

ELECTRICITY ACTION PLAN

MONTENEGRO

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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 2003/54EC 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 1st 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.

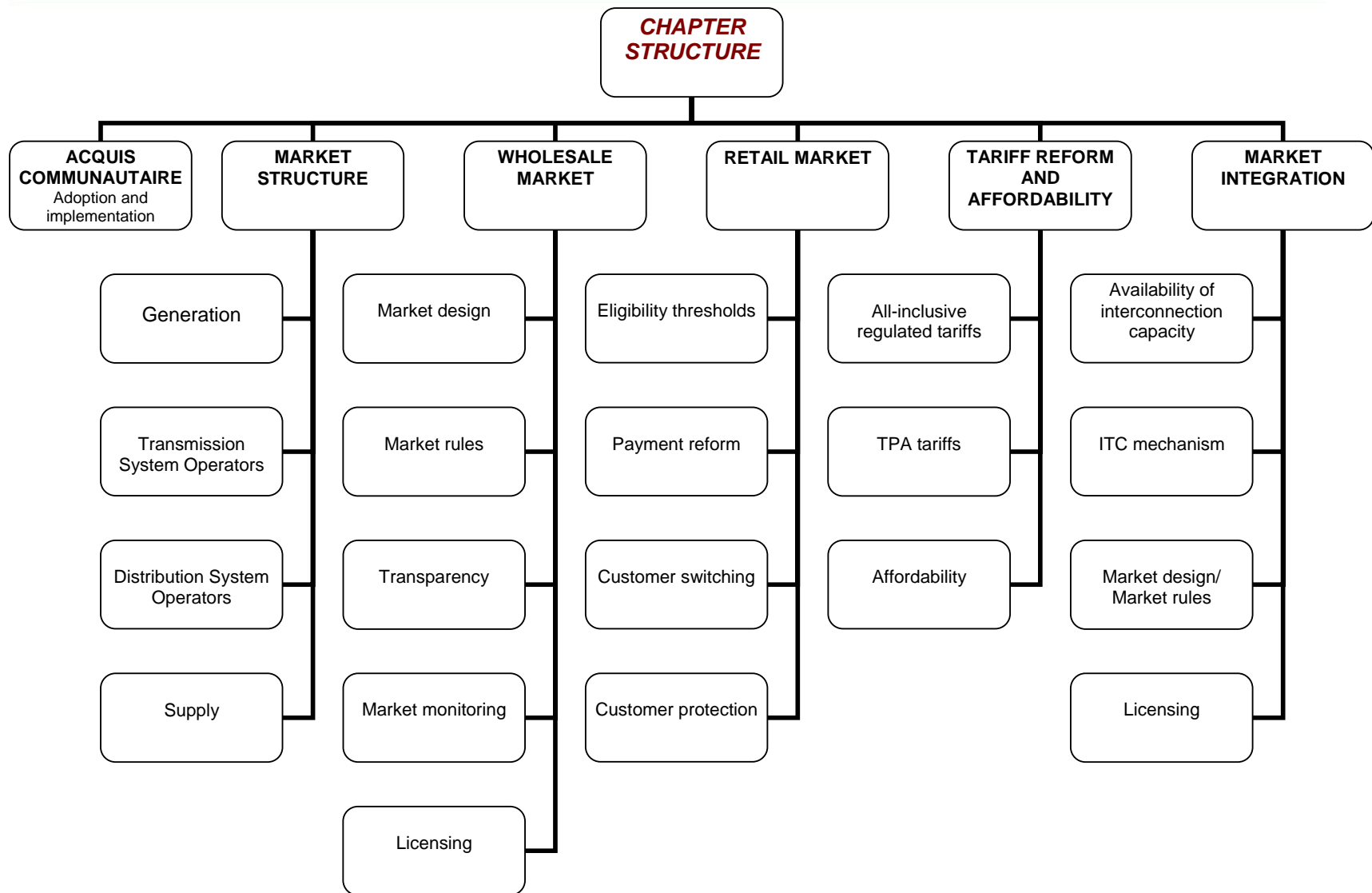
The customer switching process and the payment reform is being addressed, as well as customer protection.

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.



