

Draft Minutes from the 59th ECRB EWG meeting

Athens, June 6-7, 2023

Agenda and Conclusions (Minutes)

1. Approval of the Draft Agenda and Minutes from the previous meeting

- a). ECRB EWG approved the Agenda of the 59th ECRB EWG meeting.
- b). ECRB EWG approved the Conclusions from the previous meeting.

ECRB Section proposed to record part of the meeting on the update from members on market developments. EWG members agreed.

2. Outlook on Energy Community activity

- a) ECRB Section debriefed EWG participants on the events and EnCS activities in the previous period that were carried out with the aim of supporting the Contracting Parties to transpose the new electricity package adopted by the Ministerial Council in December last year. The technical assistance to the Contracting Parties is provided via the TAIEX instrument (for Western Balkans 6) and the EU4Energy programme (for Georgia, Moldova and Ukraine). In this regard, the first regional TAIEX and EU4Energy workshop was organized on the 3rd and 4th of April this year and the next one is planned for July this year. Also, country-specific missions are envisaged under this project. So far, only a country-specific mission to Albania is scheduled, but country-specific missions for the other Contracting Parties are also going to be organized in the next period. However, ECRB Section emphasized that the aim of the support under this project is not to “write the national legislation” but to help Contracting Parties with understanding the new electricity package and to share EU experience. Additionally, ECRB Section noted that the *questionnaire on the timelines, already received support and the structure of changes needed to national legislation* was previously sent out to the Ministries.
- b) ECRB Section informed EWG that EnCS has organized the first Workshop on market coupling on the 16th of May this year, and that the Workshop on system operation regions and regional coordination centers is planned for the 6th of July 2023.

3. Update from members

Members reported on the state of play in their markets:

ERE (Albania):

ERE highlights the recent approval of electricity market rules through a joint decision in the context of launching operation of the day-ahead market on April 11 by ALPEX. ERE pointed out that according to national law, in 10 months after market operation begins, ERE has to provide monitoring of market operations. Another key legal development is endorsement of Law no. 24/2023 on "Promotion of the use of energy from renewable sources", aiming to reduce fossil fuel imports, greenhouse gas emissions, and ensure sustainable development in the country. The law grants ERE with new responsibilities. In the context of Balkan Energy School's activities, general assembly and an online seminar involving representatives from various energy agencies in the region, addressing topics such as EU regulations, electricity balancing, and market coordination was mentioned.

SERC (Bosnia and Hercegovina):

SERC did not highlight any major new developments. Bosnia and Herzegovina still lacks a legal basis for the establishment of a power exchange (PX), with no significant developments to report. In the area of generation aggregation, sector for renewables is expanding rapidly, with seven aggregators and a total installed capacity exceeding 150 MW, generation on a monthly basis is over 50 MWh. These aggregators are becoming new prominent market players. Activities under Balkan Energy school are similar as reported by ERE.

GNERC (Georgia)

The resolution on guarantees of origin has been updated, with the transmission system operator serving as the issuing body, and the implementation of the Grexel platform. Drafting of rules for disclosure and residual mix calculation methodology is still a challenge. Resolution of issues preventing the trade of GOs in EU member countries is still a key challenge. In the context of opening the electricity market in Georgia, July 1st is a deadline after several postponements. While market rules are ready, public hearings were opened for amendments to the intraday, day-ahead and balancing market rules, and the transmission network code. Lastly, the need for amendments to the electricity market concept is stated, with the government intending to propose updates. Some discussions regarding market price regulation took place.

ERO (Kosovo*¹):

The new extraordinary tariff review led to a 15.4% increase in retail tariffs for regulated customers from 1st of April, 2023. Additionally, the government initiated primary law changes, currently under review and circulated to stakeholders, as well as ongoing legal changes related to the Clean Electricity Package. Market monitoring resulted in application of measures to market participants incl. the TSO. Measures recently were implemented by the government include energy conservation measures benefiting around 2,000,000 customers. New energy strategy was approved on 8th March, along with the announcement of a 100-megawatt solar PV project. Based on study, it was concluded that Public Service Obligation (PSO), which still needs to be in place for universal

¹ Throughout this document the symbol * refers to the following statement: This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Advisory Opinion on the Kosovo* declaration of independence

service supply. To this regard, the regulator continues to monitor retail market competition, with the possibility of pushing customers towards the market when it becomes mature. The exchange operation in Kosovo is expected to go live in September.

