

NEWSLETTER

EU4ENERGY GOVERNANCE PROJECT

(JANUARY – JUNE 2019)

ISSUE
#3

Highlights in Issue No. 3

New blog post: Gas market reform:
There is more at stake than the price of your energy bill!

High Level Policy Talks in Georgia on the draft laws
on Energy, Renewables, Energy Efficiency,
and Energy Performance in Buildings

Moldova-Ukraine electricity market integration moves ahead

Cost benefit analysis assessment for regional
electricity and gas infrastructure projects

EU4Energy@energy-community.org

www.energy-community.org/regionalinitiatives/EU4Energy.html



EU4Energy



GAS MARKET REFORM: THERE IS MORE AT STAKE THAN THE PRICE OF YOUR ENERGY BILL



Peter Pozsgai / Gas Expert
Eastern Partnership Assistance Unit

The EU4Energy Governance project has been providing vital support to the governments of Georgia, Moldova, and Ukraine in preparing the legislative and regulatory frameworks for gas market reform. But what does this mean for the customer? In the long-run, customers will benefit from better services and competitive gas prices. However, there is much more at stake in the gas market reforms than just prices: energy security, sustainable economic development, and consumer protection are some of the issues that should concern everyone.

What is wrong with the current gas market?

A gas market dominated by one or few local incumbents, as is currently the case in the three countries, shows similar disadvantages of a monopoly market. In such a gas market there is a lack of efficiency and transparency, and the quality of services provided to customers tends to be lower. In a competitive environment, energy companies operate more efficiently, as they are obliged to optimize costs, reduce losses, increase their profits, and invest in new infrastructure while respecting tariffs set by energy regulators. A reformed gas market that is open to competition also ensures that gas companies will strive to keep their customers by providing them with high-quality services with no disruption to their supplies. National regulators ensure that fair rules are in place to protect customers, for instance in responding quickly to requests for network connection, or for repairs, and replying to customer complaints on any problem in services.

What is gas market reform?

This is a question that most consumers ask. Although they know many changes are happening, they are not sure of what gas market reforms entail. Simply put, market reforms entail setting the legal and regulatory framework that will allow gas markets to operate competitively: it will allow new gas suppliers to enter the market, it will limit the monopoly powers of the incumbent companies, and it will ensure that market relations such as setting prices or providing access to the infrastructure are fair and non-discriminatory. The changes in the legal and regulatory framework can be categorized in five main areas:

- **Unbundling** – the separation of the gas transport and gas supply services guarantees that the incumbent company no longer has an influence on the operation and the development of the gas transport infrastructure; rather, a gas transport company would finance its operation and development from the transportation tariffs and provide independent and transparent services to everyone on the market;
- **Access to the network** – to all gas supply and trading companies, so that everyone will be able to use the gas transport infrastructure and thus purchase and sell gas both on the national gas market and across the borders;

- **Wholesale market** – the rules and the design of the wholesale market will safeguard that both existing market players and new market entrants are subject to the same regulations, and their roles and responsibilities are clearly spelled out;
- **Retail market** – through the reforms on the retail market, national regulators can ensure that customers have the possibility to choose a supplier who has the best offer and that companies can earn a fair return on their investments without putting excessive charges on consumers;
- **Interconnectivity** – new infrastructure projects can link currently isolated markets, which can in turn lower gas prices by introducing a higher level of competition. Stronger links can also provide access to larger amounts of gas and as such boost security of supply.

How is the EU4Energy Governance project helping?

The EU4Energy Governance project has been providing support, over the last three years to the governments of Georgia, Moldova, and Ukraine in preparing the legal and regulatory frameworks for gas market reforms. This involves the following activities: preparing relevant legislation; holding high-level policy talks with government authorities and stakeholders to speed-up the adoption of new legislation; establishing working groups with stakeholders to support the reform process; and organising regional meetings to identify investment opportunities for regional infrastructure projects. A lot of work has been done in the last three years, but more work remains to be done.

