

# ELECTRICITY ACTION PLAN

## BULGARIA

### TABLE OF CONTENTS

1	Roadmap structure .....	1
2	Action Plan.....	4
3	Checklist/ Guidelines for each action.....	16

### 1 ROADMAP STRUCTURE

The proposed structure, as described below is also presented for easier reference in the diagram (see page 3).

#### Chapter 1 - Acquis communautaire

This chapter aims to ensure that the provisions of the Directive 2003/54/EC are transposed. The information required in this chapter is a reference to the national legislation indicating both the legal disposition and the relevant articles, in case that the Directive's provisions were adopted accordingly.

The overall deadline for the transposition of the electricity acquis is the 1<sup>st</sup> July 2007, except for the eligibility calendar which is January 2008 for non-household consumers and January 2015 for household consumers

#### Chapter 2 – Market Structure

The chapter addresses market concentration and to propose, if deemed necessary, measures.

It also pursues effective unbundling of system operators.

#### Chapter 3 – Wholesale market

This chapter addresses the wholesale market design and rules, in order to achieve competitive market. Competition in the wholesale market shall be ensured by transparency provisions and the regarding market monitoring. The necessary balancing regime is being covered as well, under the market rules subchapter, as the required licensing and authorization process.

#### Chapter 4 – Retail market

This chapter aims to ensure that the retail market opening measures in terms of eligibility thresholds and time schedules are being implemented.

The customer switching process and the payment reform is being addressed, as well as customer protection.

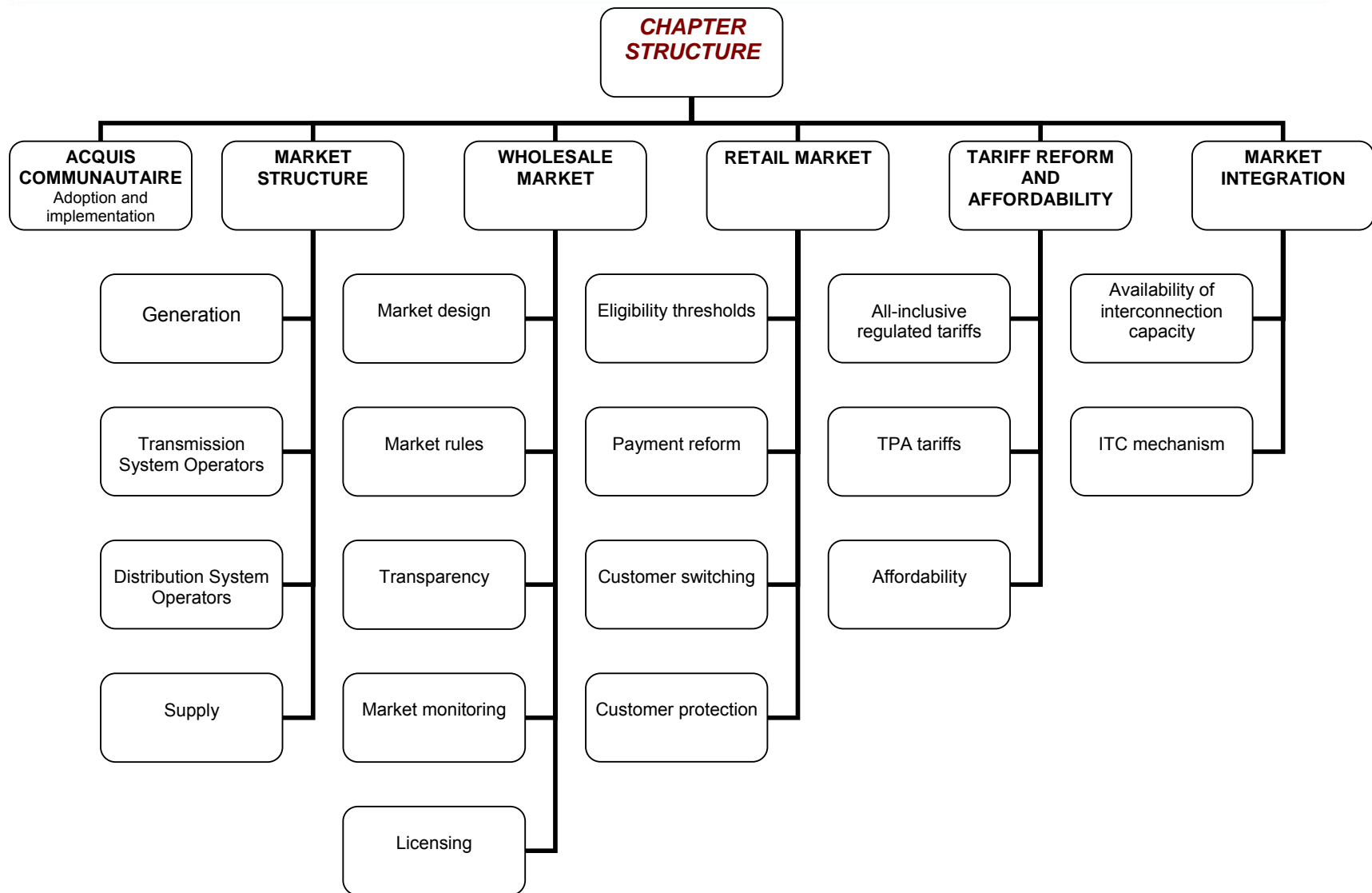
### **Chapter 5 – Tariff reform and Affordability**

