

ELECTRICITY ACTION PLAN

SERBIA

TABLE OF CONTENTS

1	Roadmap structure	1
2	Action Plan.....	4
3	Checklist/ Guidelines for each action.....	20

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.

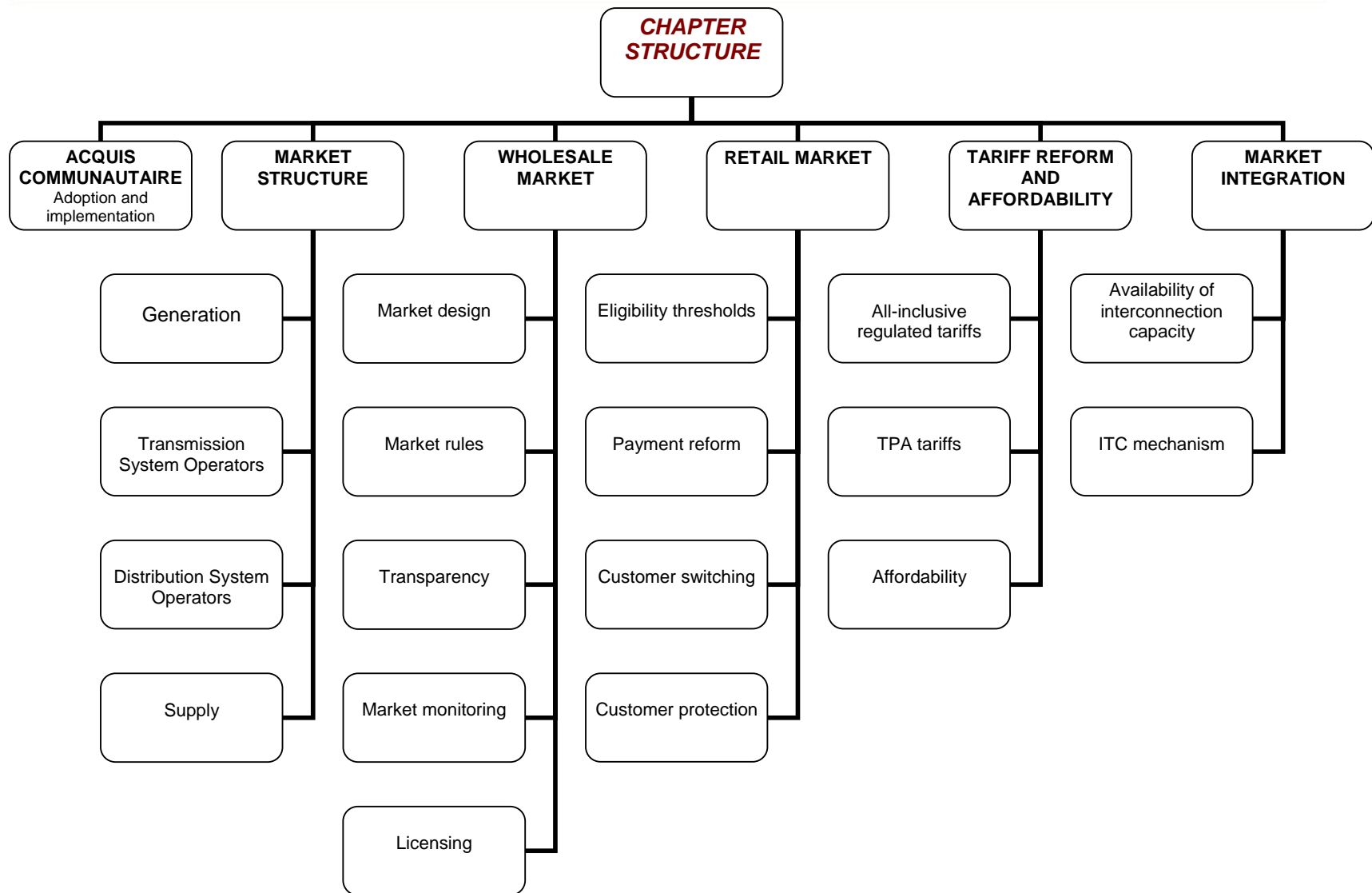
The customer switching process and the payment reform is being addressed, as well as customer protection.

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.