In Georgia, the key priorities are the adoption of the new Law on Energy, which includes the unbundling of gas transport and gas supply services, establishing a system for open and transparent access to gas networks and putting in place the necessary instruments for efficient supplier switching.

In Moldova, the necessary legislation has been largely put in place by national authorities in cooperation with the Energy Community Secretariat, and the EU4Energy project supported several projects in this area. The issue of unbundling and connecting Moldova to other markets such as Romania continue to remain a challenge.

In Ukraine, the major international focus during 2019 is on the future transit of Russian gas towards the EU and on gas supplies to Ukraine itself in the winter of 2019/2020. The unbundling of Naftogaz and the establishment and certification of an independent gas transmission system operator are pre-requisites for the above. Other major challenges in the gas sector include the abolishment of the regulated prices and the definition of such prices and tariffs for natural gas distribution, which are fair for customers but also, guarantee a normal operation of the relevant companies so that they can provide high-quality services.



The EU4Energy Governance project provided support to Georgia in the development of detailed day-ahead and intraday market rules. In the area of energy efficiency, work was carried out to put in place an energy performance certification system for buildings. The EU4Energy Governance project delivered the draft gas methodology for Georgia and launched a new project to provide support in delivering a natural gas storage methodology.

EU4Energy Governance High Level Policy Talks in Georgia for parliamentarians on energy sector reform

1 February 2019

The EU4Energy Governance project organised a High Level Policy Talk in Georgia, targeted to parliamentarians who will soon be dealing with a number of energy-related legislation; the draft laws on Energy, Renewables, and Energy Performance of Buildings are currently in Parliament and the draft Energy Efficiency Law will be submitted soon to Parliament. Parliamentarians were provided with an overview of the key energy sector reforms and information on the relevant EU directives and regulations, as well as the corresponding provisions of the draft legislation.



ELECTRICITY MARKET

EU4Energy supports the development of detailed day-ahead and intraday market rules for Georgia

14 February 2019



The EU4Energy Governance project is providing support to the Georgian government in preparing the market rules for the operation of the day-ahead and intraday power market. The kick-off meeting was held in February with experts from the Energy Community Secretariat and representatives of the Georgian National Energy and Water Supply Regulatory Commission.



ENERGY EFFICIENCY

Georgia to acquire an energy performance certification system for buildings under EU4Energy support

15 March 2019



The EU4Energy Governance project is providing support in developing the national regulations on certification of the energy performance of buildings and preparing a template of the energy performance certificate. Experts will work in developing a rating scheme for assessing energy performance and a classification system of buildings, on a scale from A to G, by calculating the specific annual primary energy consumption for each energy class.



EU4Energy delivers a draft gas storage methodology for Georgia

17 April 2019



In close cooperation with the Georgian authorities, the EU4Energy Governance project prepared the draft legal act and a tariff calculator tool which will constitute the basis of the future storage tariff methodology. The final workshop with stakeholders was organized in April 2019 and the draft gas storage methodology was presented. The participants noted at the workshop that additional regulations will need to be put in place once the completion of the storage facility approaches.

EU4Energy presents the updated version of the proposed gas transmission tariff methodology and calculation

20 February 2019



The EU4Energy Governance project organised the second stakeholder workshop to present the proposed gas transmission tariff methodology. This methodology will establish a network code and enable the gas transmission system operator to collect its revenue based on the costs as they emerge on the various parts of the network.

EU4Energy presents the first draft methodology for calculating natural gas transmission tariffs for Georgia

16 January 2019



The first draft methodology for calculating natural gas transmission tariffs and the calculation tools for Georgia were presented at the stakeholder meeting. Under the proposed tariff methodology, the system for calculating costs becomes more transparent, the costs of the gas transmission operator are covered, and the tariffs are designed in a fair manner for consumers.



Moldova is upgrading its minimum energy performance requirements in new buildings or building undergoing major renovation. This support is part of the assistance that the EU4Energy Governance project is providing to Moldova for the implementation of the law of Energy Performance of Buildings. In gas market reform, work has started in drafting the legal acts to transpose two gas network codes from the Third Energy Package into the national legal framework of Moldova.