The chapter covers the issue of cost reflectiveness in all inclusive tariffs and network usage tariffs (transmission and distribution networks). Affordability issues are also being covered.

### **Chapter 6 – Market integration**

This chapter includes a description of issues related in particular to cross border trade and cross border transport. The key issues to be solved at regional level include the methodology for capacity allocation and congestion management, the Inter TSO Compensation mechanism, and the licensing provisions that are mutually recognised.

This chapter's actions should be regarded as of regional level and should be agreed upon by regional bodies.



## 2 ACTION PLAN

### Chapter 1 - Adoption of the acquis communautaire - ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.1	General rules	Develop and implement General Rules for the impositions on undertakings, customer protection, public service obligations, security of supply and technical rules	July 2007	<p><b>1.1 Imposition on undertakings.</b></p> <p>Energy Act            Art. 1. (Am. – State gazette, issue. 74 of 2006 r.) This law governs the public relationships related to the activities of generation, import and export, transmission, distribution of electric and heat energy and natural gas, transmission of oil and petroleum products via pipelines, trade with electric and heat energy and use of renewable energy resources, as well as the authorities of state bodies in defining the energy policy, regulation and control functions</p> <p>Art. 2. (1) The main objectives of this law are to create conditions for:</p> <ol style="list-style-type: none"> <li>1. High quality and stable supply of electricity, heat and natural gas to the population;</li> <li>2. Energy and energy security of the country based on the efficient utilization of energy and energy resources;</li> <li>3. Creation and development of a competitive and financially stable energy market;</li> </ol> <p>(2) (Am.. – State Gazette, issue. 74 of 2006 r.) The generation, import, export, transmission, transit transmission, distribution and trade with electricity and heat , natural gas, oil and petroleum products shall be carried with no detriment to the life and health of the public, their property, the environment, the consumers' interests and overall national interests.</p> <p>The Amendments and Supplements to the Energy Law were approved by the Parliament</p>		MEE,NEK
to						
1.5	1.1 Imposition on undertakings					
	1.2 Customer protection					
	1.3 Public Service Obligations					
	1.4 Security of Supply					
	1.5 Technical Rules					

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>and published in the State Gazette, No.74/08.09.2006</p> <p>Art.94a Suppliers of last resort will supply at regulated prices the residual customers and small industrial plants</p> <p>Technical Rules and Market Rules in compliance with the new Energy Law have to be developed within 6 months</p> <p>Security of Supply – regulations are an integral part of the Transmission Grid Code</p> <p>The rules for settlement of electricity provided as result of activation of the secondary, tertiary and could reserve shall be included in the new version of the Market Rules</p> <p><b>1.2 Customer protection</b></p> <p>Customer protection is ensured by the following provisions: Articles 94a, 98a, 98b, 22, 100, 116, 117, 118</p> <p><b>1.3 Public Service Obligations</b></p> <p>The following articles contain the relevant wording regarding public service obligations: Art. 69, 70 par.1-4</p> <p><b>1.4 Security of Supply</b></p> <p>Security of supply is regulated by art. 4, par. 2, art. 8, art. 9</p> <p><b>1.5 Technical rules</b></p> <p>This requirement is introduced by the technical ordinances and rules for the application of the Energy Act. Those ordinances and rules are in compliance with the criteria for technical safety and interconnection.</p>		<p>MEE, Commission for protection of competition</p> <p>MEE, NEK</p> <p>NEK</p> <p>NEK</p>



FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
	to accounts 1.15 Unbundling of accounts					
1.16 to 1.19	Organisation of access to the system  1.16 Third Party Access 1.17 Market opening and reciprocity 1.18 Direct Lines 1.19 Regulatory Authorities	Develop and implement the provisions regarding Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities	July 2007	The provisions regarding the Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities are reflected namely in articles: 76, par.4, item. 2 ,102,118,119, par.2of the Amendments and Supplements to the Energy Law  The Regulated price for access to the grid is reflected in art.30, par.1, item 10 The regulated price for transmission and distribution- art. 30, par.1, item 7  A new version of the Rules for Access to the Transmission and Distribution Network is being developed	March 2007	SEWRC, NEK  NEK, SEWRC
1.20 to 1.22	Final Provisions:  1.20. Safeguard measures 1.21. Monitoring imports 1.22. Derogations	Develop and implement the Final Provisions: safeguard measures, monitoring imports, derogations (if applicable)	July 2007	The final provisions on safeguard measures, monitoring imports, derogations are reflected in articles 8,par.6, 21,par.1,item.1, 53, par.3, 57,par.1, 119, par.5		MEE
1.24 to	Regulation 1228/2003:	Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors	July 2007	The articles of the energy act reflecting cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties are 24, 30,		NEK

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.29	1.24 Inter TSO Compensation mechanism 1.25 Charges for access to the networks 1.26 Transparency 1.27 Congestion Management 1.28 New Interconnectors 1.29 Penalties	and penalties		par.1, items 7 and 10, 31, par.3, item 5, 224a		

**Chapter 2 – Market Structure – ACTIONS**

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
2.1	Generation/ Supply	Assess market concentration in each Party's electricity industry through the commonly used indicators	Not applicable (except for unbundling)	The installed capacity of consumption is approximately 7000 MW; Around 44 million kWh of electricity is produced annually; 25 % of the electricity produced is traded in the liberalized part of the market.		NEK
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable	2 units of 335 MW each are being built at Maritza East 1, Maritza East 34 power plant is being rehabilitated and a new nuclear power plant – 2 units of 1000 MW each are planned to be built;  The transmission network is upgraded on a regular basis – a new power line between Bulgaria and Macedonia is under construction.		MEE, NEK
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec. 2007	The transformation of NEK is being carried out through the establishment of a new independent legal entity – a power system operator. The new entity meets the requirement for independence of (legal, organizational and in terms of decision-making) operators and will manage the operation and maintenance of the power network and administration of the balancing market. Because of its natural monopoly nature the new legal entity will discharge its functions under the regulation of SEWRC which will be in two aspects: licensing and approval of regulated prices for the management of the power system.  The power system operator provides equal	March 2007	MEE,NEK

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>access to all users of the power network in compliance with the technical and economic rules for equality, safety of the network and availability of information, as the operator has the right to impose sanctions on the users that have adversely affected the system.</p> <p>There are functions intended to ensure the operational planning, coordination and management of the operational regime of the power system. In addition to the existing legal functions the new legal entity shall ensure the balance of the power system through its obligation to prepare the least cost development plan regarding new generating capacities, to be consequently made available to the Minister, the new entity has the right to receive information from the electricity generating companies, to be a party to all the transactions with balancing energy, to undertake actions toward organizing the electricity market, to conclude contracts with the operators of the neighboring systems to the end of compensating the costs stemming from the liberalization of the international market and to manage the network congestion in compliance with the criteria of equal access.</p> <p>The Energy Act The articles dealing with the above are: <b>86, par. 3 and 88.</b> A new version of the Technical Rules is under development</p>		
2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec. 2007	Distribution was effectively unbundled in 2000. The technical rules are adopted by the distribution companies which are now privately owned. TPA is regulated by articles 116, 117, 118 and 119 of the Amendments and supplements to the Energy Act.		MEE,NEK and the Power Distribution companies