Lastly, criteria for assessing market maturity, the status of the renewables law, and the allocation of fine proceeds to the state budget were covered.

Moldova (ANRE):

Market rules are in place working since 1 June 2022, albeit with the absence of a market operator, leading to the TSO taking on related responsibilities. Balancing electricity is currently imported due to a lack of domestic balancing capacities, and temporary derogations were made for imbalance pricing in 2022. Market rules are under revision on imbalance prices methodology. The government is reviewing the law promoting renewables incl. net billing, Regulator has to confirm quotas. ANRE receives lot of requests on new solar energy projects (120 MW, of which 20% already built) and efforts to cover costs through tariffs and government support. TSO costs resulting from fixed imbalances prices are recovered via tariff. Next heating season is secured via gas reserves, construction of a new line Isakcha-Kishineu, measures to support consumers in terms of bills payment as well policies protecting consumers from disconnections.

Montenegro (REGAGEN):

Montenegrin Day Ahead electricity market started operations on April 26th. The power exchange reported a significant volume of about 35 GWh in May, amounting one third of total monthly consumption in Montenegro. Reviews of law on renewables is ongoing via Ministry's working group. A case of DSO tariff request withdrawal was mentioned, while tariffs were expected to increase. The Court Decision that REGAGEN cannot submit a case to court related to its findings from monitoring (e.g., monitoring of independence of DSO).. It was highlighted that no state interventions were needed due to balance of generation and consumption.

North Macedonia (ERC):

The electricity market rules for participation in the power exchange were revised, the PX became operational on May 10th, 2023, with 24 registered participants. Prices were achieved at levels close to those in the Hungarian power exchange. Participation in the day-ahead segment, the only available to this stage, is on a voluntary basis. The state of emergency, which had been in place until April 30th, ended, with emergency measures ceasing to be in force. Requests for tariff increases by the transmission system operator, network system operator, and market operator were received, though these requests were under revision, with new tariffs and prices expected by the end of June. Lastly, there was a significant increase in the licensing of new power generators, particularly solar, with 250 megawatts already installed, primarily connected to the distribution system.

Serbia (AERS):

The Council of the Energy Agency approved a decision increasing electricity guaranteed supply prices by 8% for regulated customers, which came into effect on May 1st. The Transmission System Operator (TSO EMS)

prepared for an intraday market, introduced a 15-minute internal settlement process, and established a register for guarantees of origin. The Energy Agency worked on a new grid code, pending connection rule finalization. Cooperation with the Ministry of Energy focused on transposing CACM regulations. The Power Exchange SEEPEX progressed toward launching an intraday market, with numerous activities and participant registrations. A government decision on June 1st defined regulations for overtaking balancing responsibility and associated contracts.

Ukraine (NEURC):

Ukraine faces significant challenges in restoring its energy system, with over half of capacity it damaged or destroyed. Measures to protect vulnerable electricity consumers are being developed, and a draft procedure has been sent to the government for consideration. NEURC adopted a resolution to remove price caps on the wholesale electricity market from July 1st, aiming to establish new limits based on national methodology. Additionally, new developments include changes in the procedure for generation to enter and exit the balancing group of the guaranteed buyer, promoting market entry. A draft law on the transformation of Ukraine's energy system was adopted in the first reading, focusing on green electricity guarantees, feed-in premiums, self-production, and export possibilities. The government also approved an energy strategy for Ukraine until 2050, centered on modern nuclear generation, renewable energy, and infrastructure modernization.

Armenia (PSRC):

As part of the strategic programs for the development of the energy sector in the Republic of Armenia, and in accordance with the planned schedule for implementing these programs, as approved by Government Decision, it is anticipated that the Ministry of Territorial Development and Energy Infrastructures of RA, in collaboration with the Public Services Regulatory Commission, will develop a new Law on Electricity for Armenia in year 2023. This new Law aims to address the challenges that have arisen in the current electric power market model and the trading mechanism by incorporating the best international practices.

Additionally, according to abovementioned planned schedule shall be developed a new Law on Gas Supply in year 2023, incorporating modern principles. Currently, the drafting of both the Law on Electricity, supported by USAID, and the Law on Gas Supply, supported by the EU4ENERGY program, are in progress.