ENERGY EFFICIENCY

Minimum energy performance requirements for new buildings to be updated in Moldova

13 February 2019

The EU4Energy Governance project launched a new project that will support the Moldovan government in implementing Law no. 128/2014 on Energy Performance of Buildings. The support consists of updating the minimum energy performance requirements of new buildings or existing buildings that are undergoing major renovations.



GAS MARKET

EU4Energy supports transposition of gas network codes in Moldova

1 April 2019



The EU4Energy Governance project is providing support to Moldova in drafting the legal acts to transpose two gas network codes from the Third Energy Package into the national legal framework. A working meeting with Moldovan stakeholders took place on 1 April. Once adopted, Moldova will have capacity allocation mechanism rules in place that will provide for harmonized auctions when grid operators sell access to pipelines, and harmonised transmission tariff structures for gas.



The EU4Energy Governance project is providing support to Ukraine in preparing the NEEAP for 2019-2030 and Roadmap that sets the country's energy targets. A report on best practices in monitoring of gas supply quality was prepared and presented to Ukrainian stakeholders. The EU4Energy Governance project provided support in developing the technical standard emissions for plants incinerating or co-incinerating waste. Work has also started on the transposition of Regulation EU 347/2013 that will facilitate investments in energy infrastructure and help Ukraine to achieve the Energy Community's energy and environment policy objectives.



ELECTRICITY MARKET

High Level Policy Talks on Moldova-Ukraine electricity market integration

14 June 2019



A second series of High Level Policy Talks for electricity market integration, between Ukraine and Moldova was organised in Odesa with stakeholders from both countries. The event examined the remaining challenges faced in the market integration between the two countries and the next steps forward in moving ahead. Inter-transmission system operator (TSO) cooperation was in the spotlight, focusing on cross-border capacity calculation and joint allocation rules, a joint mechanism for compensation of unintended deviations, and cross-border balancing rules harmonized with the Energy Community acquis.

EU4Energy workshop addresses mechanisms for cross-border electricity balancing cooperation between Ukraine and Moldova

29 March 2019

As part of the EU4Energy Governance project support to electricity market reform for Ukraine and Moldova in establishing day-ahead, intraday, balancing and ancillary services markets, a joint workshop was organised with stakeholders. The workshop focused on the implementation of the Commission Regulation (EU) 2017/2195 in establishing a guideline on electricity balancing (EBGL), and the status of implementation of ongoing European projects for exchange of balancing services. The workshop also identified next steps for further regional cooperation between Ukraine and Moldova, and participants agreed hold to follow-up meetings dedicated to opening legal matters.



ENERGY EFFICIENCY

EU4Energy assists Ukraine in setting national energy savings measures for 2019-2030

18 January 2019



The EU4Energy Governance project is cooperating closely with Ukrainian authorities to prepare the National Energy Efficiency Action Plan (NEEAP) for 2019-2030 and Roadmap that sets the country’s overall and intermediate national indicative energy saving targets, for the public and private sectors, and proposes concrete measures and actions to achieve these targets. The NEEAP is within Ukraine’s commitments, under the Energy Community Treaty, in developing and implementing energy efficiency and energy savings policies. Currently Ukraine relies on the Law on Energy Conservation adopted in 1994 as the main legal act on energy efficiency; the Energy Services Directive 2006/32/EC and the Energy Efficiency Directive 2012/27/EU

remain to be transposed.



GAS MARKET

EU4Energy presents European best practices in monitoring of gas supply quality

28 January 2019



The report on European best practices in monitoring of gas supply quality was prepared by the EU4Energy Governance project. The report takes stock of the best practices of EU and Energy Community energy regulators in monitoring the performance of distribution system operators and retailers suppliers. The speed and accuracy of handling customer complaints, providing connection to the gas distribution network, and ensuring uninterrupted supply are among the topics assessed.



