

# **Electricity Transition Strategy**

## **1<sup>st</sup> Follow up report (Dec 2005 – May 2006)**

**Energy Community Secretariat**  
**17<sup>th</sup> PHLG meeting**

**Zagreb, 31<sup>st</sup> May 2006**

## Introduction

- The Electricity Transition Strategy Paper was adopted at the Ministerial Council meeting in December 2005 and it was agreed to follow up its implementation at each meeting
- The report distributed is the first follow up, covering the period Dec 2005 to May 2006, and it aims to indicate the starting point of each party towards the Strategy Paper.
- Mostly based on the responses to a questionnaire prepared for the 16<sup>th</sup> PHLG meeting in March 2006. The information gathered during the country missions has been used for some Parties.
- Seven Parties have submitted responses since then: Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Montenegro, Romania, and Serbia
- The report has a summary section covering each of the chapters of the Strategy Paper and it has annexed inception reports for each Party.

## Summary of the conclusions (1/2)

### **Social dimension**

- Some parties have expressed that a dialogue have been established between trade unions and the government.
- The implementation of this chapter is however subjected to the adoption of the Memorandum of Understanding on Social issues

### **Institutional framework**

- This chapter of the Paper has a clear regional dimension and it does not require a specific implementation from each Party

### **Gas to Power**

- Three Parties (Croatia, Romania and Serbia) have natural gas market in different degrees. While Romania's market is the most mature, Croatia and Serbia have both plans to increase the use.
- Four respondents (Albania, BiH, FYROM and Montenegro) have a residual gas market. Albania and Montenegro will analyse the introduction of natural gas through the National Strategies. Except for Montenegro, work is ongoing regarding the transposition of the Gas Directive.

## Summary of the conclusions (2/2)

### **Fuel mix**

- The National Energy Strategies analyses the adequate fuel mix. The level of implementation, and incentives to reach it, is however still to be clarified.

### **Phasing and transitional measures**

- The report shows that a number of actions have been launched by the Parties towards payment reform, consolidation of distribution companies, unbundling and in general, implementation of the electricity *acquis communautaire*.
- The information collected does not however allow to measure the degree of success or completion of the initiatives.

### **Electricity market aspects**

- These issues are to be covered through the actions envisaged in the market options paper, which was not the part of the questionnaire.

### **Environmental aspects**

- The implementation of the *acquis* is ongoing, although ensuring the necessary financing for the full implementation is the key challenge faced by the Parties

## Proposal for next steps

- The first follow up report has allowed to identify the initiatives in place. However it has not been possible to measure the degree of completion or success of the initiatives
- Parties are working towards the implementation of the Electricity Transition Strategy, the Market Options Paper and the adoption of the acquis. The future roadmaps should take into consideration all these aspects.
- Regarding investments, there are different level of consensus on the results of the GIS. This area should be analysed in combination with the possible investment criteria still to be drafted.
- Until the roadmaps are drafted, the ECS could continue preparing follow ups of the implementation of the Electricity Transition Strategy in combination with the actions envisaged in the Market Options paper. The next follow up should assess in further detail the magnitude of the initiatives started up by the Parties.