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 1.7	1.6 Authorization 1.7 Tendering rules	authorization criteria and tendering rules		Rules of Authorisation (in preparation). 1.7 Tendering rules Law of Participation of the Private Sector for the Delivery of Public Services (Official Gazette of RoM, No 30/2002). New Law on Concessions - in preparation.	End 2006	
1.8 to 1.13	Transmission and Distribution System Operators: 1.8 Designation 1.9 Tasks 1.10 Unbundling 1.11 Dispatching and balancing 1.12 Confidentiality 1.13 Combined Operator	Develop and implement the provisions regarding Transmission and Distribution System Operators: designation, tasks, unbundling, dispatching, confidentiality, combined operator	July 2007	1.8 Designation and 1.9 Tasks Energy Law (Art 26, 2,7 28, 29, 30). Rules of Licences in Energy Sector of Montenegro. 1.10 Unbundling Energy Law (Art 22). Rules for Unbundling of Integrated Electricity Undertaking EPCG AD Niksic, Dec 2004. Functional Unbundling of EPCG was accomplished. Legal Unbundling of EPCG is in preparation. 1.11 Dispatching and balancing Energy Law (Art 27, Para 11). ERA adopted the Interim Grid Code in March 2005. 1.12 Confidentiality Energy Law (Art 22, Para 1, Clause 3). Rules for Unbundling of Integrated Electricity Undertaking EPCG AD Niksic, Dec 2004.	July 2007	Ministry ERA EPCG

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>1.13 Combined Operator</p> <p>Combined TSO-DSO is not an option. The TSO was separated and the DSO was included with the Distribution Company.</p>		
1.14 to 1.15	<p>Unbundling and transparency of accounts:</p> <p>1.14 Rights of access to accounts</p> <p>1.15 Unbundling of accounts</p>	<p>Develop and implement the provisions regarding unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts</p>	July 2007	<p>1.14 Rights of access to accounts</p> <p>Regulator is allowed to control the companies including accounts.</p> <p>Energy Law, art.12 (3) and 12 (4).</p> <p>1.15 Unbundling of accounts</p> <p>Unbundling of accounts is in procedure.</p>	June 2007	EPCG
1.16 to 1.19	<p>Organisation of access to the system:</p> <p>1.16 Third Party Access</p> <p>1.17 Market opening and reciprocity</p> <p>1.18 Direct Lines</p> <p>1.19 Regulatory Authorities</p>	<p>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</p>	July 2007	<p>1.16 Third Party Access</p> <p>Energy Law (Art 25).</p> <p>Rules for Third Party Access.</p> <p>1.17 Market opening and reciprocity</p> <p>Gradual opening of the electricity market with no dynamics has been specified. No rules for reciprocity.</p> <p>1.18 Direct lines</p> <p>Energy Law (Art 40, Para 4, Chapter XII).</p> <p>1.19 Regulatory Authorities</p> <p>Energy Regulatory Agency was established in</p>		<p>EPCG</p> <p>ERA</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
				January 2004.		
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	<p>1.20 Safeguard measures Energy Law (Art 39).</p> <p>1.21 Monitoring imports Energy Law (Art 39).</p> <p>1.22 Derogations N/A</p>		GoM ERA Market Operator
1.24 to 1.29	Regulation 1228/2003: 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	Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties	July 2007	<p>1.24 Inter TSO Compensation mechanism EPCG signed SEE CBT Clearing and Settlement Agreement for 2006.</p> <p>1.25 Charges for access to the networks The ERA applies so called "Shallow approach" in determination of connection costs.</p> <p>1.26 Transparency Web site exists with ETSO standards, www.tso-epcg.com Information is given about Transmission System.</p> <p>1.27 Congestion management EPCG participates in a voluntary dry-run project for a coordinated explicit flow based</p>		EPCG TSO ERA

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 Penalties			auction for cross border capacity allocation. Pro-rata methodology in use. 1.28 New interconnectors Memorandum of Understanding between Republic of Albania and Government of Montenegro regarding construction and operation of OH HV line 400 kV. 1.29 Penalties Penalties for breaching of regulation 1228/2003 are based on the UCTE MLA.	2008	EPCG

Chapter 22 – 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)	Relevant documents (Market Structure and Market Rules) are in the process of issuing. Market structure is supposed to be decided by ERA, and then based on it, Market Operator is supposed to submit Market Rules. ERA is now working on market design with technical support of EAR and KEMA as consultant. As there is only one electricity company in Montenegro, any of market measurement techniques is inapplicable.	Mid 2007	Market Operator ERA
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results	Not applicable	Supply Rules are issued. The process of privatization of the only thermal power plant Pljevlja is near the end. It is expected to be finished by the end of the year. Eligibility of customers and competition in supply to be applied as given in the EnC Treaty.	End 2006 2008	ERA
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec 2007	Grid Code is approved and applied. Functional unbundling is in process. Energy Regulatory Agency issued the Unbundling Rules as a separate document in order to support the whole process. Additional effort was issuance of three separate licenses (for Transmission, Transmission System Operator and Market Operator) to transmission company. Legal unbundling is declared to be done by the end of the year, but as there are still some problems, it is realistic to expect it	Done Mid 2007	TSO Transmission company ERA

