yes (basic)
PSO		no		no	n/a		n/a	yes (basic)	yes (basic)

Key messages

- The Security of Supply Statement for the gas sector shall be submitted annually
- Although the 2011 SoS Statements are advanced from the previous ones they need to be upgraded, *incorporating additional elements*
- The Security of Supply Gas Subgroup meeting (12 February 2013):
 - ✓ Agreed on Gas Emergency Questionnaire Template
 - ✓ Updated the Gas Emergency Contact Points List;
 - ✓ Agreed to move forward – supplementing the Statements with the additional elements (risk assessment) and PSOs;
 - ✓ Agreed on SoS Gas Part Guideline update;
 - ✓ Agreed to make the best use of the Security of gas supply study (in a finalization phase)
 - ✓ PHLG members to support Subgroup members' efforts in this context

SoS STATEMENTS of 2011

Compliance Status (ELECTRICITY)

Structure of the Security of Supply Statement ELECTRICITY	Albania	Bosnia and Herzegovina	Croatia	former Yugoslav Republic of Macedonia	Kosovo*	Moldova	Montenegro	Serbia	Ukraine
Diversity of supply		yes		yes	yes		yes	no	yes
Technological security		yes (basic)		yes	yes		yes	yes	yes
Geographical origin of imported fuels		n/a		n/a	n/a		n/a	n/a	yes (basic)
Responsibilities of different authorities and market players		yes		yes	yes		yes	yes	yes
Electricity consumption [GWh] and five years forecast (2015)		yes		yes	yes		yes	no	yes
Peak load [MW] and five years forecast (2015)		yes		yes	yes		yes (basic)	yes (basic)	yes
Long term demand forecast (5 to 15 years)		yes (until 2021)		yes (until 2020)	yes (until 2020)		no	no	no
System balancing mechanism		no		no	no		no	no	no
Installed generation capacity [MW], operational status, energy mix		yes		yes	yes		yes	yes	yes
Planned changes in generation pattern for the next five years (2015)		yes		yes (basic)	yes (basic)		yes	no	yes (basic)
New generation projects in the next five years (2015)		yes		yes	yes		yes	yes (basic)	yes
Investment environment for new infrastructure		yes		yes	yes		no	no	no
Technical quality and level of the maintenance of networks (transmission, distribution)		no		yes	yes		yes	yes (basic)	yes (basic)
Investment intentions in the electricity networks (transmission, distribution)		no		yes	yes (basic)		yes	yes (basic)	yes
TPA exemptions / regulatory incentives for investments in networks		no		no	no		no	no	no
Security status and operational safety in transmission		yes (basic)		yes	yes (basic)		yes (basic)	no	no
Access to information for market participants and investors		no		no	no		no	no	no
Electricity supply contracts, liquidity of the electricity market		no		no	no		no	no	no
Emergency measures applied on state level in case of crisis		no		yes	yes (basic)		no	no	yes (basic)
Supply of specific customers in case of disruption or state of emergency		no		no	no		no	no	no
Public Service Obligations, demand management		no		yes	no		no	yes	no
Cooperation with other Contracting Parties or neighbouring countries in case of disruption		no		no	no		no	no	no
Impact on the traders and energy market caused by disruption or state of emergency		no		no	no		no	no	no

Compliance Status (ELECTRICITY)

Common features

- *Submitted SoS Statements 2011 are much advanced from the previous ones and generally apply most of the elements indicated in the EnC Template of 2010.*
- *In many cases insufficient data or existing source of the information is indicated instead of the information required*

Main shortcomings (to be considered)

- **Geographical origin of imported fuel** – despite widespread use of domestic fuels (coal), any imported primary fuel (coal, gas, oil) used for electricity production INCLUDING imports of electricity
- **Long-term demand forecasts** – (between 5 and 15 years)
- **System balancing mechanism** – sources of energy for balancing, existing instruments or balancing market (in addition to any operational spot-market platform used for the supply)
- **Planned changes in the generation pattern** – effects of decommissioning, refurbishments and new capacities on future diversification of sources (summary)

Compliance Status (ELECTRICITY)

Main shortcomings (2)

- Investment environment – including authorization and tendering procedures, investment incentives for new generation and corresponding limitations (RES), connection conditions etc.
- Regulatory incentives for network investments – including existing and possible TPA exemptions, transfer of costs, tariff incentives, etc.
- Security status and operational safety in transmission – including provision of ancillary services, security criteria, reserved capacity, losses, quality of service, etc.
- Access to information – required by market participants and investors
- Supply contracts – long-term supply contracts (capacity, energy products, timing), indicators for liquidity of the electricity market
- Emergency measures – available to be applied by the TSO, in order to cope with peak demand or shortfalls of one or more suppliers (including forms of state aid applied)
- Treatment of specific customers – (e.g. hospitals, water utilities, metal industry, public administration etc) in case of disruption of supply and emergency

Compliance Status (ELECTRICITY)

Main shortcomings (3)

- PSO and demand management – in the context of applied measures and rules effecting the conditions of supply and competitive market operation
- Potential cooperation with neighbours – bilateral measures for cooperation with neighbouring Contracting Parties or other countries in the context of supply disruptions and states of emergency
- Impact on traders and market operation – assessment of existing (or possible) effects from the applied (or available to be applied) measures for securing the electricity supply

Conclusions

- ❖ *Updates on the SoS Statements (ELECTRICITY) are expected by September 2013*
- ❖ *Compliance is expected with the parallel EnC activities (Energy Strategy, WMO, implementation of the III package and Network Codes etc.)*