DRAFT MINUTES OF THE 2ND ECRB MEETING

Athens, March 1st, 2007

1. The 2nd ECRB meeting was held in Athens on 1st March 2007.

2. Quorum was achieved. In addition to the Contracting Parties Regulators, the ERGEG Chairman, Regulators from EU member states as well as a representative of USAID attended the meeting.

3. The Agenda of the meeting was adopted.

4. The Minutes of the 1st ECRB Meeting were adopted.

5. The President of the ECRB invited an article by article review of the Internal rules of procedure.

6. The Commission redrafted the internal rules of procedure taken into account agreed suggestions.

7. The President circulated the new draft. The ECRB adopted by unanimity the Internal rules of procedure.

8. The President of the ECRB signed the procedural act related to the adoption of the internal rules of procedure.

9. The President circulated the procedural act and the rules of procedure to the ECRB.

10. The President outlined the objectives of the ECRB workprogramme for 2007 and then he invited the chairs of the three working groups to make detailed presentations.

11. The chair of the Electricity Working Group (EWG) presented the work programme on electricity. The priorities are related to the establishment of the co-ordinated auction office and steps that regulators should be taking to develop competition in the market.

12. The chair of the Gas Working Group of the ECRB (GWG), presented the planned activities of the GWG for 2007 and it was agreed that the Guidelines on the Gas Infrastructure investment regulation is the main priority of the Working Group.

    The Commission announced its intention to present a revised proposal for the gas infrastructure guidelines until the first week of April. It was agreed that the relevant gas working groups of ERGEG and ECRB will be in close collaboration with the view to formulate and deliver in a timely and coherent fashion the regulatory input.

The second priority of the Gas Working Group will be a report on the prospects of the gas market in the SEE region, taking into account the outcome of the study of the World Bank and the previous work of the CEER WG on South East Europe. Emphasis will be given also to LNG, while it was noted that the possibility and the extent of the Donors' Community involvement will be investigated.

The GWG will, finally, focus on ways to facilitate transfer of knowledge and the cross-fertilization among the Energy Community and the EU on the natural gas market. To this end, all previous and current work undertaken by CEER and ERGEG under the Madrid Forum will be studied, and close relationship with the relevant working groups of CEER/ERGEG will be safeguarded, including a workshop within the first semester of 2007.

13. The Chair of the Customer Working Group (CWG) mentioned that after ERGEG adopts the best practices on affordability then the CWG will start looking into how this best practices can be applied at national level.

14. The ECRB adopted unanimously the work programme for 2007.

15. The chairpersons of the President introduced the Nominations to the ECRB working groups.

- Working Group on Cross Border Electricity Issues, the Chairman reported that all eligible regulatory institutions have nominated the requested experts, and therefore the members' list is accomplished. Due to the complexity of the problems, three experts per Contracting Party have been nominated (technical expert, economist and legal expert). However, the chairman indicated that the concrete participation will depend on the topics discussed.

- The chairman of the (GWG), informed the participants that almost 30 representatives from 12 Regulatory Authorities have subscribed as members of the Gas Working Group, among which all ECRB Members and a number of regulatory authorities of the Participant countries are included

- Working Group on Customer Protection – The chairwoman of the working group noted that the nomination of its members has not been completed and requested the members of the ECRB to nominate relevant high level representatives as this group will be dealing among others with political issues. A relevant reminder mail will be sent out by the ECRB President on Monday, 5 March with a view to get nominations by the end of the week. The start of the WG will be either June or September, depending on the ongoing approval of current ERGEG guidelines drafted by the ERGEG TF on South East Europe Customers.

16. Any other business

a. The chair of the Electricity Working Group (EWG) briefly reported on the outcome of the 1st ECRB E WG meeting and the joint ECRB/SETSO/SEETEC Workshops, held on 27-28 February 2007 in Athens, prior to the 2nd ECRB meeting.

The 1st ECRB EWG meeting focused on the Coordinated Auctions mechanism and the revenue distribution modalities proposed by the Consentec/APCS consultants.

ECRB EWG members (except UNMIK) noted that in principle the absolute usage of interconnectors is the most appropriate method of all the proposed consultants' solutions. Regulatory remarks upon the consultants' proposals were presented. The ECRB encouraged EWG to prepare a concept paper on the Coordinated Auctions revenue distribution and asked SETSO TF to continue the dry-run and further develop the proposal on the absolute usage of interconnectors. The concept paper will be considered at the upcoming Athens Forum with the aim to having the discussions on this issue launched.

The Regional Balancing energy mechanism and Wholesale Market Opening and Compatibility of Market Rules proposals were discussed during the joint workshops. It was proposed that the draft of common position paper ECRB/SETSO/SEETEC on the SEE Regional Balancing Market be presented at the 10th Athens Forum.

The ECRB requested the EWG to prepare a preliminary position on SEE Regional Balancing Market proposal and to include it as a separate chapter within the common ECRB/SETSO/SEETEC position paper for the 10th Athens Forum.

b. The representatives of the State Electricity Regulatory Commission of Bosnia and Herzegovina made reference to the letter 02-28-059/07 of 12.02.07 concerning the SEE CBT Clearing and Settlement Agreements for 2005 and 2006. The letter is addressed to the regulatory authorities of Albania, FYR of Macedonia and Montenegro and to the ECRB President.

c. The representatives of the Energy Regulatory Office in Kosovo made reference to their letter, dated 23.02.2007, to the President of ECRB in relation to the participation of KOSTT in the CBT mechanism, and in the Allocation of Transmission Capacities dry run.

d. The Director of the Energy Community Secretariat congratulated ECRB on the adoption of the Internal Rules of Procedure and the Work Programme for 2007. He proposed that the Secretariat hosts a meeting with ECRB ASAP as to discuss some organizational issues on the practical implementation of those texts of the Internal Rules, which concern the Secretariat. The proposal was accepted and it was agreed that the President and the Vice-President will identify who will represent the ECRB at the meeting. In parallel, the Secretariat will propose concrete dates for the meeting.

17. The 3rd ECRB meeting will be held on October 4, 2007.