

# IMPLEMENTATION OF THE ENERGY COMMUNITY TREATY

## (ELECTRICITY)

Energy Community Secretariat  
[www.energy-community.org](http://www.energy-community.org)

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**15<sup>th</sup> PHLG Meeting**

17<sup>th</sup> December 2009, Zagreb

BASIS OF ASSESSMENT

STATE OF PLAY

RECENT DEVELOPMENTS

CONCLUSIONS

## SCOPE

- Main developments in 2009
- Key open questions for 2010

## CRITERIA

- Implementation of the Acquis
  - Directive 2003/54/EC
  - Regulation (EC) 1228/2003
- Security of electricity supply
  - Directive 2005/89/EC
- Development of electricity market



## Acquis on electricity

DIRECTIVE 2003/54/EC	Public Service Obligation and Customer Protection	Monitoring Security of Supply	Technical Rules	Unbundling Provisions and Access to Account	Third Party Access	New Generation Authorisation and Tendering	Market Opening	Cross Border Trade
Albania								
BiH								
Croatia								
the Former Yugoslav Republic of Macedonia								
Montenegro								
Serbia								
UNMIK								
<i>Regional Perspective</i>								

REGULATION (EC) 1228/2003	Inter-TSOs Compensation mechanism	Charges for access to the networks	Congestion Management method	Transpa rency	Use of Congestion Income	New Intercon nectors	Coordination among Regulatory Authorities	Penalties
Albania								
BiH								
Croatia								
the Former Yugoslav Republic of Macedonia								
Montenegro								
Serbia								
UNMIK								
<i>Regional Perspective</i>								



## Security of electricity supply

ALL PARTIES have submitted their **Roadmap Templates** for the Directive 2005/89/EC - **IMPLEMENTATION IS IN PROGRESS**

- Potential progress areas to be targeted are
  - DEMAND FORECAST,
  - EFFICIENT USE / DEVELOPMENT OF INFRASTRUCTURE,
  - NEW CAPACITY,
  - MARKET ENVIRONMENT, and
  - MUTUAL COOPERATION

ALL PARTIES have submitted their **SoS Statements for 2009**  
- **FURTHER IMPROVEMENTS OF THE CONTENTS** are necessary

## Security of electricity supply

ACTIVITIES for compliance are under way in most Contracting Parties

- Amendments on the LEGAL FRAMEWORK:
  - BOSNIA AND HERZEGOVINA
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
  - MONTENEGRO
  - SERBIA
  - UNMIK
  
- Updating the ENERGY STRATEGY:
  - ALBANIA
  - CROATIA
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA

## Opening of the electricity market

Contracting Party	Electricity Threshold	Switching
ALBANIA	All non-household	One large customer
BOSNIA AND HERZEGOVINA	All non-household	Two large customers
CROATIA	All customers	All non-household customers
The Former Yugoslav Republic of Macedonia	Connected on 110 kV (those who do not perform public service activity)	Only the customers connected to the transmission network (110 kV) - 9 out of 10
MONTENEGRO	All non-household	One large customer
SERBIA	All non-household	No switching reported
U N M I K	All non-household	Two large customers

## Albania

- Development of regulatory rule
  - tariffs, transparency
  
- New draft legal act on Renewable Energy
  
- Unbundling - Privatization of distribution
  
- Investment projects in energy infrastructure
  - Transmission network infrastructure
  - Generation capacity



## Bosnia and Herzegovina

- New amendments (OHR) to the state Laws and entity Electricity acts:
  - on management of the Transmission Company
  - on security of supply for District Brčko
  
- Regulatory framework, unbundling and development of markets **on entity level**
  
- Process of administrative deblocking and effective management of the **Transmission Company**
  
- Investment projects – **TPP „Stanari“**



## Croatia

- Amendments to the Laws on Energy and on Electricity Market
- Implementation of customer eligibility in practice
  - all commercial customers must be contracted
  - effective framework for supply of last resort
- New cross-border capacity allocation rules
- New Energy Development Strategy is in preparation
- Biofuels Act adopted and National Renewables Action Plan in preparation



## former Yugoslav Republic of Macedonia

- Amendments to the Energy Law are in preparation
- Market Rules are in preparation
- Methodology for tariff calculation is under reconsideration by the Regulator
- New Energy Development Strategy (2008 – 2020) is in preparation



## Montenegro

- New draft **Energy Law** is still in preparation
- Unbundling – **establishment of TSO** as independent company (PRENOS)
- **Tariffs** for connection and use of networks are in development by the Regulator
- Infrastructure – **HVDC submarine interconnection with Italy** is in final stages of preparation



## Serbia

- Draft amendments to the **Energy Law** are in preparation
- The **Distribution Grid Code** is in final stages of adoption
- **New metering equipment** is planned in order to allow for switching of supplier
- Infrastructure – investments in **new interconnections** are under way
- Support **schemes for use of Renewables** are in process of adoption



## UNMIK

- Draft **amendments to the legal framework** are in preparation for:
  - The Law on Energy,
  - The law on Energy Regulator,
  - The Law on Electricity
  
- **Unbundling of Distribution** is in preparation with a view of further privatization
  
- **Market opening** is set available for all non-household customers
  
- New **Market rules** are under development
  
- New **Energy Strategy** (2009 – 2018) is expected to be adopted



## Open Issues

- **Differences** between the Contracting Parties **widen** over time:
  - For different Acquis element
  - In operational implementation of (the same) specific areas of the Acquis
  
- **Primary legislation** is still:
  - NOT sufficiently COMPLIANT with the key provisions of the Acquis
  - NOT sufficiently COHERENT across the region
  
- **Security of Supply** of energy is treated:
  - ADVERSELY to introduction of a COMPETITIVE MARKET
  - In closed NATIONAL BOUNDARIES
  - In DIVERSE setup of TOLERANCE and PRIORITY criteria

## Open Issues

- The **practical implementation** of the Treaty is:
  - FAR BEHIND the transposition of the Acquis and development of required LEGAL FRAMEWORK
  - LAGGING BEHIND (in particular) in effective LIBERALIZATION of the END-USER SUPPLY market
  - LAGGING BEHIND (in particular) in development of a common platform for efficient REGIONAL WHOLESALE TRADING of energy and/or capacity
  
- The **Forecasting / Planning** processes need:
  - To avoid using DATA from diverse, uncorrelated or inconsistent sources;
  - To employ common / standard methods for processing and publishing;
  - To apply coherent criteria for transparency / confidentiality

## Next Steps

- The **Contracting Parties** to continue and finalize the development of their LEGAL and REGULATORY RULES
- The **Contracting Parties** to consider introducing measures to support the development of competitive ENERGY MARKETS and coordinate their policies on REGIONAL LEVEL
- The **Contracting Parties** to support the proces of development of new ENERGY INFRASTRUSTURE
- The EnC **Secretariat** to assist each Contracting Party through counselling on the process and commenting the draft legal acts
- The EnC **Secretariat** to further monitor the process and report to the PHLG and the MC

**THANK YOU for Your attention!**

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