### Chapter 3 – Wholesale market – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.1	Market design	Adoption of market design and accompanying measures to ensure liquid competitive wholesale market	Dec. 2007	Currently, the market is based on bilateral contracts and a balancing market. The idea is to introduce a day-ahead market in the near future		NEK
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec. 2007	<p>Current Market Rules (State Gazette 67/2004) regulate the bilateral contracts market and balancing market in the transitional stage of market liberalization. These Rules are successfully implemented at this stage</p> <p>New version of the Market Rules is under development. The document should provide regulations for:</p> <ul style="list-style-type: none"> <li>• Day-ahead scheduling for all electricity transactions</li> <li>• Market based approach for operation of the balancing market</li> <li>• Rules for cross border capacity allocation</li> <li>• Rules for participation of the electricity from secondary, tertiary and could reserve in the balancing market and algorithm for balancing energy prices calculation</li> <li>• Requirements for BG Responsible Parties</li> <li>• Customer switching procedure</li> <li>• Monitoring of the market, reporting, publication of market information</li> </ul>	March 2007	SEWRC,NEK
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec. 2007	According to the current Market Rules publication of data for operation of the market is made regularly on a daily, weekly and	March 2007	NEK

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				monthly basis. New regulations for publication and transparency of information shall be included in the new version of the Market Rules, mainly requirements for publication ATS, prices and volumes of explicit transmission capacity auctions, remaining available commercial capacity for day-ahead allocation, aggregated volumes of balancing power, system load, system balancing status		
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec. 2007	In the new version of the Market Rules a new chapter about market monitoring and market surveillance shall be included		SEWRC
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec. 2007	The licenses issued by the SEWRC are in compliance with Directive 2003/54 and Directive /67 of the EU		SEWRC

#### Chapter 4 – Retail market – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
4.1	Eligibility thresholds	Elaborate and implement market opening measures in terms of eligibility thresholds	Dec. 2007	The secondary legislation in force is in compliance with the Directive 2003/54/EC in respect of eligibility thresholds  From July 2007 all customers shall have the right to chose their supplier		
4.2	Payment reform	Adopt measures towards payment reform	Dec. 2007	Measures are being taken regarding the reduction of technical losses, optimal power flow solutions envisaging the reduction of active power losses  Defining optimal positions of the transformers' taps; optimal voltage levels		
4.3	Customer switching	Elaborate/implement a non-discriminatory transparent customer switching process minimizing transaction cost and disputes	Dec.2007	Customer switching procedure shall be included in the new version of the Market Rules	End 2006	NEK
4.4	Customer protection	Elaborate/implement non-discriminatory transparent measures for protection of the customers	Dec.2007	These transparent measures for protection of the customers are outlined in articles: 98, 98a, 98b and also art. 98b  Details can be found in the Regulation on supply licensing, namely in articles 84, 85,86,87  And also in the quality of services norms: Article 88		MEE, NEK

## Chapter 5 – Tariff reform and Affordability – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
5.1	All-inclusive regulated retail tariffs	Development of retail cost reflective (all-inclusive) tariffs	Dec. 2007	This issue is outlined in the following articles of the Energy Act: 24,30,31,34 and 35		SEWRC
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec. 2007	Tariffs for access to the grid and tariffs for transmission shall be approved by SERC and introduced from 01.01.2007		SEWRC
5.3	Other regulated tariffs	Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition	Dec.2007	<p>The prices subject to regulation are also:</p> <ul style="list-style-type: none"> <li>● for covering the technological transmission costs /art.30, par.1, item.13E/;</li> <li>● for transmission via the transmission and distribution networks, excluding transit transmission /art.30, par.1, item.7 of the EA /;</li> <li>● for connection to the grid /art.30, par.1, item.8 of the EA/;</li> <li>● for access to the grid art.30,par.1,item30 of the EA/</li> </ul> <p>The prices at which the last resort suppliers sell electricity and natural gas to household users and companies having less than 50 people and with an annual turnover up to 19.5 million leva /art.30,par.1/</p>		SEWRC
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec. 2007	The assistance provided to the low-income customers will be carried out by the Ministry of Labor and social policy		Ministry of Labor and Social Policy