ENERGY-RELATED ENVIRONMENT

Ukraine is one step closer in reducing the environmental impacts of industrial installations

12 February 2019



The EU4Energy Governance project is providing support to the Ukrainian authorities in developing new technical standard emissions for plants incinerating or co-incinerating waste. The draft secondary legislation will regulate emissions of plants disposing waste, or using waste as fuel. The findings of the technical assistance provided by the EU4Energy Governance project were presented to stakeholders at a workshop on 12 February 2019.



Energy Community Secretariat experts present recommendations to assist Ukraine with the transposition of Regulation EU 347/2013

21 February 2019



The EU4Energy Governance project is providing support in the transposition of Regulation EU 347/2013 that will facilitate investments in energy infrastructure in the country and help Ukraine achieve the Energy Community's energy and environment policy objectives. The EU4Energy Governance project carried out an extensive legal analysis of the current regulatory framework and presented the results to stakeholders in a workshop carried out on 21 February 2019.

REGIONAL / CROSS-BORDER NEWS

EU4Energy Governance workshop presents preliminary results of assessment of selected key regional energy infrastructure projects

10 April 2019

Five regional energy infrastructure projects of the Eastern Partnership countries, submitted by the project promoters, were the assessment using the applied cost benefit analysis (CBA) methodology that was developed through EU4Energy technical assistance. The preliminary results of assessments were presented in Kyiv and discussed with stakeholders from Armenia, Belarus, Georgia, Moldova, and Ukraine.

[READ MORE](#)

TEAM NEWS

EU4Energy Governance project reaches out to citizens

The EU4Energy Governance team started an outreach campaign to increase knowledge and understanding of the project work and raise awareness of the benefits of energy reforms for citizens. The legal and regulatory work carried out by the EU4Energy Governance project is sometimes too complex to comprehend in terms of impact and benefits for citizens. Hence, we have adopted the hashtag **#EnergyReforms4Citizens**.

Furthermore, we launched the **EU4Energy Governance blog** that is our new communication platform for talking about our work and the impact it is making. Blog posts cover such topics as benefits for citizens of new energy laws and regulations, energy efficiency improvements in buildings, the importance of gas market reform etc.

Outreach activities continue with weekly posts on social media platforms (Facebook and Twitter) with the **EU4Energy Citizens Tip**. The EU4Energy Citizens Tip provides helpful information on energy efficiency that can be applied at home and in the workplace. Every Friday our followers receive useful tips on heating and cooling, water heaters, efficient lighting, use of appliances and much more. Also recently, the EU4Energy Citizens Tips have taken a slight turn in direction, presenting in an easy manner the regulatory work of the EU4Energy Governance project and the benefits that energy sector reforms will have on the daily lives of citizens.

The EU4Energy Governance project also prepared a publication targeted to citizens – **Citizens Brief**. The new law on energy performance in buildings in Georgia will bring building regulations in line with the minimum requirements of EU Directive 2010/31/EU and in line with Georgia’s Energy Community obligations. The Citizens Brief explains how the new law will have a positive impact on the lives of citizens by helping them to save money, improve the comfort level of their home, and have a healthier home environment.

The EU4Energy Governance project is focused on helping governments to draft and adopt new laws and regulations in the energy sector that will ultimately help citizens. Citizens are at the heart of our work. Engage with us on [facebook](#) and [twitter](#) to find out more about energy reforms.

Selection of our followers’ favorite posts:

HOT SUMMER
ENERGY EFFICIENCY TIPS
Keep your home cooler during the summer!

- Draw your curtains or blinds
- Keep the doors inside your house open
- Avoid cooking in the oven
- Use a fan, preferably a ceiling fan

DID YOU KNOW THAT

low energy light bulbs need up to **80%** LESS ELECTRICITY than traditional bulbs

AND LAST UP TO 10 TIMES LONGER?

