

# Draft conclusions of the 42nd ECRB EWG meeting

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Location: Energy Community Secretariat, Am Hof 4, 1010 Vienna

24 October 2017

Meeting material published at: [https://www.energy-community.org/events/2017/10/ECRB\\_EWG.html](https://www.energy-community.org/events/2017/10/ECRB_EWG.html)

## 1. Minutes, Agenda

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**Conclusions:** EWG agreed on the agenda and the conclusions from the last meeting.

## 2. Report on ongoing Energy Community developments

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ECRB Section informed the ECRB EWG (EWG) about:

- The conclusions of 47<sup>th</sup> PHLG meeting of June 2017 (published at: [https://www.energy-community.org/dam/jcr:ed5715ea-c04c-46f8-8e78-e40582c58223/ECRBEWG102017\\_Conclusions\\_47.pdf](https://www.energy-community.org/dam/jcr:ed5715ea-c04c-46f8-8e78-e40582c58223/ECRBEWG102017_Conclusions_47.pdf) ) and progress made regarding discussions on Energy Union Governance, conclusion to continue work on electricity network codes, in particular market codes, and REMIT adaptation process, etc.
- The discussions from the ECRB meeting of 4 October 2017 (published at: [link to be updated once published https://www.energy-community.org/events/2017/04/ECRB.html](https://www.energy-community.org/events/2017/04/ECRB.html)).
- The workshop on harmonisation of trade and supply license of September 2017. EWG was informed that ECS is working on a proposal for harmonisation of licensing regime, which finally will be presented as a joint proposal of ECS, CESEC and CEE regulators (initiative by Hungarian NRA) aiming for adoption under the Title III of the Treaty. The proposal entails abolition of the trade (wholesale supply) license and harmonisation, including mutual recognition, of the supply license. The timeline of the process will be clarified in near future. Chairmen of the EWG noted the work done in the past by the ECRB on the topic of harmonisation of licensing regimes that could potentially serve as material for the proposal.
- The assessment made by the ECS in relation to the electricity export ban put in place by Bulgarian authority as of 13 January until 9 February 2017. The report can be found at [https://www.energy-community.org/dam/jcr:2df43283-ab85-42ec-9897-caab5c4d1725/ECRB102017\\_ECS.pdf](https://www.energy-community.org/dam/jcr:2df43283-ab85-42ec-9897-caab5c4d1725/ECRB102017_ECS.pdf). It outlines issues created in the market and quantifiable direct welfare loss of close to EUR 30m on regional level. A report, looking at technical side, from ENTSO-E is published in May 2017 and EC is working on another report to cover the market side – this expected to be published in November 2017.

**Actions and conclusions:**

- ECRB Section to look at the work done previously by ECRB on harmonisation of licensing regimes and refer to this work on the proposal that is being developed.

### ***3. Progress regarding the introduction of REMIT***

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ECRB Section informed the EWG on the output of two meetings held at ECS on 12 September 2017:

- (1) 2nd meeting on implementation of REMIT in the Contracting Parties (meeting material: <https://www.energy-community.org/events/2017/09/REMIT.html>)
- (2) Workshop on implementation of REMIT in the Energy Community (meeting material: <https://www.energy-community.org/events/2017/09/REMIT1.html>)

EWG was informed that the process with the proposed adaptations by the Energy Community Secretariat (ECS) has slightly stagnated due to ACER's consideration of the budgetary impact. The NRAs from the CPs have agreed on the REMIT approach for implementation in the CPs, however potential significant impact on ACER's budgetary needs might delay the introduction and subsequently the implementation.

EWG was also informed that ECS is already looking at other scenarios where the role of ACER in data collection and surveillance could be played by another entity. Also this approach was considered possible by most of the NRAs in the CP, however a concrete proposal needs to be submitted once ECS receives feedback from the European Commission.

EWG supported the view that any proposal for an integrity regime in the CPs should be harmonised with what is implemented in the EU.

#### **Actions and conclusions:**

- Progress to be reported in the next EWG meetings.

### ***4. Progress regarding the introduction of Network Codes in the Energy Community***

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ECRB Section informed the EWG that the adapted text of the three electricity network connection codes is agreed with NRAs and TSOs from the CPs and is submitted to EC. These codes are expected to be submitted by the ECS for adoption at the next PHLG meeting in December 2017.