## Chapter 6 – Market Integration – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				
No	Subchapter	Action	Deadline	Responsible party
6.1	Interconnection capacity	Develop and adopt coordinated market based mechanisms at each border	Dec 2007	Relevant regulators and TSOs
6.2	Interconnection capacity	Development of a regional coordinated market based mechanism	Not decided	Fora
6.3	Inter TSO Compensation	Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee	December 2006	EC/ ETSO
6.4	Inter TSO Compensation	Development of a methodology to invoice or credit market participants in relation with the ITC	As soon as possible	CONTRACTING PARTIES
6.5	Market design/ Market rules	The European Commission shall state a preference on wholesale market opening	October 2006	European Commission
6.6	Market design/ Market rules	Guidelines for market opening indicating measures to start up competition	March 2007	European Commission/ ECRB
6.7	Market design/ Market rules	Guidelines for market rules development	March 2007	European Commission/ ECRB
6.8	Licensing	Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply	January 2008	ECRB

### 3 CHECKLIST/ GUIDELINES FOR EACH ACTION

CHECKLIST/GUIDELINES to Chapter 1 – Acquis communautaire

No	Subchapter	Checklist/ Guidelines
<b>Directive 2003/54/EC</b>		
1.1	General rules/ Imposition on undertakings	<ul style="list-style-type: none"> <li>▪ If applicable, description of the possible impositions on electricity undertakings of Public Service Obligations: Description of the provision and reference to national legislation</li> </ul>
1.2	General rules/ Customer protection	<ul style="list-style-type: none"> <li>▪ Include provisions on universal service for households and if deemed appropriate small enterprises:               <ul style="list-style-type: none"> <li>- Obligation on distribution companies to connect customers to the grid</li> <li>- If necessary provisions on the Supplier of Last Resort</li> <li>- Final customer protection including Transparency in contractual terms and conditions, general information and dispute settlement, etc (see Annex A Directive)</li> </ul> </li> <li>▪ Protection of vulnerable customers</li> <li>▪ Protection customers in remote areas</li> <li>▪ Minimum information in the bills</li> </ul>
1.3	General rules/ Public Service Obligations	<ul style="list-style-type: none"> <li>▪ Report immediately after the implementation of the Public Service Obligations provisions</li> <li>▪ Reporting every two years on any changes regarding the Public Service Obligations</li> </ul>
1.4	General rules/ Security of Supply	<ul style="list-style-type: none"> <li>▪ Provisions monitoring of Security of Supply: supply/demand balance; expected future demand, planned new infrastructure, level of maintenance of the existing infrastructure, etc</li> <li>▪ Identification responsible Institution for the monitoring</li> <li>▪ Report each two years</li> </ul>
1.5	General rules/ Technical rules	<ul style="list-style-type: none"> <li>▪ Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc.</li> <li>▪ Publication and reporting of the technical rules</li> </ul>
1.6	Generation/ authorisation	<ul style="list-style-type: none"> <li>▪ Authorisation criteria for the construction of new capacity in accordance to the requirements under article 6 of the 2003/54 Directive</li> <li>▪ Publication of the criteria</li> <li>▪ Motivation of refusals to applicants and appeal procedures</li> </ul>
1.7	Generation/ Tendering rules	<ul style="list-style-type: none"> <li>▪ Tendering procedure provisions for new capacity (or demand side management measures). To be applied only when Security of Supply is not guaranteed and optionally otherwise</li> <li>▪ Publication of the details for the tendering procedure and the tender specifications</li> <li>▪ Appointment of an Institution to oversee the tendering procedure</li> </ul>
1.8	TSO & DSO/ Designation	<ul style="list-style-type: none"> <li>▪ Designation of one/ more Transmission System Operator and Distribution System Operator</li> </ul>
1.9	TSO & DSO / Tasks	<ul style="list-style-type: none"> <li>▪ Define the tasks of the TSO(s) and DSO(s) in accordance with art. 9 and 14 respectively</li> </ul>
1.10	TSO & DSO / Unbundling	<ul style="list-style-type: none"> <li>▪ Legal, organisational and decision-making unbundling of the TSO/ DSO from other activities not related to transmission</li> <li>▪ Implementation of minimum independent criteria in accordance with art. 10.2 and 15.2 respectively</li> </ul>
1.11	TSO/ Dispatching and balancing	<ul style="list-style-type: none"> <li>▪ TSO: Responsibility for dispatching generation and use of interconnectors. Criteria to be published including rational for possible priority given to certain energy sources (renewables or indigenous)</li> <li>▪ TSO: Responsibility to balance the system. Rules to be published.</li> </ul>
1.12	TSO & DSO / Confidentiality	<ul style="list-style-type: none"> <li>▪ Provisions regarding confidentiality of commercially sensitive information</li> </ul>
1.13	TSO & DSO/ Combined Operator	<ul style="list-style-type: none"> <li>▪ Possibility to have a combined transmission and distribution system operator according to the requirements given in art. 17</li> </ul>