USE YOUR AIR CONDITIONER EFFICIENTLY AND SAVE MONEY ON YOUR ENERGY BILL

- 8°C lower than the outside temperature
- Use the economy mode
- Close all doors and windows
- Use AC only in the areas you are using

IF YOU LOWER THE TEMPERATURE OF YOUR HOME BY ONLY 1 DEGREE CELSIUS YOU WILL SAVE UP TO 8% ON YOUR HEATING COSTS

IDEAL TEMPERATURES

- Living room: 19-22°C
- Bathroom: 23°C
- Bedroom: 16-17°C

EU4Energy Governance project: the latest implementation results

The EU4Energy Governance Project runs for four years from June 2016 to June 2020 and country work programmes are prepared annually. The second country work programmes were completed in April 2019 and the implementation of the third country work programmes have started.

The key highlights of the EU4Energy Governance work carried out so far and the results achieved to date are presented in the tables below by country and by area of work. Since the start of the project, the EU4Energy Governance project has prepared 55 regulatory drafts, established 30 working groups, organised 119 workshops and meetings, and trained 823 officials.

GEORGIA: KEY FACTS & FIGURES

Work Programme 1*	14	6	14	81
Work Programme 2**	7	3	18	199
Total to date	21	9	32	280
<small>*May 2017 – May 2018 **June 2018 – April 2019</small>	REGULATORY DRAFTS PREPARED	WORKING GROUPS ESTABLISHED	WORKSHOPS AND MEETINGS ORGANISED	OFFICIALS TRAINED

MOLDOVA: KEY FACTS & FIGURES

Work Programme 1*	8	6	22	210
Work Programme 2**	11	4	15	153
Total to date	19	10	37	363
<small>*May 2017 – May 2018 **June 2018 – April 2019</small>	REGULATORY DRAFTS PREPARED	WORKING GROUPS ESTABLISHED	WORKSHOPS AND MEETINGS ORGANISED	OFFICIALS TRAINED

UKRAINE: KEY FACTS & FIGURES

Work Programme 1*	7	6	29	80
Work Programme 2**	8	5	21	100
Total to date	15	11	50	180
<small>*May 2017 – May 2018 **June 2018 – April 2019</small>	REGULATORY DRAFTS PREPARED	WORKING GROUPS ESTABLISHED	WORKSHOPS AND MEETINGS ORGANISED	OFFICIALS TRAINED



EU4Energy



EU4Energy Governance Project

The EU4Energy Governance Project is a technical assistance project funded by the European Union, under the EU4Energy Initiative. It targets policy makers working in the energy sector of Eastern Partner countries and helps them strengthen their legislative and regulatory frameworks as well as identify investment opportunities in key energy infrastructure projects. Within this project, the Energy Community Secretariat is delivering technical assistance to three Eastern Partner countries Georgia, Moldova and Ukraine that are members of the Energy Community. Regional activities of the project also involve Armenia, Azerbaijan and Belarus.

The EU4Energy Initiative covers all EU support to improve energy supply, security and connectivity, as well as to promote energy efficiency and the use of renewables in the Eastern Partner countries Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. It does this by financing projects and programmes that help to reform energy markets and to reduce national energy dependence and consumption. Over the longer term, this makes energy supply more reliable, transparent and affordable, thus reducing energy poverty and energy bills for both citizens and the private sector.

Energy Community Secretariat
Am Hof 4, Level 5-6, 1010 Vienna,
Austria
Tel. +431 535 2222

EU4Energy Regional Office for Belarus,
Moldova and Ukraine
Khreschatyk str. 15, Office 65, Kyiv,
Ukraine
Tel. +38 044 279 77 00

EU4Energy Regional Office for Armenia,
Azerbaijan and Georgia
2 Sanapiro Str., Tbilisi, Georgia
Tel. +43 664 883 68 535



Follow us



#EU4Energy
#EnergyCommunity
#Strongertogether
#EnergyReforms4Citizens

All articles in this newsletter have a corresponding article with more information which can be found in the news section of the EU4Energy sub-site:
www.energy-community.org/regionalinitiatives/EU4Energy.html

This newsletter has been produced with the assistance of the European Union in the framework of the EU4Energy Initiative. The contents are the sole responsibility of the Energy Community Secretariat and can in no way be taken to reflect the views of the European Union.

Funded by the European Union under the EU4Energy Initiative.