IMPLEMENTATION OF THE
ENERGY COMMUNITY TREATY

(ELECTRICITY)

Energy Community Secretariat
www.energy-community.org

15th PHLG Meeting
17th December 2009, Zagreb
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Acquis on electricity

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Regional Perspective

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<th>REGULATION (EC) 1228/2003</th>
<th>Inter-TSOs Compensation mechanism</th>
<th>Charges for access to the networks</th>
<th>Congestion Management method</th>
<th>Transparency</th>
<th>Use of Congestion Income</th>
<th>New Interconnectors</th>
<th>Coordination among Regulatory Authorities</th>
<th>Penalties</th>
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Regional Perspective

### Legend
- Bottlenecks
- Some provisions are available
- Some provisions are missing
- All provisions are available

15th PHLG Meeting – Zagreb, 17th December 2009
Security of electricity supply

ALL PARTIES have submitted their Roadmap Templates for the Directive 2005/89/EC - IMPLEMENTATION IS IN PROGRESS

- Potential progress areas to be targeted are
  - DEMAND FORECAST,
  - EFFICIENT USE / DEVELOPMENT OF INFRASTRUCTURE,
  - NEW CAPACITY,
  - MARKET ENVIRONMENT, and
  - MUTUAL COOPERATION

ALL PARTIES have submitted their SoS Statements for 2009
- FURTHER IMPROVEMENTS OF THE CONTENTS are necessary
Security of electricity supply

ACTIVITIES for compliance are under way in most Contracting Parties

- Amendments on the LEGAL FRAMEWORK:
  - BOSNIA AND HERZEGOVINA
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
  - MONTENEGRO
  - SERBIA
  - UNMIK

- Updating the ENERGY STRATEGY:
  - ALBANIA
  - CROATIA
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
## Opening of the electricity market

<table>
<thead>
<tr>
<th>Contracting Party</th>
<th>Electricity Threshold</th>
<th>Switching</th>
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<tr>
<td>ALBANIA</td>
<td>All non-household</td>
<td>One large customer</td>
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<tr>
<td>BOSNIA AND HERZEGOVINA</td>
<td>All non-household</td>
<td>Two large customers</td>
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<tr>
<td>CROATIA</td>
<td>All customers</td>
<td>All non-household customers</td>
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<tr>
<td>The Former Yugoslav Republic of Macedonia</td>
<td>Connected on 110 kV (those who do not perform public service activity)</td>
<td>Only the customers connected to the transmission network (110 kV) - 9 out of 10</td>
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<tr>
<td>MONTENEGRO</td>
<td>All non-household</td>
<td>One large customer</td>
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<td>SERBIA</td>
<td>All non-household</td>
<td>No switching reported</td>
</tr>
<tr>
<td>UNMIK</td>
<td>All non-household</td>
<td>Two large customers</td>
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RECENT DEVELOPMENTS

Albania

- Development of regulatory rule
  - tariffs, transparency

- New draft legal act on Renewable Energy

- Unbundling - Privatization of distribution

- Investment projects in energy infrastructure
  - Transmission network infrastructure
  - Generation capacity
Bosnia and Herzegovina

- New amendments (OHR) to the state Laws and entity Electricity acts:
  - on management of the Transmission Company
  - on security of supply for District Brchko

- Regulatory framework, unbundling and development of markets on entity level

- Process of administrative deblocking and effective management of the Transmission Company

- Investment projects – TPP „Stanari“
RECENT DEVELOPMENTS

Croatia

- Amendments to the Laws on Energy and on Electricity Market
- Implementation of customer eligibility in practice
  - all commercial customers must be contracted
  - effective framework for supply of last resort
- New cross-border capacity allocation rules
- New Energy Development Strategy is in preparation
- Biofuels Act adopted and National Renewables Action Plan in preparation
former Yugoslav Republic of Macedonia

- Amendments to the Energy Law are in preparation
- Market Rules are in preparation
- Methodology for tariff calculation is under reconsideration by the Regulator
- New Energy Development Strategy (2008 – 2020) is in preparation
Montenegro

- New draft Energy Law is still in preparation

- Unbundling – establishment of TSO as independent company (PRENOS)

- Tariffs for connection and use of networks are in development by the Regulator

- Infrastructure – HVDC submarine interconnection with Italy is in final stages of preparation
RECENT DEVELOPMENTS

**Serbia**

- Draft amendments to the **Energy Law** are in preparation

- The **Distribution Grid Code** is in final stages of adoption

- **New metering equipment** is planned in order to allow for switching of supplier

- Infrastructure – investments in **new interconnections** are under way

- Support **schemes for use of Renewables** are in process of adoption
Draft amendments to the legal framework are in preparation for:

- The Law on Energy,
- The law on Energy Regulator,
- The Law on Electricity

Unbundling of Distribution is in preparation with a view of further privatization

Market opening is set available for all non-household customers

New Market rules are under development

New Energy Strategy (2009 – 2018) is expected to be adopted
Open Issues

- **Differences** between the Contracting Parties *widen* over time:
  - For different Acquis element
  - In operational implementation of (the same) specific areas of the Acquis

- **Primary legislation** is still:
  - NOT sufficiently COMPLIANT with the key provisions of the Acquis
  - NOT sufficiently COHERENT across the region

- **Security of Supply** of energy is treated:
  - ADVERSELY to introduction of a COMPETITIVE MARKET
  - In closed NATIONAL BOUNDARIES
  - In DIVERSE setup of TOLERANCE and PRIORITY criteria
Open Issues

- The **practical implementation** of the Treaty is:
  - FAR BEHIND the transposition of the Acquis and development of required **LEGAL FRAMEWORK**
  - LAGGING BEHIND (in particular) in effective **LIBERALIZATION** of the END-USER SUPPLY market
  - LAGGING BEHIND (in particular) in development of a common platform for efficient REGIONAL WHOLESALE TRADING of energy and/or capacity

- The **Forecasting / Planning** processes need:
  - To avoid using DATA from diverse, uncorrelated or inconsistent sources;
  - To employ common / standard methods for processing and publishing;
  - To apply coherent criteria for transparency / confidentiality
CONCLUSIONS

Next Steps

➢ The Contracting Parties to continue and finalize the development of their LEGAL and REGULATORY RULES

➢ The Contracting Parties to consider introducing measures to support the development of competitive ENERGY MARKETS and coordinate their policies on REGIONAL LEVEL

➢ The Contracting Parties to support the process of development of new ENERGY INFRASTRUCTURE

➢ The EnC Secretariat to assist each Contracting Party through counselling on the process and commenting the draft legal acts

➢ The EnC Secretariat to further monitor the process and report to the PHLG and the MC
THANK YOU for Your attention!

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