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
				during the first half of 2007.		
2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec 2007	<p>Distribution Code is approved and applied.</p> <p>Functional unbundling is in process.</p> <p>Serious efforts on consolidation of distribution company began recently by introduction of serious activities on decrease of theft of electricity. Additional impulse to consolidation will be issuance of new tariffs that will cover all justified costs of distribution company, but will disable them to take more than they offer to the customers.</p>	<p>Done</p> <p>Mid 2007</p>	ERA

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	Market design is in the preparation, which is responsibility of ERA. Serious problem that appears is difficulty to design functional market in such small country, but it is expected to be done and approved during first quarter of 2007.	March 2007	ERA
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec 2007	Marker Rules are supposed to be prepared by Market Operator (based on Market Design) and submitted to ERA for approval. That is why they can be prepared after approval of market design. As it is quite complicated document, it is realistic to expect it to be prepared and approved by the end of 2007.	End 2007	MO ERA
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec 2007	To be defined in Market Rules and to be published after market establishment.	End 2007	MO ERA
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec 2007	To be defined in Market Rules and to be applied and published after market establishment.	End 2007	MO ERA
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec 2007	Depending of regional agreement.		

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	<p>Defined in the Energy Law as a right of anyone to buy energy for itself provided that it can prove that the price is cheaper. Based on that provision, the biggest electricity consumer in Montenegro (KAP, aluminium factory consuming around 46% of total consumption) already purchases one third of its consumption directly from sources abroad.</p> <p>The problem with smaller consumers to become not only theoretically eligible is introduction of competition in supply, but it will be done within the terms declared in Treaty.</p>	Dec 2007	ERA
4.2	Payment reform	Adopt measures towards payment reform	Dec 2007	Defined in Supply Rules and applied.		
4.3	Customer switching	Elaborate/implement a non-discriminatory transparent customer switching process minimizing transaction cost and disputes	Dec 2007	To be done through extension of Supply Rules and adjusted to the conditions of competition in supply. The realistic problem that can occur is lack of interest of suppliers to participate in such a small market.	Dec 2007	ERA
4.4	Customer protection	Elaborate/implement non-discriminatory transparent measures for protection of the customers	Dec 2007	To be done through extension of Supply Rules.	Dec 2007	ERA

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	Tariff Rules issued on 2005 are based on the principles of unbundled tariffs and cost-reflectivity (covering operational costs, depreciation and including return on assets and investment). The request for new tariffs is already submitted, and it is realistic to expect them to be approved and applied during first half of 2007.	Mid 2007	ERA
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec 2007	Tariffs for ancillary services to be added to the Tariff Rules.	Dec 2007	ERA
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			
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec 2007	Support schemes for the protection of vulnerable customers to be developed and applied by Government, because the Energy Law provides for elimination of existing cross-subsidizations, prohibits any new ones and addresses any subsidization to the Government. A schedule for elimination of existing cross-subsidization (which is in favour of households) is included in Tariff Rules. The	Mid 2007	GoM