No	Subchapter	Checklist/ Guidelines
<b>Directive 2003/54/EC</b>		
1.14	Unbundling accounts/ access	<ul style="list-style-type: none"> <li>Designate competent authorities, including regulatory authorities, to have right of access to the accounts of electricity undertakings</li> </ul>
1.15	Unbundling accounts/ unbundling	<ul style="list-style-type: none"> <li>Electricity undertakings to draw up, submit to audit and publish their annual accounts according to rules defined in accounting acquis</li> <li>Internal accounting: Separate accounts for each of their transmission and distribution activities; separate accounts for supply activities for eligible and non-eligible customers</li> </ul>
1.16	Organisation access system/ TPA	<ul style="list-style-type: none"> <li>Adopt Third Party Access System based on published tariffs</li> <li>TPA refusal must be substantially reasoned by the transmission or distribution system operator</li> </ul>
1.17	Organisation access system/ Market opening and reciprocity	<ul style="list-style-type: none"> <li>Provisions to include the eligibility calendar (non households from January 2008 and households from January 2015)</li> <li>Provisions on reciprocity between Contracting Parties</li> </ul>
1.18	Organisation access system/ Direct lines	<ul style="list-style-type: none"> <li>Provisions to enable premises of the electricity undertakings and eligible consumers through direct lines</li> <li>Lay down the criteria of authorisations for the construction of direct lines</li> </ul>
1.19	Organisation access system/ Regulatory authorities	<ul style="list-style-type: none"> <li>Designation of one or more competent bodies as regulatory authority with the functions set in art. 23</li> </ul>
1.20	Final provisions/ Safeguard measures	<ul style="list-style-type: none"> <li>If applicable, to communicate any safeguard measures provisions in place in the Contracting Parties' legislation</li> </ul>
1.21	Final provisions/ Monitoring imports	<ul style="list-style-type: none"> <li>Report every three months on the imports of electricity as regards physical flows</li> </ul>
1.22	Final provisions/ Derogations	<ul style="list-style-type: none"> <li>If applicable apply for derogations according to art. 26</li> </ul>
<b>Regulation 1228/2003</b>		
1.28	Inter TSO Compensation mechanism	<ul style="list-style-type: none"> <li>Contracting Parties legislation in line art. 3 of the Regulation 1228/2003</li> <li>Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation</li> </ul>
1.29	Charges for access to networks	<ul style="list-style-type: none"> <li>Contracting Parties legislation in line with art. 4 of the Regulation 1228/2003</li> <li>Once the EC Guidelines on ITC become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation</li> </ul>
1.30	Transparency	<ul style="list-style-type: none"> <li>Publication of the parameters and standards provided in art. 5 of the Regulation 1228/2003</li> </ul>
1.31	Congestion Management	<ul style="list-style-type: none"> <li>Contracting Parties legislation in line with art. 6 of the Regulation 1228/2003</li> <li>Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation</li> </ul>
1.32	New interconnectors	<ul style="list-style-type: none"> <li>Transpose the conditions subjected to which new interconnectors might be eligible to be exempted from art. 6(6) of the Regulation 1228/2003 and art. 20, 23(2) and 4 of Directive 2003/54/EC</li> </ul>
1.33	Penalties	<ul style="list-style-type: none"> <li>Lay down the rules on penalties applicable to infringements of the provisions of the Regulation and adopt measures to ensure that they are implemented</li> </ul>