Also will be elaborated a new law on renewables with support of advisers

Due to the implementation of the liberalization policy, there are a total of 14 licensed suppliers operating in the wholesale electricity market, 8 wholesale traders and one guaranteed (universal) supplier. Out of the 14 licensed suppliers, 4 are currently active, and out of the mentioned 8 wholesale traders, 2 are active. These active licensees are engaged in electricity trading specifically within the wholesale day-ahead market.

4. ECRB Competences Under Electricity Package

ECRB Section prepared the overview of the tasks and competencies of ECRB, NRAs and ACER under the new electricity package – CACM, FCA, EBGL, SOGL, ERNC, Regulation 2019/943 and Directive 2019/944, which was shared with EWG prior to the meeting. During the meeting, ECRB Section presented tasks and competencies of ECRB and NRAs under CACM, explaining several layers of decision-making on the national and regional level.

As the new electricity package introduced many new competencies of ECRB and EnC NRAs, ECRB Section emphasized the need to prescribe the decision-making process at the ECRB level, as well as the need to enable the exchange of NRAs national experiences at the regional level – e.g. via the platform, MoU – and to establish cooperation with ACER for specific competencies. ECRB Section further explained that the Procedural Act will be prepared that will define the decision-making process at ECRB level. Also, ECRB Section proposed to establish a new task force within EWG that would deal with new obligations and tasks of ECRB under the new electricity package, where task force leader would be appointed as well as leaders for specific topics – CACM, FCA, EBGL, SOGL and ERNC.

An exchange of EU experience as well as a discussion on the adequacy of proposed steps followed:

- The representative from HERA (Croatian NRA) shared the experience in the decision-making process at the regional level in the Shadow Region. It was emphasized that building the process around NRA's approval is of utmost importance, as well as cooperation with TSOs. It was further explained that since unanimous approval is required from all NRAs of the region, the coordination process could be done through e.g. some position paper on the regional level, and then, if all agree, the approval on the national level can follow. However, it was pointed out that in practice there are limited resources for NRA to participate in this work. Regarding the cooperation with TSOs, it was noted that technical meeting can be organized with TSOs to discuss technical issues.
- EWG members have pointed out that the ECRB approach to implementing new tasks and competencies should be first agreed upon at the Board level, and then communicated to EWG. In that regard, they emphasized that task force leader and leaders for specific topics (CACM, FCA, EBGL, SOGL and ERNC) cannot be appointed before the Board approves the approach.
- EWG members raised concerns regarding the lack of knowledge and competencies within the NRAs and ECRB EWG (consequently) to carry out all new tasks under the new electricity package as well as to coordinate those tasks at EWG level. As EWG members are mainly engineers, the need to more involve layers to carry out new task at EWG level is acknowledged.
- Also, EWG members raised a question on how the voting procedure is going to be organized for the adoption of TCMS, i.e., whether the anonymous voting will be enabled.

As this discussion raised many concerns regarding the implementation of the new tasks, the following “initial” steps were agreed:

- preparation the Draft Procedural Act before the next ECRB meeting. Preferably to prepare and distribute them to ECRB before September.
- when sending out the Draft Procedural Act and Explanatory note, ECRB Section to specifically ask for the involvement of the lawyers inside NRAs.

a). Appointment of TF1 Leader

Tamar Parunashvili from GNERC was appointed as a TF1 Leader.

b). Status of electricity day-ahead, intraday and balancing markets in Energy Community

EWG Deputy Chair explained the chosen approach to DAM, IDM and Balancing Market Report and presented the prepared questionnaire. She explained that the questionnaire basically consists of six major parts, i.e., the description of: 1. the organized day-ahead market, 2. the organized intraday market, 3. day-ahead capacity allocation, 4. intraday capacity allocation, 5. procurement of the balancing services and 6. the imbalance settlement. Additionally, she noted the importance of preparing an overview of the status of those markets prior to the transposition and implementation of CACM and EBGL.

Actions and conclusions:

- ECRB Section to circulate the final draft questionnaire to EWG participants;
- Deadline for sending comments on the questionnaire is Friday 23th of June 2023.