				<p>existing cross-subsidization exists dominantly between households in one and low voltage industrial and commercial consumers on the other side. As it is of extreme proportion (average tariff for industrial and commercial consumers is between 2.5 and 3.5 times higher than for households), it was unrealistic to expect to eliminate it immediately. That is why there was necessary to prepare some realistic schedule (named Tariff Path) and it is aimed to be done in 5 years.</p>		
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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
Directive 2003/54/EC		
1.1	General rules/ Imposition on undertakings	<ul style="list-style-type: none"> ▪ If applicable, description of the possible impositions on electricity undertakings of Public Service Obligations: Description of the provision and reference to national legislation
1.2	General rules/ Customer protection	<ul style="list-style-type: none"> ▪ Include provisions on universal service for households and if deemed appropriate small enterprises: <ul style="list-style-type: none"> - Obligation on distribution companies to connect customers to the grid - If necessary provisions on the Supplier of Last Resort - Final customer protection including Transparency in contractual terms and conditions, general information and dispute settlement, etc (see Annex A Directive) ▪ Protection of vulnerable customers ▪ Protection customers in remote areas ▪ Minimum information in the bills
1.3	General rules/ Public Service Obligations	<ul style="list-style-type: none"> ▪ Report immediately after the implementation of the Public Service Obligations provisions ▪ Reporting every two years on any changes regarding the Public Service Obligations
1.4	General rules/ Security of Supply	<ul style="list-style-type: none"> ▪ Provisions monitoring of Security of Supply: supply/demand balance; expected future demand, planned new infrastructure, level of maintenance of the existing infrastructure, etc ▪ Identification responsible Institution for the monitoring ▪ Report each two years
1.5	General rules/ Technical rules	<ul style="list-style-type: none"> ▪ Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc. ▪ Publication and reporting of the technical rules
1.6	Generation/ authorisation	<ul style="list-style-type: none"> ▪ Authorisation criteria for the construction of new capacity in accordance to the requirements under article 6 of the 2003/54 Directive ▪ Publication of the criteria ▪ Motivation of refusals to applicants and appeal procedures
1.7	Generation/ Tendering rules	<ul style="list-style-type: none"> ▪ 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 ▪ Publication of the details for the tendering procedure and the tender specifications ▪ Appointment of an Institution to oversee the tendering procedure
1.8	TSO & DSO/ Designation	<ul style="list-style-type: none"> ▪ Designation of one/ more Transmission System Operator and Distribution System Operator
1.9	TSO & DSO / Tasks	<ul style="list-style-type: none"> ▪ Define the tasks of the TSO(s) and DSO(s) in accordance with art. 9 and 14 respectively
1.10	TSO & DSO / Unbundling	<ul style="list-style-type: none"> ▪ Legal, organisational and decision-making unbundling of the TSO/ DSO from other activities not related to transmission ▪ Implementation of minimum independent criteria in accordance with art. 10.2 and 15.2 respectively
1.11	TSO/ Dispatching and balancing	<ul style="list-style-type: none"> ▪ 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) ▪ TSO: Responsibility to balance the system. Rules to be published.
1.12	TSO & DSO / Confidentiality	<ul style="list-style-type: none"> ▪ Provisions regarding confidentiality of commercially sensitive information

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
1.13	TSO & DSO/ Combined Operator	<ul style="list-style-type: none"> ▪ Possibility to have a combined transmission and distribution system operator according to the requirements given in art. 17
1.14	Unbundling accounts/ access	<ul style="list-style-type: none"> ▪ Designate competent authorities, including regulatory authorities, to have right of access to the accounts of electricity undertakings
1.15	Unbundling accounts/ unbundling	<ul style="list-style-type: none"> ▪ Electricity undertakings to draw up, submit to audit and publish their annual accounts according to rules defined in accounting acquis ▪ Internal accounting: Separate accounts for each of their transmission and distribution activities; separate accounts for supply activities for eligible and non-eligible customers
1.16	Organisation access system/ TPA	<ul style="list-style-type: none"> ▪ Adopt Third Party Access System based on published tariffs ▪ TPA refusal must be substantially reasoned by the transmission or distribution system operator
1.17	Organisation access system/ Market opening and reciprocity	<ul style="list-style-type: none"> ▪ Provisions to include the eligibility calendar (non households from January 2008 and households from January 2015) ▪ Provisions on reciprocity between Contracting Parties
1.18	Organisation access system/ Direct lines	<ul style="list-style-type: none"> ▪ Provisions to enable premises of the electricity undertakings and eligible consumers through direct lines ▪ Lay down the criteria of authorisations for the construction of direct lines
1.19	Organisation access system/ Regulatory authorities	<ul style="list-style-type: none"> ▪ Designation of one or more competent bodies as regulatory authority with the functions set in art. 23
1.20	Final provisions/ Safeguard measures	<ul style="list-style-type: none"> ▪ If applicable, to communicate any safeguard measures provisions in place in the Contracting Parties' legislation
1.21	Final provisions/ Monitoring imports	<ul style="list-style-type: none"> ▪ Report every three months on the imports of electricity as regards physical flows
1.22	Final provisions/ Derogations	<ul style="list-style-type: none"> ▪ If applicable apply for derogations according to art. 26
Regulation 1228/2003		
1.28	Inter TSO Compensation mechanism	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line art. 3 of the Regulation 1228/2003 ▪ Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.29	Charges for access to networks	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line with art. 4 of the Regulation 1228/2003 ▪ Once the EC Guidelines on ITC become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.30	Transparency	<ul style="list-style-type: none"> ▪ Publication of the parameters and standards provided in art. 5 of the Regulation 1228/2003
1.31	Congestion Management	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line with art. 6 of the Regulation 1228/2003 ▪ Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.32	New interconnectors	<ul style="list-style-type: none"> ▪ 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
1.33	Penalties	<ul style="list-style-type: none"> ▪ Lay down the rules on penalties applicable to infringements of the provisions of the Regulation and adopt measures to ensure that they are implemented