CHECKLIST/GUIDELINES to Chapter 2 – Market Structure

No	Subchapter	Checklist/ Guidelines
2.1	Generation/ Supply	<ul style="list-style-type: none"> <li>▪ Relevant authorities shall define the relevant market, measure market concentration and apply analytical techniques consistent with international best practice. Commonly used indicators are:               <ul style="list-style-type: none"> <li>- No of companies</li> <li>- Installed capacity</li> <li>- Electricity produced</li> <li>- Market share</li> <li>- Herfindahl-Hirschman index –HHI- (by capacity and volume)</li> <li>- Etc.</li> </ul> </li> </ul>
2.2	Generation/ Supply	<ul style="list-style-type: none"> <li>▪ Adopt measures, if deemed necessary, based on the results</li> <li>▪ Virtual capacity auctions</li> <li>▪ Restructuring of the industry</li> <li>▪ Security of supply provisions</li> <li>▪ Planning new capacities</li> <li>▪ Etc.</li> </ul>
2.3	Transmission System Operator	<ul style="list-style-type: none"> <li>▪ Effective unbundling</li> <li>▪ TPA conditions</li> <li>▪ Effective operational implementation of the grid code and business processes (scheduling, planning, settlement of disputes, etc)</li> </ul>
2.4	Distribution System Operator	<ul style="list-style-type: none"> <li>▪ Effective unbundling</li> <li>▪ Technical rules for the operation of the distribution networks</li> <li>▪ TPA access conditions</li> <li>▪ Consolidation of the distribution companies</li> </ul>

CHECKLIST/GUIDELINES to Chapter 3 – Wholesale Market

No	Subchapter	Checklist/ Guidelines
3.1	Market design	<ul style="list-style-type: none"> <li>▪ Bilateral trading versus power exchanges</li> <li>▪ If applicable ensure compatibility of Wholesale supplier/ single buyer with a competitive market</li> <li>▪ Etc.</li> </ul>
3.2	Market rules	<ul style="list-style-type: none"> <li>▪ Contents of the Market rules. In a bilateral contracts/ balancing market model the min. elements should be: registration procedures for participants; scheduling process for physical nomination/ contract notification for internal contracts; gate closure; bids and offers rules or rules for regulated imbalance prices; imbalance prices quantities or price calculation when existence of balancing market; commercial aspects of ancillary services; guarantees to cover imbalances, dispute settlement; data to be published for market participants; mechanism and rules for allocation of interconnection capacity)</li> <li>▪ Avoid preferential treatments or discriminatory practices (e.g. all participants should be bound to imbalance settlement)</li> <li>▪ Issues to ensure regional compatibility of the national market rules (e.g. gate closure afternoon ahead as a minimum)</li> <li>▪ Minimal constraints to bilateral contracting</li> <li>▪ Import/ export trade not to be limited</li> </ul>
3.3	Market transparency	<ul style="list-style-type: none"> <li>▪ System load</li> <li>▪ Transmission and access interconnections</li> <li>▪ Generation</li> <li>▪ Balancing</li> <li>▪ Information from the wholesale markets</li> </ul>
3.4	Market monitoring	<ul style="list-style-type: none"> <li>▪ Implement a market monitoring system to obtain reliable data for further development of the market:</li> <li>- Periodic assessment of market concentration and abuses of dominant position</li> <li>- Wholesale market monitoring</li> <li>- Retail market monitoring: Customer switching rates, eligible and regulated retail market prices</li> </ul>
3.5	Licensing and Authorization	<ul style="list-style-type: none"> <li>▪ Elaborate/implement a license/authorization system, compatible regionally</li> </ul>