5. TF2 – System Operation

a). Appointment of TF2 Leader

As nobody applied for this position during the meeting, the application can be made by an email.

b). Assessment of regulatory-legal framework for voltage control and reactive power management by system operators in CPs

The former EWG Chair, Milica Knežević, is preparing the Draft report based on the feedback from the questionnaire that has been distributed during previous year. EWG Deputy Chair explained that this Report will follow the usual structure of EWG reports: an explanation of the scope and aim of the report, comparative analysis based on the answers from the questionnaires and conclusions and recommendations. EWG Deputy Chair asked EWG members whether the regulatory-legal framework for voltage control has changed in the meantime so that these changes can be reflected in the stage of preparation. EWG members confirmed that there has been no change in national legislation regarding voltage control.

Actions and conclusions:

- Draft report will be prepared and distributed to EWG members for comments.

6. TF3 – Wholesale Market Monitoring

a). Appointment of Leader for tasks related to SEEAMMS

Ymer Rudari and Skender Muqolli from ERO are appointed as leaders for tasks related to SEEAMMS platform.

b). Follow-up on SEEAMMS Activity

ECRB Section informed EWG about the current status of the SEEAMMS platform, i.e., that the platform is again operational but that no upgrades of the platform are currently possible. Also, ECRB Section and EWG Deputy Chair initiated the discussion on whether the platform contains any sensitive data and if EWG members find this platform useful for national and regional monitoring considering the fact it cannot be upgraded (e.g., new indicators such as validation of 70% target cannot be added). EWG members touch on issues of the current functioning of the platform regarding the problems with inserting the data for the border with Kosovo* and errors with its functioning (noticed by members of ERO). Also, regarding the sensitivity of data, EWG members said that they think there is no sensitive data on the platform, but to check it with the former EWG Deputy Chair and TF Leader, Zviad Gachechiladze. Considering the future of the SEEAMMS platform, it was concluded to keep running for now – until EWG gets some support for its upgrade/establishment of the new platform – but only in case the above-mentioned issues with the platform can be solved with currently available resources. Also, since the platform was not operational for some period, EWG members asked for information about the concrete dates from when the data have not been submitted to the platform per Contracting Party.

Actions and conclusions:

- to organize a meeting with Zviad Gachechiladze to check if the above-mentioned issues with the platform can be solved without upgrading the platform and if there is any sensitive data on the platform.
- to check on the dates since when the data has not been submitted to the platform by TSOs.
- depending on the outcome of these activities to decide whether the platform will keep running.

c). Contribution to ACER MM report

EWG Deputy Chair informed EWG that ACER is going to prepare the Wholesale MM report for 2022 and that the idea is to keep the same approach regarding the EnC contribution as for MMR 2020, i.e., to have a separate chapter for describing main developments in Contracting Parties. EWG Deputy Chair presented to EWG the structure of the questionnaire that is the same as for 2020. EWG members agreed to keep the same approach as for 2022.

Actions and conclusions:

- ECRB Section will distribute the questionnaire to the members of EWG for completion.
- preliminary the deadline for filling out the questionnaires is the end of July, but this has to be checked with ACER – regarding their timeline.

d). Update on transparency publication

EWG Deputy Chair presented the partially-updated Transparency Matrix with the contributions that were sent to ECRB Section prior to the meeting and asked EWG members to shortly present their contributions. In general, the level of publication of the data required by Regulation 543/2013 has been improved compared to the previous time the Transparency Matrix was updated. EWG Member from NEURC noted that the data required by Regulation 543/2013 is sent to ENTSO-E Transparency Platform, but in current war time it is not published.

A short discussion was initiated on whether to keep the links to specific data on the ENTSO-E Transparency Platform or not.

Actions and conclusions:

- Albania and Georgia need to send the updated Transparency Matrix to the ECRB Section.
- the links to the TSO websites will be kept in the matrix, while links to the ENTSO-E Transparency Platform will be deleted.
- ECRB Section will publish the updated Transparency Matrix as soon as the feedback from Albania and Georgia is received.

