

**CONCLUSIONS**  
**8<sup>th</sup> Athens Forum**  
**Athens, 22-23 June 2006**

**WELCOMING REMARKS**

1. The Secretary General of the Ministry of Development welcomed the Forum participants to Athens and outlined the benefits of the EnC Treaty to the development of the regulatory framework conducive to investments in the region.
2. The Commission thanked Greece for having hosted the Forum.
3. Croatia, as president in Office also welcomed the participants and thanked the Greek government for their hospitality. In relation to the ratification, Croatia informed the Forum that six Parties have ratified the Treaty together with the EU and therefore the Treaty is expected to enter into force in July 2006. The contracting parties that have ratified and deposited the Treaty are: UNMIK, Bulgaria, Albania, Former Yugoslav Republic of Macedonia, the European Community and Romania, Croatia has ratified the Treaty but not deposited it as yet. The main highlights of the Presidency were as follows: a) establishment of the Energy Community Secretariat in Vienna; b) work undertaken within the MoU on social issues, signature is anticipated by the end of 2007; c) an enlarged Ministerial Council meeting in Luxembourg with Ministers from the EU 25 and from the contracting parties, showing the commitment of the EU to the Energy Community process.
4. The agenda was agreed by the participants.

**SESSION I - INVESTMENTS**

5. CEER and the World Bank presented a survey of capacity support mechanisms in the Energy Community. The findings show that Italy, Greece, Romania and UNMIK have either developed or are in the process of developing capacity support mechanisms. However, the implementation of those mechanisms is presently at an early stage.
6. The Forum thanked CEER and the World Bank for having done the survey. The results indicate that further work needs to be done. The Forum considers that a minimum level of harmonisation is required and individual countries to pursue developing of capacity support mechanisms in line with the market design in place.
7. The Forum invited CEER and the WB to work on practical progress, including a work plan and timeline, and report to the next Forum and the Commission to look into eventual legal measures within Title III of the Treaty.
8. The Forum asked the Secretariat to introduce this topic into the agenda of the next PHLG.

9. The European Commission underlined that the increase of investments is one of the first priorities for the Energy Community and some results are expected in 2007.
10. UCTE presented a Transmission Planning in the region mainly looking at infrastructure needs on national level.
11. The Forum considers necessary to draw up an optimisation plan based on least cost investments serving regional needs. In this respect, the Forum invited USAID, SETSO and UCTE to work together with the view to update the SECI study, and make a report available for the next Athens Forum.
12. The World Bank informed that the Generation Investment Study is being updated and the results will be made available by October. The main update will take into consideration the new long term forecasts of fuel and carbon prices. The update could result in changes in the priority list of investments. For the next Athens Forum there should be a discussion on a) the results from the updates of the GIS and SECI; b) the transmission investment criteria (SECI); and c) list of priority projects in accordance with the transmission investment criteria and the GIS.
13. The Forum indicated that work will focus on the establishment of regional investment criteria and the identification of a project pipeline and invited the Commission to follow up on all issues related to investments and look at establishing regional investment criteria. The Forum also calls on the Commission to establish an investment group to look intensively into the investments' aspect.
14. The Forum also considers that workshops on the GIS, SECI update and on the capacity support mechanisms would bring added value to the process. To this end, the Forum asked the Commission to look for a sponsor.
15. The Commission was requested to provide urgently legal advice on how article 41 of the Treaty operates in relation to import/ export monopolies. Article 41 refers to prohibition of customs duties and quantitative restrictions between the Parties with regards to import and export of Network Energy.

## **SESSION II – FURTHER ACTIONS FOR THE DEVELOPMENT OF THE MARKET**

16. The Forum acknowledges that the Treaty comes into effect shortly and looks forward to the establishment of the Energy Community Regulatory Board (ECRB) as soon as possible is feasible.
17. The Forum thanked and expressed its gratitude to CEER and ERGEG for the remarkable efforts made and progress achieved as regards the regulatory framework in the region and asks CEER working group to continue until the ECRB takes over the relevant work.
18. The Forum welcomes and thanks CIDA for the progress on the report outlining market obstacles and the recommendations that require follow up.