CHECKLIST/GUIDELINES to Chapter 4 – Retail market

No	Subchapter	Checklist/ Guidelines
4.1	Eligibility thresholds	<ul style="list-style-type: none"> <li>▪ Elaborate and implement market opening measures in terms of eligibility thresholds</li> </ul>
4.2	Payment reform	<ul style="list-style-type: none"> <li>▪ Adopt measures towards payment reform:               <ul style="list-style-type: none"> <li>- Improve collection rates (at least 90% level)</li> <li>- Lower transmission &amp; distribution technical losses</li> <li>- Upgrade of metering and control systems</li> </ul> </li> </ul> <p><i>Ref. Electricity Transition Strategy and Electricity Market Options Paper</i></p>
4.3	Customer switching	<ul style="list-style-type: none"> <li>▪ Develop customer switching protocols and required infrastructure (between new and old supplier, distribution companies and customer). They should at least include:               <ul style="list-style-type: none"> <li>- Clear responsibilities between relevant players involved including timeframes for each task in the switching process</li> <li>- Development of parameters to identify points of supply</li> <li>- Metering and settlement arrangements including when switching in between a reading cycle</li> <li>- Load profiles for customers which are not hourly metered</li> <li>- Transfer of the network capacity from old to new supplier</li> <li>- Upgrade IT systems and electronic filing required for customer switching</li> </ul> </li> </ul> <p><i>Ref. ERGEG Guidelines</i></p>
4.4	Customer protection	<ul style="list-style-type: none"> <li>▪ Development of Customer Protection rules which shall at least include:               <ul style="list-style-type: none"> <li>- Guarantee of connection to the network in reasonable time and price</li> <li>- Distribution companies to provide terms and conditions to customer prior to connection</li> <li>- Disconnection only in severe breach of connection contract</li> <li>- Quality and continuity of supply standards, including its monitoring</li> <li>- Dispute settlement. Companies to develop if possible code of conduct</li> <li>- Transparency of retail prices (available of information to make the choice, price information in the bills and price update during the contracting period)</li> </ul> </li> </ul> <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 5 – Tariff reform and affordability

No	Subchapter	Checklist/ Guidelines
5.1	All-inclusive regulated retail tariffs	<ul style="list-style-type: none"> <li>▪ Development of retail cost reflective (all-inclusive) tariffs:               <ul style="list-style-type: none"> <li>- Development of a cost-reflective retail tariff methodology</li> <li>- Calculation of the tariffs according to the proposed methodology. Cross subsidies among consumer groups shall be avoided</li> </ul> </li> </ul> <p><i>Ref. USAID tariff benchmarking study</i></p>
5.2	TPA tariffs (transmission, distribution, ancillary services)	<ul style="list-style-type: none"> <li>▪ Development of cost reflective TPA tariffs:               <ul style="list-style-type: none"> <li>- Development of a TPA tariff methodology/s which shall take into consideration an appropriate rate of return, an appropriate depreciation of the assets, incentives for future investment and the operating costs of the company and incentives for efficiency</li> <li>- Calculation of the tariffs according to the proposed methodology (this will require among others, the system cost determination)</li> </ul> </li> </ul> <p><i>Ref. USAID tariff benchmarking study</i></p>
5.3	Other regulated tariffs	<ul style="list-style-type: none"> <li>▪ Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition</li> </ul>
5.4	Affordability	<ul style="list-style-type: none"> <li>▪ Development and adoption of support schemes for the protection of vulnerable customers</li> </ul> <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 6 – Market integration

No	Subchapter	Checklist/ Guidelines
6.1	Interconnection capacity	<ul style="list-style-type: none"> <li>▪ Develop and adopt coordinated market based mechanisms at each border</li> </ul>
6.2	Interconnection capacity	<ul style="list-style-type: none"> <li>▪ Development of a regional coordinated market based mechanism:               <ul style="list-style-type: none"> <li>- Further work and agreement on flow based capacity allocation mechanism including distribution of revenues</li> <li>- Establishment of an auction office, defining the financial framework, organizational structure and responsibilities</li> </ul> </li> </ul>
6.3	Inter TSO Compensation	<ul style="list-style-type: none"> <li>▪ Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee</li> </ul>
6.4	Inter TSO Compensation	<ul style="list-style-type: none"> <li>▪ Development of a methodology to invoice or credit market participants in relation with the ITC</li> </ul>
6.5	Market design/ Market rules	<ul style="list-style-type: none"> <li>▪ The European Commission shall state a preference on wholesale market opening</li> </ul>
6.6	Market design/ Market rules	<ul style="list-style-type: none"> <li>▪ Guidelines for market opening indicating measures to start up competition</li> </ul>
6.7	Market design/ Market rules	<ul style="list-style-type: none"> <li>▪ Guidelines for market rules development</li> </ul>
6.8	Licensing	<ul style="list-style-type: none"> <li>▪ Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply</li> </ul>