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>1.1 Imposition on undertakings and 1.3 Public Service Obligation</p> <p>PSOs are imposed by the Energy Law (which entered into force on 01.08.2004.) as activities that are conducted as activities of general interest (Art.41) (Some of these are elaborated in other parts of the Energy Law- Art.42- Wholesale trade for tariff customers; Art.81-Generation for tariff customers; Art.104&105-Retail trade (supply) of tariff customers) The Law on public utilities and conducting activities of general interest (passed in 2000 - latest amendments in 2005) is applied (the two laws are monitored by the Ministry of mining and energy and competent body of Autonomous Province with respect to energy activities, and by AERS once energy entities are licensed).</p> <p>1.2. Customer protection</p> <p>Please, see 4.4-general issues concerning customer protection not covered by the provisions mentioned under 4.4, fall under the Customer Protection Law which entered into force in September 2005).</p> <p>1.4 Security of supply</p> <p>Covered by the Energy Law (Art.7 - development plans, Art.8&9-energy balance, Art.71-76-Conditions for energy delivery and measures in case of disruptions on the energy market, also Art. 90, 103) and the - Decree on Conditions for Electricity Delivery (which entered into force on 01.01.2006.). Decision on General Conditions for Power Delivery. This obligation is monitored by the</p>	1.1-1.4 01.08.2004 – Energy Law 01.01.2006. Decree on Conditions for Electricity Delivery	Government; The MoME Relevant system operators, after their rules have been approved by the Regulator (AERS)
to	1.1 Imposition on undertakings					
	1.2 Customer protection					
1.5	1.3 Public Service Obligations					
	1.4 Security of Supply					
	1.5 Technical Rules					

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>Ministry of Energy and Mining and competent body of Autonomous Province.</p> <p>1.5 Technical Rules: System operation rules in accordance with UCTE rules from 1996 are still valid. UCTE Multilateral Agreement (MLA) signed by "EMS". Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc. are included in new Grid Code. It is expected that Grid Code will be approved by Energy Agency by the end of 2006. (Energy Law, Art. 94-Grid Code, Art.107-Distribution Grid Code). The inspection service is obliged to supervise the provisions of the Law regarding the technical standards and quality of the energy delivered to customers (Energy Law, Art.148-158)</p>	<p>1.5 There is no deadline set in Energy Law for Grid Code, but it is expected to become operational in 2007, first half 2007 at latest.</p>	
1.6 to 1.7	<p>Generation:</p> <p>1.6. Authorization</p> <p>1.7. Tendering rules</p>	Develop and implement the provisions regarding Generation: authorization criteria and tendering rules	July 2007	<p>1.6. Authorisation - (Energy permit)</p> <p>Energy Law, Art.26-35, Secondary legislation on Energy permits enacted (Energy Permit Code entered into force in May 2006); There is no need to obtain an energy permit when a concession has been granted in accordance with the Concession Law (entered into force in 2003).</p> <p>1.7. Tendering rules Applied in special case (Energy Law, Art.34-35): when the construction of necessary capacity cannot be achieved through the energy permit (authorization) procedure, the public tender procedure is used (this procedure is conducted in line with the provisions of the Concession Law). The Ministry of Mining and Energy, together with the Government, or local authorities are institutions responsible for the procedure.</p>	<p>25.03.2006</p> <p>Energy Permit Code</p>	<p>1.6 Ministry of Mining and Energy</p> <p>1.7 Ministry of Mining and Energy and Government or local authorities</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
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	<p>1.8. Designation, 1.9. Tasks and 1.10. Unbundling</p> <p>The TSMO, Public Company Elektromreza Srbije (EMS) was designated by Government Decision passed on 27 January 2005, pursuant to Energy Law Art. 171, entered into force on 1 July 2005. The TSO tasks are defined in Energy Law (Energy Law, Art.89-97&36-38, and the Government decision on the establishment of Public Company "EMS"). TSMO is unbundled in its legal form, organisation and decision making (Act on the establishment of Public Company "EMS"). The tasks of the TSMO are in line with the requirements of Art.9 of Directive 54. Minimum independent criteria in accordance with Art. 10.2 of Directive 54 (except for the compliance programme prescribed in Art. 10.2 indent d) which has not been passed) are met through full legal unbundling from the rest of the industry. Energy Law, Art. 84-87, introduces the privileged electrical power producers (use renewable energy sources or waste, small power plants, simultaneously generate electrical power and heat).</p> <p>DSOs have been designated and their duties defined (Energy Law, Art.102-108&36-37; and acts on establishment of 5 separate distribution companies passed in November 2005 (which include 5 DSOs respectively) in the form of limited liability companies in full ownership of "EPS") - therefore full legal unbundling from production activities has been achieved.</p> <p>A DSO is a part of one entity which performs three separately licensed energy activities: distribution, DSO and retail supply for tariffs customers (Energy Law, Art.105 and acts on</p>	1.07.2005 Legal unbundling between network and supply activities of the DSOs not foreseen in the short term. The deadline for this issue open to discussion.	1.8-1.10 Government and Ministry of Mining and Energy