7. TF4 – RES integration and balancing

a). Appointment of TF4 Leader

Igor Malidžan from REGAGEN was appointed as a TF4 Leader.

b). Developments on regulatory frameworks regarding flexibility and renewables 2022/2023

A discussion has been initiated on whether there were enough changes in national regulatory frameworks regarding flexibility and renewables to prepare a new report. As it was concluded that many Contracting Parties are currently in the process of transposing RED II and that there have not been enough changes in national legislation so far, TF4 Leader proposed to prepare a new report in 2024 that will cover the developments in 2022 and 2023. EWG agreed to this proposal. Also, since Bosnia and Herzegovina, Montenegro and North Macedonia have started to record the new forms of market participation of small RES (virtual producers, abolishment of support scheme for a certain period), the question of whether to include this information in the report under TF4 was raised, but it was decided to keep it in the report under TF4.

Actions and conclusions:

- Report on developments on regulatory frameworks regarding flexibility and renewables 2022/2023 will be prepared in 2024.

8. TF5 – ECRB Competences Under Electricity Package

a). TF Leader Appointment

In line with the conclusion of the discussion described in point 4, this point is skipped for now.

b). Defining Leaders specifically for CACM, FCA, EBGL, SO, ERGLs

In line with the conclusion of the discussion described in point 4, this point is skipped for now.

c). Preparation of the Best practice report on transmission and distribution tariff methodologies

EWG Deputy Chair informed EWG members that ECRB has to prepare the Best practice report on transmission and distribution tariff methodologies by the 5th of October 2023, in line with Regulation 2019/943. In that regard, she emphasized that the schedule is tight, but that it is planned to use ACER's questionnaires to prepare EnC questionnaire, as Regulation 2019/943 prescribes that ACER's report on best tariffs shall be taken into account. Also, she proposed to appoint a leader for the preparation of this report. Valentyna Diatlovska was preliminarily appointed as a leader for the preparation of this report.

Actions and conclusions:

- prepared questionnaire (based on ACER's questionnaires) will be distributed to EWG members.
- as the schedule is quite tight, the timeline for the preparation of this report will also be shared with EWG members (at the same time the questionnaires are distributed).

9. TF6 – Recovering and Development of electricity sectors (jointly with CWG/GWG)

EWG Deputy Chair reminded EWG members of the structure of this report presented by former EWG Chair, Milica Knežević, during the previous EWG meeting. She informed EWG that this report is going to be prepared jointly with CWG and GWG and that the main aim of this report is to analyze the impact of the energy crisis on EnC Contracting Parties and measures that were introduced in the short and long term and to give recommendations. However, since the schedule for 2022 is quite tight, EWG Deputy Chair proposed to shift this report to the next year, after the winter 2023/2024 is finished. EWG members agreed.

Regarding the Draft report *Impact of price surge on Energy Community Contracting Parties and measures undertaken*, EWG Deputy Chair informed EWG members that the report is going to be finalized and sent to them for approval soon.

Actions and conclusions:

- the report regarding recovering and development of electricity sectors will be prepared during the next year. Proposed timeline: to prepare the first draft by July 2024.

- to send the final version of the Draft report *Impact of price surge on Energy Community Contracting Parties and measures undertaken* for approval.

10. Next meeting

60th EWG meeting – 25th of September in Lisbon, back to back with MEDREG Event²

EWG members asked to receive a timely invitation and draft agenda in order to be able to physically attend next meeting.

11. AOB

EWG member from ANRE (Moldova) asked EWG to share with him how the imbalance price is calculated in other Contracting Parties.

Actions and conclusions:

- some EWG members will share the methodologies/rules for the calculation of the imbalance price with him.

List of participants

[Name, SURNAME (Organization)]

Nina GRALL-EDLER (ECRB Section)

Tamara NINKOVIC (EWG Deputy Chair)

Olena ANTONOVA (ECRB Section)

Valentyna DIATLOVSKA (ECRB Section)

Inna SURZHOK (ECS Electricity Unit)

Denis RUSHAJ (ERE)

Sasa LUKIC (SERC)

² Due to further changes after EWG meeting, the format of next EWG was changes to online

Tamar PARUNASHVILI (Georgia)

Skender MUQOLLI (ERO)

Ymer RUDARI (ERO)

Igor MALIDZAN (REGAGEN)

Elena KOLEVSKA (ERC)

Nenad STEFANOVIC (AERS)

Volodymyr TKACHUK (NEURC)

Samvel PETROSYAN (PSRC of Armenia)

Danijela VILIC (E-Control)

Anastasia PAPAIOANU (RAE Greece)

Seracuta STEFAN (ANRE Moldova)

Seda SHAHINYAN (PSRC of Armenia)