19. The Secretariat presented a draft outline of the road map structure.
20. The Forum is invited to provide comments and suggestions on the road maps by mid July.
21. The Forum invites CIDA to assist the EC and the ECS to introduce the recommendations into the roadmap with 1) specific outputs, 2) target dates and 3) suggested resource people and/or organisation. The overall process will be coordinated by ECS and monitored by the European Commission.
22. The Forum invites the ECRB to review the approach and validate it and welcomes the idea of having a workshop in Athens in view of presenting the final CIDA report and the road maps.
23. The Forum also invited the ECRB to analyse the harmonisation/ compatibility on licensing across the region.
24. Pursuant to Article 34, the Forum invites the ECRB to provide its views on the guidelines on market opening; and if possible to be presented for consideration to the next Athens Forum.
25. In the light of the C-17/03 of 7 June 2005 of the Court of Justice of the European Communities on preferential access to Transport Networks the European Commission invites the contracting parties to review the current practices with respect to priority reservation of capacity.
26. The Forum invited ETSO in cooperation with UCTE and the Regulators to look into the issue of sharing of reserve capacity across the region and consider general applicable standards for implementation of security of supply. A report will be provided at the next Athens Forum.
27. The Forum invited ETSO and the regulators to look into the issue of sharing of reserve capacity across the region and consider general applicable standards for implementation of security of supply (e.g. UCTE rules) and to report at the next Athens.
28. The EBRD introduced the report on Regional Energy Trading: Credit Support for Electricity Trading in South East Europe. EBRD asked the Forum to comment on the report with the aim to having a discussion on this matter at the next Forum.
29. USAID presented a proposal on Regulatory Assistance to the Energy Community.
30. The Forum welcomes the USAID proposal; thanks USAID for the assistance to the Regulators and finally invited the regulators to work with USAID in determining priority areas for future support.

31. The Forum invited the Commission, the contracting parties and the neighbouring countries regulators, to take steps to establish the institution and invited USAID and other donors to assist in developing the ECRB.

### **SESSION III – MARKET MONITORING AND TRANSPARENCY**

32. The Forum thanks ETSO for reporting on the status of market data publication.
33. The Forum thanks EURELECTRIC for the survey on market transparency implementation requirements.
34. The Forum invites ETSO to carry out a benchmark on transparency rules in place and transparency requirements set out in EC Regulation 1228/03.
35. USAID gave a presentation on a market monitoring pilot program proposal.
36. The Forum welcomes the proposal of USAID and asks USAID to going forward with the pilot case. An interim report is anticipated at the next Athens Forum. The design work will consider both cross border and national markets.

### **SESSION IV – INTERNAL MARKET ISSUES**

37. ETSO presented the state of play of the flow based coordinated auction dry run for the SEE. The Forum welcomed the presentation.
38. The Forum invited ETSO and the regulators to organise bilateral and multilateral discussions in order to better understand the method and invites ETSO to propose an implementation plan towards the adoption of the flow based coordinated auction dry run.
39. NEK considers that a basic principle of the TSOs participating in the Co-ordinated Auction dry run should be the prohibition of any kind of discrimination against the participating TSOs including in particular the usage of interconnection capacity on borders of this region with its neighbours. In particular, access to the interconnected capacity at the borders with Ukraine, Hungary, Croatia and Italy is an issue that requires further consideration. The Forum takes note of the NEK position and understands that further consideration of this issue is required. .
40. The Forum invited the Commission, ETSO, the regulators, and the EBRD to come up with an implementation plan with respect to the establishment of the Auction Office and present an interim report to the next Athens Forum.
41. The Forum asked the Secretariat to facilitate this initiative by providing the necessary human and financial resources.
42. ETSO presented the state of play of the ITC mechanism in SEE. ETSO stressed that if no action is taken to merge ETSO and SETSO ITC funds from January 2007 then the ITC process in SEE would collapse. The Commission, ERGEG and ETSO,

informed the Forum that the aim is to have a single mechanism in place as from January 1<sup>st</sup>, 2007 irrespectively the decision on the approach and they make their best endeavours to carry this forward.

43. ETSO presented the current progress in the sub group dealing with balance management. The Forum welcomed the presentation. The report on the current state of balance management in SEE will be distributed after approval by ETSO. The Forum called for the organisation of a workshop, the same week as the next Athens Forum, once the report is published.
44. USAID presented the state of play of the transmission benchmarking study which was undertaken by the CEER SEE WG. The Forum welcomed the presentations and look forward to the final reports. It was proposed that the recommendations will be taken into consideration when drafting the roadmaps.
45. USAID presented a status report on the retail tariff benchmarking study in cooperation with the CEER SEE WG that highlighted the problems of cost recovery and cross subsidies. A final report will be presented at the next Athens Forum.

#### **SESSION V – SOCIAL IMPACT AND AFFORDABILITY**

46. The Commission updated the Forum on the state of play with regards to the new draft of the Memorandum of Understanding on Social issues and thanked the ERGEG TF on affordability for the efforts made and delivered on, in a tight schedule, to draw up the guidelines. The guidelines will be inserted into the Memorandum and endorsement of the Memorandum by the Ministerial Council is anticipated by the end of the year.
47. The ERGEG TF presented the draft guidelines reminding the Forum that this is a preliminary report that needs to be approved by ERGEG. ERGEG welcomes comments until the 17<sup>th</sup> of July and will be in a position to present the final report at the next Athens Forum.
48. The next Athens Forum is tentatively scheduled for, October 23-24, 2006.