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>establishment of 5 separate distribution companies in the form of limited liability companies in full ownership of "EPS"). The Energy Law states that one entity has the duty to perform three separate activities: Distribution, Distribution system operation and retail supply of tariff customers (Energy Law, Art.105). The tasks of the DSO are in line with the requirements Art.14 of Directive 54. Minimum independent criteria in accordance with Art. 15.2 of Directive 54 (except for the compliance programme prescribed in art 10.2 indent d) which has not been passed) are met through legal unbundling (implemented through the establishment acts of the Distribution companies) – this does not apply to the activity of retail supply of tariff customers which is performed within the same entity.</p> <p>1.11 Dispatching and Balancing Rules defining responsibility of dispatching generation and use of interconnectors will be specified in the Grid Code and the Distribution Grid Codes.</p> <p>There are no rules regarding the balancing of the system, they will be part of the Grid Code and Market Code which are under preparation (Energy Law, Art. 94), however, the responsibility for balancing the system lies with the TSMO (Energy Law - Art.90,92,94,95) .</p> <p>1.12 Confidentiality Provisions provided in the Energy Law (Art.97 - TSMO, Art.106 - DSO)</p> <p>1.13 Combined Operator There is no combined TSO-DSO.</p>		<p>1.11 TSMO "EMS"</p> <p>1.12 TSMO "EMS" and DSOs</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.14 to 1.15	Unbundling/ transparency of accounts 1.14 Rights of access to accounts 1.15 Unbundling of accounts	Develop and implement the provisions regarding Unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts	July 2007	<p>1.14 Right of access to accounts Energy Agency of the Republic of Serbia (AERS) is authorized to request any information and documents it deems necessary to perform its regulatory activity (Energy Law, Art.15-16).</p> <p>1.15 Unbundling of accounts The Energy Law envisages the unbundling of accounts for all energy activities performed by one energy entity. Accounts of electricity undertakings are audited independently and auditing reports are published. Electricity undertaking draws up balance sheets showing revenues, expenditures and operating results for each activity individually pursuant to (Energy Law, Art.43) and laws regulating commercial entities business operations, accounting and auditing.</p>	Legal adoption: Completed	<p>1.14 AERS is responsible for monitoring the account unbundling</p> <p>1.15 Energy entities which perform two or more energy activities</p>
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	<p>1.16 Third Party Access TPA is determined in the Energy Law, and will be operational when the relevant methodologies are applied as of January 2007 (Energy Law, Art.36-38,165 and 15). TSMO/DSOs are obliged to justify to the interested party the denial of access to the grid (Energy Law, Art.37-38). A cost reflective methodology was passed by AERS (August 2006). The Transmission Grid Code and Distribution Grid Code, which are currently under development, will also include conditions for Third Party Access to the network.</p> <p>1.17 Market opening There is no calendar for the opening of the retail market – final date is defined in Energy</p>	<p>1.16 TPA: Cost reflective methodology was passed in August 2006. It will be applied as of January 1st 2007</p> <p>1.17 Further eligibility</p>	<p>1.16 TSMO,DSO</p> <p>1.17 AERS</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>Community Treaty (Energy Law, Art.15, the Regulator (AERS) has the discretionary right to set the threshold for eligibility, via the level of annual energy consumption, thus influencing the level of market opening). The AERS is analyzing consumption data - expected further eligibility threshold decrease in 2007.</p> <p>1.18 Direct lines There are approved criteria for granting the construction of direct lines regarding provisions within Energy Law (Energy permit - Authorisation) via the Energy Permit Code, though not yet implemented procedures within TSMO.</p> <p>1.19 Regulatory authorities An independent Regulatory Authority has been established in Serbia. The Regulator issues the methodologies for the calculation of regulated tariffs (prices) - (Energy Law, Art.15), the utilities apply the methodologies to the tariff system (which is drawn up by the Regulator and subject to approval by the Government - Energy Law, Art.70) and issue a Decision on the price of their product or service which is approved by the Government (Energy Law, Art.36 and 66). The Regulator also issues, suspends and revokes licenses for performing energy activities, acts as the appellate body in cases of denial of access to grids or refusal of connection by the relevant licensees, approves the grid codes and market rules, monitors the application of the tariff systems, collects and processes data on energy entities related to the performance of energy activities, monitors the unbundling of accounts and behaviour of energy entities related to protection of customers (Energy Law, Art.15). The requirements of Art.23 of Directive 54 are met.</p>	<p>threshold expected to be decreased in 2007 by AERS</p> <p>1.18 25.03.2006</p> <p>1.19 June 2005</p>	<p>1.18 MoME, TSMO</p> <p>1.19 AERS</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
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 There are provisions regarding safeguard measures in case of sudden crisis (i.e. disruptions on the energy market), under obligation of the Government and the System operator (Energy Law, Art.71-76 and Decree on Conditions of Delivery of Electricity).</p> <p>1.21 Monitoring imports No such provision in national legislation. Questionable applicability to the Contracting Parties under the Energy Community Treaty.</p> <p>1.22 Derogations Possible request for derogations in line with Art.30. Para 2 of Directive 54 in line with the possibility given under Art.24 of the Energy Community Treaty.</p>	1.20 01.08.2004	1.20 Government and the System 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	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>TSMO is compensated for transited electricity according to SEE ITC Agreement for 2006, signed by "EMS" (SEE CBT Clearing and Settlement agreement).</p> <p>Access to the network is allowed on the basis of the principles of transparency and non-discrimination. Access is regulated and public, where the prices shall be determined in conformity with the pricing methodology for system access and use (Energy Law, Art. 36-38).</p> <p>Pro-rata transmission capacity allocation mechanism is used during monthly capacity allocation procedure. According to the temporary rules TSMO can curtail allocated capacity in case system security is endangered. Intra-daily curtailment of</p>	1.24. July 2004	Serbian TSMO ("EMS")

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
	1.28 New Interconnectors 1.29 Penalties			<p>allocated capacity and curtailment of nominated and confirmed transactions have not been done so far.</p> <p>There is a plan to introduce market-based explicit auctions in 2007.</p> <p>EMS is participating Dry-run Coordinated Explicit Flow-based Auctions in SEE during 2006.</p> <p>For the time being, Serbian TSMO ("EMS") is exclusively and strictly the only entity which is in charge of CBT mechanisms (ITC and transmission capacity allocation) in Serbia. Serbian TSMO is implementing SEE regional ITC rules according to SETSO/ETSO mechanism, and the Temporary rules (pro-rata) for the allocation of transmission capacity. Grid Code and Market Code are being designed at the very moment, and only after its adoption the Energy Agency of the Republic of Serbia will be responsible and authorized for monitoring all CBT procedures in Serbia.</p> <p>The legislation does not envisage specific penalties upon breaching the Regulation.</p>		

Chapter 2 – Market Structure – ACTIONS

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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	<p>Current market structure highly concentrated when considering the national geographical scope. It has to be studied whether the relevant market should have a regional scope though. Production of a report on market structure not foreseen in the short term.</p> <p>Concentrations (mergers) within the Serbian power industry are controlled by the Commission for Protection of Competition (CPC) under the Law on Protection of Competition. A relevant concentration has to be notified to the CPC in advance before its execution.</p> <p>The Law on Protection of Competition was set in force on September 15, 2005. The CPC was established in May 2006 and started to work.</p>	N/A	CPC
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable	<p>The dominant electricity supplier, EPS, launched the tender, approved by the Government, at the end of 2005, - Improvement of Investment Activities with:</p> <p>a) Selection and attraction of strategic partners for the purpose of completion of TPP Kolubara B 2x350MW or erecting a brand new capacity of same size</p> <p>b) Selection and attraction of strategic partners for the reconstruction projects of Panonske CHPs (200 MW).</p> <p>The main purpose of these tenders is to trigger the opening of the Serbian electricity market.</p>	Consultancy work being finalized and expected the tender for the strategic investor be launched in autumn 2006 and finished in February 2007	The Government, MoME, EPS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec. 2007	<p>TSMO is unbundled in its legal form, organisation and decision making.</p> <p>Grid Code is under preparation. At present EMS, responsible of drafting the Grid Code, is considering the comments from AERS who will finally have to adopt the document. The current draft, in full compliance with the UCTE Handbook is structured into four sections:</p> <ul style="list-style-type: none"> • Connection Code • Planning and development of the network • Operation of the system • Metering <p><i>Please also see 1.8-1.13</i></p>	<p>Unbundling: Completed</p> <p>Technical rules (Grid Code) under preparation although no deadline is set in Energy Law. However expected to be adopted in 2007</p>	<p>Unbundling: implemented by the Government</p> <p>TPA Conditions: -Technical Rules (Grid Code): passed by the TSMO, approved AERS Methodologies : AERS Tariff System –AERS (drafting), Government (approval)</p>
2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec. 2007	<p>DSO is part of one entity which performs three energy activities: distribution, DSO and retail supply for tariffs customers (Energy Law, Art.105 and acts on establishment of 5 separate distribution companies in the form of limited liability companies in full ownership of "EPS").</p> <p>TPA to transmission and distribution grids in place determined by Energy Law, but will be fully operational when the Distribution Grid Code is passed (the relevant methodologies have already been passed and will be applied as of 1 January 2007) (Energy Law, Art.36-38,107,108,165).</p> <p><i>Please also see 1.8-1.13</i></p> <p>Distribution Grid Code is being prepared by the DSO</p>	<p>Unbundling: Completed (except for unbundling of retail supply of tariff customers from the DisCo, for which there are no plans in the short term)</p> <p>Technical rules (Distribution Grid Code)</p>	<p>Unbundling: implemented by "EPS" (decisions on establishing daughter DisCos)</p> <p>Technical Rules (Distribution Grid Code): is being developed by DSO. Final document to be approved by AERS</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
					no deadline set in Energy Law. Expected to be completed in 2007.	

Chapter 3 – Wholesale market – ACTIONS

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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	<p>The drafting Market design will propose the participants, scope of the competition, detailed organization of the market (metering, market settlement, access to the network, capacity allocation on tie lines, deviation settlement, balancing market operation, congestion management methods based on market rules, generation scheduling based on market rules, system marginal prices definition, ancillary services, invoices losses on the network, nominations and notifications)</p> <p>Finally, a migration path from the present status to a full operating market is also defined, with the various steps to reach a full operating market with the necessary schedule to implement the IT system which will be necessary for each step.</p> <p>The Market organizational design draft covers:</p> <ul style="list-style-type: none"> - the OTC (Over the Counter) market (direct contracts between suppliers and customers); - the physical real time electricity market (Intra-day Balancing mechanism); - the access to the interconnections with bordering countries based on market mechanism in order to address the bottleneck issue; - the ancillary services market ; - the physical day-ahead electricity market operated by SERPEX, a specific department of the EMS Market Operation Division (if applicable). 	There is no deadline set in Energy Law for Market Rules, but it is expected to become operational during 2007	TSMO "EMS". Approval required from AERS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				In the first phase, EPS as licensed wholesale public supplier within EPS, is responsible of buying electricity for captive customers. For that purpose the wholesale supplier will procure electricity from EPS Generation on regulated tariffs. Should there be need for procurement of additional quantities based on approved annual electricity balance, wholesale public supplier would procure the needed amounts through public tender.		
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec. 2007	In accordance with Energy law (art. 101) the electricity market operator passes the electricity market code, with prior consent of the Energy Agency. The Market Code will gather all above mentioned issues and will describe the rules that all market participants will have to comply with.	There is no deadline set in Energy Law for Market Rules, however, it is expected to become operational during 2007	TSMO "EMS" –drafting and implementation AERS-approval
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec. 2007	At present EMS publishes in its website certain data regarding capacity allocation at the interconnectors. The draft market rules do not have at preset a specific section on transparency. Guidelines on transparency are being discussed at the Athens Forum but no agreement has been reached. EMS and AERS will consider further development once an agreement is reached by the Forum.	N/A	N/A
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec. 2007	Market rules are still under preparation. AERS will initiate a project in the beginning of 2007 to address market monitoring.	Project by AERS to be initiated in early 2007.	TSMO "EMS" AERS Commission for Protection

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				Competition issues are also key responsibilities of the Commission for Protection of Competition (CPC). No plans yet on monitoring.	See 3.1 and 3.2	of Competition
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec. 2007	<p>Electricity entities are obliged to acquire licenses from AERS for energy activities prescribed in the Energy Law. See also 1.19</p> <p>The Authorization (Energy Permit) system is in place, and is conducted by the Ministry of Mining and Energy. See also 1.6-1.7</p> <p>The harmonization of the systems should be done on the level of the Energy Community (through its institutions).</p>	May and July 2006.	<p>AERS</p> <p>The Ministry of Mining and Energy</p>

Chapter 4 – Retail market – ACTIONS

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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	AERS defines eligibility thresholds (currently set in Art.177 at 25 GWh per year. Theoretically, approximately 12% of market opening.). No eligible consumers exercised eligibility until now. Please see also 1.17	Ongoing activity	AERS
4.2	Payment reform	Adopt measures towards payment reform	Dec. 2007	<p>Adopted measures towards payment reform as follows:</p> <ul style="list-style-type: none"> - Management of the EPS (Elektroprivreda Srbije) imposed Operational tasks for the Distribution Companies on enhancing the collection rate, This topic is emphasised within Business plan 2006-2011, with the target as high as of 92.6%. However, the Operational tasks have resulted in collection rate with level of 95.72%, in period 01.0106.-31.07.06. Curtailments are implemented towards nonpaying consumers. The public enterprises envisaged for the privatization recognized as the worst payees. - EPS and the MoME established the Expert Team and Coordination Team on reducing the distribution losses in 2003. Operational Plan envisages joint actions MoME, EPS, the Ministries of interior and Justice (against theft of the electricity). - Upgrading of the metering system within EPS is a permanent action within Business plan for next 5 years. It envisages time tible of replacement of all meters in EPS's possession. EMS is finalizing the replacement of all meters at the transmission interface towards the distribution, production 	Ongoing activity	EPS- -DisCos MoME EMS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				facilities and direct consumers. Construction of new 400kV facilities will reduce technical transmission losses. System for remote acquisition of accounting and metering data (RAAMD) commissioned in EMS in 2006 Follow up reports are confidential.		
4.3	Customer switching	Elaborate/implement a non-discriminatory transparent customer switching process minimizing transaction cost and disputes	Dec.2007	Switching process will be defined within Grid Code which is under preparation. Please see also 4.2		TSMO "EMS" DSOs
4.4	Customer protection	Elaborate/implement non-discriminatory transparent measures for protection of the customers	Dec.2007	Customer protection has been defined within the Energy Law. Also, there is secondary legislation: Government Decree on Conditions for Electricity Delivery, entered in force 01.01.2006. (Energy Law, Art. 56, 60, 72), which covers connection time and price, distribution companies to provide terms and conditions to customers prior to connection, disconnection, quality and continuity of supply standards. AERS is the appellate body in cases of refusal of connection to grids. Retail prices (for tariff customers) are calculated in line with the methodologies and tariff systems which are published, while retail prices for eligible customers are contracted, and are subject to the provisions of the relevant laws which regulate contracts, trade and services.	See 1.2	Government DSOs Traders (retail suppliers of eligible customers) AERS and the Government (for tariff customers)

Chapter 5 – Tariff reform and Affordability – ACTIONS

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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	AERS passed new tariff methodologies in August 2006, and will present new retail cost reflective tariff systems to the Government which has to approve them. It is expected that they will be adopted until the end of 2006, in order for 2007 to be the first regulatory period.	End of 2006	AERS, Government
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec. 2007	Passing Cost reflective TPA tariffs is determined as an obligation in the Energy Law and will be included within new tariff systems which are under preparation (the relevant methodologies have already been passed by AERS in August 2006).	End of 2006	AERS, Government
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	N/A	N/A	N/A
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec. 2007	The MoME considers initiative of preparing the Terms of Reference on support schemes for the protection of vulnerable customers, in cooperation with AERS, Ministry of Finance and Ministry of Social Affairs.	No deadline available	MoME, AERS, Government

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
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

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
		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