CHECKLIST/GUIDELINES to Chapter 2 – Market Structure

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

CHECKLIST/GUIDELINES to Chapter 3 – Wholesale Market

No	Subchapter	Checklist/ Guidelines
3.1	Market design	<ul style="list-style-type: none"> ▪ Bilateral trading versus power exchanges ▪ If applicable ensure compatibility of Wholesale supplier/ single buyer with a competitive market ▪ Etc.
3.2	Market rules	<ul style="list-style-type: none"> ▪ 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) ▪ Avoid preferential treatments or discriminatory practices (e.g. all participants should be bound to imbalance settlement) ▪ Issues to ensure regional compatibility of the national market rules (e.g. gate closure afternoon ahead as a minimum) ▪ Minimal constraints to bilateral contracting ▪ Import/ export trade not to be limited
3.3	Market transparency	<ul style="list-style-type: none"> ▪ System load ▪ Transmission and access interconnections ▪ Generation ▪ Balancing ▪ Information from the wholesale markets
3.4	Market monitoring	<ul style="list-style-type: none"> ▪ Implement a market monitoring system to obtain reliable data for further development of the market: <ul style="list-style-type: none"> - Periodic assessment of market concentration and abuses of dominant position - Wholesale market monitoring - Retail market monitoring: Customer switching rates, eligible and regulated retail market prices
3.5	Licensing and Authorization	<ul style="list-style-type: none"> ▪ Elaborate/implement a license/authorization system, compatible regionally

CHECKLIST/GUIDELINES to Chapter 4 – Retail market

No	Subchapter	Checklist/ Guidelines
4.1	Eligibility thresholds	<ul style="list-style-type: none"> ▪ Elaborate and implement market opening measures in terms of eligibility thresholds
4.2	Payment reform	<ul style="list-style-type: none"> ▪ Adopt measures towards payment reform: <ul style="list-style-type: none"> - Improve collection rates (at least 90% level) - Lower transmission & distribution technical losses - Upgrade of metering and control systems <p><i>Ref. Electricity Transition Strategy and Electricity Market Options Paper</i></p>
4.3	Customer switching	<ul style="list-style-type: none"> ▪ 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"> - Clear responsibilities between relevant players involved including timeframes for each task in the switching process - Development of parameters to identify points of supply - Metering and settlement arrangements including when switching in between a reading cycle - Load profiles for customers which are not hourly metered - Transfer of the network capacity from old to new supplier - Upgrade IT systems and electronic filing required for customer switching <p><i>Ref. ERGEG Guidelines</i></p>
4.4	Customer protection	<ul style="list-style-type: none"> ▪ Development of Customer Protection rules which shall at least include: <ul style="list-style-type: none"> - Guarantee of connection to the network in reasonable time and price - Distribution companies to provide terms and conditions to customer prior to connection - Disconnection only in severe breach of connection contract - Quality and continuity of supply standards, including its monitoring - Dispute settlement. Companies to develop if possible code of conduct - Transparency of retail prices (available of information to make the choice, price information in the bills and price update during the contracting period) <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"> ▪ Development of retail cost reflective (all-inclusive) tariffs: <ul style="list-style-type: none"> - Development of a cost-reflective retail tariff methodology - Calculation of the tariffs according to the proposed methodology. Cross subsidies among consumer groups shall be avoided <p><i>Ref. USAID tariff benchmarking study</i></p>
5.2	TPA tariffs (transmission, distribution, ancillary services)	<ul style="list-style-type: none"> ▪ Development of cost reflective TPA tariffs: <ul style="list-style-type: none"> - 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 - Calculation of the tariffs according to the proposed methodology (this will require among others, the system cost determination) <p><i>Ref. USAID tariff benchmarking study</i></p>
5.3	Other regulated tariffs	<ul style="list-style-type: none"> ▪ 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
5.4	Affordability	<ul style="list-style-type: none"> ▪ Development and adoption of support schemes for the protection of vulnerable customers <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"> ▪ Develop and adopt coordinated market based mechanisms at each border
6.2	Interconnection capacity	<ul style="list-style-type: none"> ▪ Development of a regional coordinated market based mechanism: <ul style="list-style-type: none"> - Further work and agreement on flow based capacity allocation mechanism including distribution of revenues - Establishment of an auction office, defining the financial framework, organizational structure and responsibilities
6.3	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee
6.4	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Development of a methodology to invoice or credit market participants in relation with the ITC
6.5	Market design/ Market rules	<ul style="list-style-type: none"> ▪ The European Commission shall state a preference on wholesale market opening
6.6	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market opening indicating measures to start up competition
6.7	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market rules development
6.8	Licensing	<ul style="list-style-type: none"> ▪ Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply