

5th Permanent High Level Group Meeting
28 June 2007
Becici, Montenegro

Progress notice in natural gas
– Status June 2007 –

Table 1: *Progress notice in natural gas – Status June 2007*

CONTRACTING PARTY	GAS
Albania	<ul style="list-style-type: none"> ▪ The gas act was elaborated and discussed with the relevant institutions of Albania but also with the ECS. ▪ Further steps are needed with regard to the Market Opening and Cross Border Trade Mechanism taking the regional approach into account ▪ Preparation/continuation of a strategy for further gasification of the country
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Discussion paper of an overall strategy for gas sector developed; discussion regarding gas sector structure is ongoing ▪ Draft Gas Act prepared, presented and discussed at 3 Govts level. ▪ Concept for the structural development of the TSO in the discussion paper and draft gas law developed ▪ Concept for further gasification of the country should emerge from the results of the gasification study ▪ Concept for import-, storage and the balancing market will take the results of the gasification study into account
Croatia	<ul style="list-style-type: none"> ▪ The amended gas act passed the parliament ▪ Continuation of updating the Transitory Market Model and the Market Rules ▪ Continuation of market opening ▪ Preparation/continuation of a strategy for further gasification of the country; first phase of the further gasification of Croatia has been finished; the second phase is envisaged from 2007 – 2011. ▪ Analyses regarding the LNG terminal on the isle of KRK are ongoing ▪ Discussion regarding additional gas supply either by a connections to Hungary or Serbia are ongoing ▪ Development of cost determination procedures ▪ Drafting a concept for all inclusive tariffs

The former Yugoslav Republic of Macedonia

- Continuation of upgrading of the Transitory Market Model and the Market Rules
- Developing methodologies:
 - toward attracting investments for expansion and larger utilization of the transportation capacity
 - toward attracting investments for construction of distribution networks
 - upgrading of the market environment and the legal framework, as applicable
- Preparation of procedures for collection rate improvement
- Development of unbundling provisions
- Process of drafting the secondary law ongoing
- Elaboration of provisions for eligibility of customers in accordance with the requirements of Treaty
- Preparation of customer switching mechanism

Montenegro

- Agreement to develop primary legislation on the basis of Treaty establishing Energy Community

Serbia

- Continuation of updating the Transitory Market Model and the Market Rules
 - PE Srbijagas – DSOS have been designated as a part of distribution companies. Beside PE Srbijagas, until now 13 gas distribution companies have been designated and 13 private companies licensed for distribution, operation of distribution network and retail supply.
 - Procedure of licensing is underway: AERS issued 1 license for transmission of natural gas, 1 license for operation of the transmission system, 13 licenses for distribution, operation of distribution network and retail, 1 license for wholesale gas supply and 8 licenses for free market trade of natural gas
 - Relevant methodologies passed by AERS and relevant Tariff system approved by the end of December 2006
 - The new retail cost reflective tariff system has been approved by the Government in December 2006 in order for 2007 to be the first regulatory period. The tariff systems will be applied as of 1st July 2007
 - Preparation of a tariff methodology for the access to underground storage facilities has started
 - Developing unbundling provisions
 - The network codes are under preparation by the relevant companies in coordination with the Energy Agency
 - Elaboration of provisions for eligibility of customers in accordance with the requirements of Treaty
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establishing the Energy Community

- Preparation of procedures for collection rate improvement ongoing
- Planning a strategy for removal the dominant position of the incumbent company
- Preparation of a strategy for further gasification of the country
- Preparation of customer switching mechanism ongoing

***United Nations Interim
Administration Mission in
Kosovo***

- Ministry of Energy and Mining has drafted a gas legislation in line with the Directive 2003/55/EC. It will be processed in an inter-institutional working group before submitted to the Assembly for enactment.
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