ECRB Section informed the EWG that the 3rd meeting on implementation of electricity network codes in the Energy Community was held on 26 June 2017. The aim of this meeting was to discuss in more detail the potential issues that need to be addressed in relation to electricity market network codes (in particular related implementation of the CACM and FCA).

Main issue in this regard is the so-called reciprocity issue, i.e. how to ensure bidding requirements between the CP and EU borders in order to remove any regulatory gap. Further, an important point is the transfer of methodologies that are already developed in the EU under the CACM and FCA and those still to be developed at the European and regional level. Stakeholders, in principle, share the view that the issue of interface should be addressed and the best option is to have the codes binding also between MS and CPs. Regarding the methodologies that are developed, or to be developed/amended, the stakeholders insist that the relevant organisations from CPs should be involved in the processes. This is to be discussed further with stakeholders from CPs.

**Actions and conclusions:**

- Progress to be reported in the next EWG meetings.

## ***5. Follow-up on regulatory duties in context with implementation of Infrastructure Regulation 347/2013***

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Following up from the actions agreed in the previous EWG meeting, ECRB Section informed the EWG that a letter by the ECRB President was sent on 20 July 2017 to remind NRAs of requirements from Article 13.4 of the Infrastructure Regulation 347/2013. The deadline for feedback was set at the end of August 2017. So far the feedback was received by NRAs from the following CPs: Albania, FYR of Macedonia, Moldova, Georgia and Kosovo\*<sup>1</sup>.

Some of the EWG members emphasised the need for a workshop tailored for NRAs in order to boost the understanding of the requirements from the Infrastructure Regulation. This would subsequently facilitate implementation.

**Actions and conclusions:**

- NRAs that have not submitted the feedback to do that as soon as possible.
- ECRB Section to check if ECS can organise such workshop in near future.

## ***6. General update on WB6 activities***

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ECS informed the EWG that by the end of October 2017, the WB6 report will be published.

Further, EWG was informed on ongoing national projects through the WB6 initiative, including the two big regional projects. So far a big and important project with national focus that will start soon is the support to incumbent electricity production companies in all the WB6 in understanding and developing their abilities to actively

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<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

participate in the market. The two big regional projects planned to start already this year are Market Coupling and Cross-border Balancing. The kick off meetings with consultants are expected in December.

NRA's from the non-WB6 Contracting Parties noted that they also need support in understanding market coupling and cross-border balancing. This is very important in order for those NRAs to take active part in discussions for CACM and EBGL in future.

The issue of market coupling with EU MS was also discussed and Chairman of the EWG mentioned that the market coupling of Serbia with 4MMC is currently blocked, due to their focus on coupling with CWE region. Chairmen asked if ECS can check what are the real reasons for this refusal by the 4MMC as the market coupling of CPs and MS electricity markets is fully in line with the EU electricity market integration process.

**Actions and conclusions:**

- ECRB Section to check if ECS can organise a workshop in near future regarding Market Coupling and Cross-border balancing.

## **7. TF1 – Wholesale market opening**

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### **a). Update on CACM and FCA implementation in EU**

TF1 Leader provided a very detailed update on the implementation of CACM in the MSs. He informed the EWG on the state of play of each methodology and procedure that needs to be developed by the TSOs and/or NEMOs as required by CACM. So far five methodologies are approved unanimously by the European Regulatory Forum (ERF): The rest of the methodologies are in the process of being discussed and developed.

EWG appreciated the detailed presentation. Detailed presented slides are published within meeting material.

The EWG is informed that the Harmonised Allocation Rules (HAR) for 2018 are under regulatory approval.

**Actions and conclusions:** no conclusion required. TF1 Leader will provide a further update at the next meeting.

### **b). Involvement of CP NRAs in the ARA Working Group**

The TF1 Leader mentioned that the best option would be the involvement of the CP NRAs on the ERF, but this was not possible, so the only possible option is in the ARA WG which is already agreed by the former ARA Chair. The view of the TF1 Leader is that ARA WG deals with topics only on high-level, however this could be the first step. From the technical point of view, the most convenient group to participate is CACM TF of ACER, nevertheless participation in this TF is subject to an admission process and final approval by the ACER Director. Strict criteria, defined by ACER and reviewed by the ECS based on agreement with ACER have to be fulfilled. NRA of Montenegro is the first NRA that has been admitted to participate in ACER WGs as observer.

EWG asked if the next meeting of the EWG can be organised back to back with CACM TF and have a joint meeting. ECRB Section informed that this proposal is not feasible, but organizing a workshop on implementation

of CACM and in particular market coupling could be a solution, and that ECS is working in developing a program on regulatory training and part of this is a training on market coupling.

**Actions and conclusions:**

- ECRB Section to check regarding a training on market coupling and arrange the next EWG meeting together with such training/workshop.

**c). *SEE RAP Roadmap: Status Quo, Activity Report, Next Steps (CACM and FCA related topics)***

Following up from the actions from previous meeting, EWG Chairman informed the EWG that Mr Medjimorec (ENTSO-E RG SEE Convenor) was referring to the specific discussion paper, which he promised to send to EWG Chairman and TF1 Leader as the discussion paper, but he did not send it, so that the overall feedback of ENTSO-E RG SEE was not clear. The follow up will depend following the next communication with Mr. Medjimorec.

**Actions and conclusions:**

- EWG Chair will remind and request via email from Mr. Medjimorec to provide the mentioned discussion paper.

**d). *Transparency Monitoring Report***

TF3 Leader presented the findings of the report and pointed potential issues with data correctness. Overall, the progress seems to be good, but still not sufficient.

Ensuring the data correctness is considered as a key item for a meaningful report. ECRB Section confirmed that the data were collected by ECS for the purpose of the ECS Implementation Report. ECRB Section considers that, being an ECRB report, the data should be confirmed by ECRB EWG through NRAs. Few members considered that this additional checking would be a duplication and another request for checking, this time by NRAs, for TSOs, which are bulked with data requests, is unlikely to give results during this year. It remains to be decided how the data will be collected for the next year's report in order to omit overlapping in data collection and checking.

In line with previous conclusions regarding this task, EWG considers that there should be an indication as to why the publication of certain data items does not take place and include a timeline for their publication. Further, CPs that publish the data through their own platforms and not EMFIP should provide indication on state of play and timeline for publication of data on EMFIP. Such remark on the fact that this report does not include reasoning on certain data publishing and deadline, but that it is the intention of the future reports should be a conclusion of this year's report.

**Actions and conclusions:**

- ECRB Section to circulate the report allowing 2 weeks for comments and potential corrections.

## **8. TF2 – Balancing**

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### **a). Update on the state of Balancing Guideline in EU**

ECRB Section informed the EWG that there is no progress regarding the approval of the regulation establishing a guideline on electricity balancing (EBGL) in the EU. EBGL received a positive vote in comitology on 16 March 2017 and now it is expected to go through the Parliament approval before it is published in the journal and become effective.

ECRB section provided an information where the progress on relevant EBGL tasks is.

#### **Actions and conclusions:**

- ECRB Section will provide further update at the next meeting, if any.

### **b). Follow-up on the questionnaire submitted to ECRB EWG members on plans and further activities regarding balancing mechanisms in the CPs**

TF2 Leader informed the EWG that the questionnaire was submitted and 9 out of 10 responses were received. TF2 leader presented the findings that will be presented in a report. Information are collected from NRAs and most of the NRAs responded that the legislative framework is in line with the third package, however improvements in practice are needed.

The report aims to put focus on the perspective and plans, rather than state of development.

#### **Actions and conclusions:**

- In 2-3 weeks TF2 Leader will send the draft report to ECRB Section for finalization and further to be distributed to EWG members for comments. The allowed deadline for comments 10 days. Finally, the draft report will be approved by EWG members on-line in order to be submitted to ECRB early December for the final ECRB approval.

## **9. TF3 – SEE Market Monitoring**

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### **a). Follow-up on SEEAMMS Activity Report, and**

### **b). SEEAMMS Market Monitoring Draft Report**

TF3 Leader informed the EWG that not all the TSOs are participating (those coming from the EU MS, Moldova and Ukraine). Regarding the report, TF3 Leader noted that explanations received in most cases are similar when the BCE indicators are breached. BCE indicator calculation is not assessed but it could be that not always they are calculated based on the ECRB Recommendation on Harmonising Cross-border Transmission Capacity Calculation in Europe. A letter was sent by the ECRB President to NRAs to ensure compliance with ECRB Recommendation. EnC CPs TSOs seems to underestimate or in some cases overestimates the impact of critical

facilities. TF2 Leader informed that the Consultant voluntarily helped drafting this MM Report. Generally, EWG evaluated the draft report as successful and useful.

Some comments were given on the spot: correction of data provider for TPP Kosovo B; adding a paragraph regarding participation of Ukraine and Moldova, etc.

Funding of the monitoring activity was discussed. It was confirmed that USAID will not finance the project any longer. SEE CAO was considered as an option but it was stated that it is unlikely this will happen. Regarding funding it was agreed to mention in the report that the project has no finances to be continued and the potential source of financing should be evaluated. The work can be continued by ECRB in the existing platform and based on what was already built, however no financial support is available for any software upgrade. ECRB view should be taken if EWG should continue on its own on this, in case no funding is found.

The report will be reviewed by ECRB Section before it is circulated to EWG members for comments.

#### **Actions and conclusions:**

- ECRB Section to look at the draft report and circulate it for comments to EWG members with the aim to finalise and send it to ECRB by early December.

#### ***c). Update ECRB EWG Electricity Wholesale Market Monitoring (based on ACER MM Indicators only)***

TF3 Leader informed the EWG that the data collection form was created based on ACER MM Indicators and distributed to EWG members for filling. Not all NRAs provided the response so the report was not produced. Those that did not provide feedback should do so as soon as possible. In the case of BiH NRA, the response is in a format, which is not user friendly. It was stated that such format was submitted by SEE CAO to the TSO. The Chair noted that the TSOs should solve the issue of data formats and adapt them in ACER requested format. Also, all NRAs should ensure that their TSOs comply with the format which is the ACER's format, because in any case this will become binding very soon. EWG Chair underlined that the tremendous and time-consuming effort was needed both for CPs TSOs and NRAs to collect and prepare data for this draft report as ACER requested numerous data in specific format. Regardless the fact that not all NRAs succeeded to collect and submit requested ACER MM data, this effort and activity was justified because TSOs and NRAs developed better understanding on which data are needed and how to collect such data. Therefore, through this exercise, EWG prepared CPs TSOs and NRAs for future regular task of collecting market monitoring data for ACER reporting. Furthermore, he advised all EWG members to think on adapting ACER MM templates (xls format) into regular data collection within the national Info Codes.

Regarding the format submitted by SEE CAO, EWG asked if ECRB Section can check with SEE CAO, if they can submit any data to ACER directly and in the requested format for the market monitoring purpose.

#### **Actions and conclusions:**

- ECRB Section to check with SEE CAO the issue of data format
- NRAs which did not submit data, to do so as soon as possible

- EWG plan is to finalize this report in Q1 2018.

## ***10. Work Program 2018***

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ECRB Section presented the draft Work Program for 2018. With some minor changes the presented program was agreed within the EWG.

### **Actions and conclusions:**

- Amended program to be distributed to EWG and to be submitted to ECRB by early December

## ***11. AOB***

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EGW Chair informed that the 2<sup>nd</sup> South-East European CIGRE Regional Conference (SEERC) will be held on 12-13 June 2018 in Kyiv, Ukraine. He said that the Conference Topic 1 (Regional aspects of electricity market development and transition) is within the scope of the ECRB Electricity Working Group working program, so that he invited EWG members and their colleagues from NRAs to choose the relevant topics and write a paper. He underlined the importance of participating with papers in this professional aspect. He announced that the deadline for receipt of abstracts is 15 December 2017. More details could be found at website: <http://cigre.org.ue> .

## ***12. Next meeting***

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Next meeting is set on 27 February 2018 in Vienna. This is to be organised back-to-back with a potential workshop on market coupling.



## List of participants

GRALL-EDLER, Nina (ECRB Section)

KLLOKOQI, Arben (ECRB Section)

STEFANOVIĆ, Nenad (Chair/AERS)

LANZA, Salvatore (AEEGSI)

MALIDŽAN, Igor (REGAGEN)

GACHECHILADZE, Zviad (GNERC)

BLAKAJ, Rifat (ERO)

LUKIĆ, Saša (SERC)

TSAPLIN, Valerii (NEURC)

BRKIĆ-VUKOVLJAK, Milica (AERS)

KALLAKU, Orjana (ERE)

QIRA, Bledar (ERE)

VUKČEVIĆ, Miroslav (REGAGEN)

BISLIMOSKI, Marko (ERC)

DAVORIN, Brkić (HERA)

Knežević, Milica (REGAGEN)