FINAL MINUTES OF THE 3RD ECRB MEETING

ATHENS, July 5, 2007

The ECRB met in Athens on July 5, 2007. The following issues were discussed.

1. Approval of the agenda and of the 2nd ECRB meeting minutes

1a) The agenda of the meeting was adopted.

1b) The ECRB approved the minutes of the 2nd ECRB meeting held on March 1.

2. Electricity issues

2a) Confirmation of the nomination of the Co-ordinated Auction Office Implementation Group chairman

Related documents:

Discussion: The Commission presented its proposal to nominate Mr. Puharić, Commissioner at the Croatian Energy Regulator (CERA), as chairman of the Co-ordinated Auction Office Implementation Group, according to the 10th Athens Forum conclusions.

The Implementation Group will be composed by representatives of the regional Regulators and TSOs, donors -as observers- can participate to, in an ad hoc basis.

Conclusion: The ECRB confirmed the nomination of Mr. Puharić as chairman of the Implementation Group.

2b) Approval of the Co-ordination Auction Office Implementation Group terms of reference

Related documents: ECRB Electricity Working Group draft terms of reference on the South East Europe Co-ordinated Auction Office and the Draft Report on the South East Europe Co-ordinated Auction Office Implementation Process.

Discussion: The ECRB considered that the Process to establish the Co-ordinated Auction Offices in the Internal Market is outlined in the ERGEG position papers and the Office for South East Europe is part of the overall initiative.

The ECRB made also suggestions to improve the terms of Reference of the Co-ordinated Auction Office and in particular to add in the priorities' list an extra point related to "the Harmonisation with the neighbouring regional initiatives and Integration".

The ECRB also discussed the relations of the Implementation Group with the other parties involved in the South East Europe Region process and in particular the Athens Forum, the ECRB Electricity Working Group and the stakeholders.

Conclusion: The ECRB adopted in principle the Co-ordinated Auction Implementation Group Terms of Reference subject to amendments mentioned above. The ECRB requested the chair of the Implementation Group to distribute the revised Terms of Reference and invite the first meeting of the group in the first half of September.

The relation of the Implementation Group to the other parties of the South East Europe Process is outlined in Annex 1.

2c) Decision on the Auction Office perimeter countries

Related documents: Electricity Working Group Explicit Flow-based Coordinated Auctions in SEE perimeter countries.

Discussion: The Hungarian Regulator informed the ECRB that it will avail its interconnectors with the region to the South East Europe Co-ordinated Auction Office.

The Hungarian Regulator informed the ECRB that the intention of the Hungarian Energy Office is to use the CEE allocation mechanism on the Hungarian-Romanian border as well.

The Commission announced that it considers establishing an eight region by amending the congestion management guidelines. The 8th region will include the following Member States: Bulgaria, Greece, Hungary, Slovenia and Romania and the non EU parties: Albania, Bosnia and Herzegovina Croatia, FYR of Macedonia; Montenegro, Serbia and UNMIK. The non EU parties but contracting parties to the Energy Community will be integrated into the 8th region through the Energy Community Treaty, hence Title III. The regional split is based on the European infrastructure pattern.

The Croatian Regulator reiterated the Croatia's position to be an overlapping country.

Conclusion: The ECRB acknowledged the importance of defining the borders of the 8th region and consequently the perimeter countries to it. The ECRB asked the ERGEG Electricity Working Group to make a recommendation to ERGEG with regards to establishing the 8th region. The ECRB asked the Commission to proceed with establishing the 8th region. and to start the common Comitology procedure between EU and EnCT signatories.

2d) Position on the treatment of the interconnected capacity

Related documents: Electricity Working Group proposal On the Explicit Flow-based Coordinated Auctions in South East Europe Treatment of interconnected capacities

Discussion: The ECRB reiterates that Regulation 1228/03 is applicable in the EnC Treaty contracting parties as from July 1, 2007. The ECRB invites contracting parties to implement the provisions of the Regulation and therefore make the maximum interconnected capacity available to the Co-ordinated Auctions Office.

Conclusion: The ECRB requested the Commission and the Energy Community Secretariat to monitor the implementation of the Regulation and present a report to the next ECRB meeting.

2e) Preliminary position on the Co-ordinated Auction Office revenue allocation

Related Paper: Electricity Working Group Explicit Flow-based Coordinated Auctions Revenues Distribution in SEE region

Discussion: The Energy Community Secretariat informed the ECRB that Verbund (the Austrian TSO) singed the contract to continue the dry run and provide the necessary infrastructure to enable dry-run simulations. The Consultant of SETSO NACMPF SG will continue to look into the best option for the revenue sharing.

The regulators recognised that the distribution of revenues is a complex issue and that further work is required. The principles to respect when looking at the Congestion Management Revenue usage are set out in the Regulation 1228/2003. The principles are: Relieve congestion by investment, Guarantee availability of allocated capacity and Reduce tariffs.

The discussion indicated that the Regulators agreed that Absolute usage of interconnectors should be selected among Consultants' proposals for further investigation and may include application of weighted factors (« hybrid model »).

Conclusion: The ECRB thanked the Electricity Working Group for having agreed the principles on the revenues distribution.

The ECRB encouraged the SETSO NACMPF SG and the consultants (CONSENTEC/APCS) to elaborate more in depth the absolute usage of interconnectors introducing weighting factors, as a principle which could be an acceptable method for further testing analyses. The consultants are expected to analyse comments defined by the Electricity Working Group. The Co-ordinated flow-based Auctions mechanism on the short-term basis (day-ahead and intra-day level) should be elaborated by SETSO NACMPF SG within the dry-run implementation. Further active co-operation between ECRB EWG and SETSO NACMPF SG and consultants is required.

The ECRB invited the EWG to regularly update the Board.

2f) Adoption of the Common position paper on the Regional Balancing Market

Related documents: Common position of the Group on the Regional Balancing Mechanism, elaborated within the Discussion Paper on the SEE RBM.

Discussion: The ECRB considered this paper as an important step further in the development of the regional market. The ECRB discussed about action plans with the aim to develop the regional balancing market.

Conclusion: The ECRB adopted the paper and asked the EWG to work on the next steps necessary to develop a regional balancing system.

The ECRB encouraged the SETSO BM SG to develop the regional Automatic Scheduling Control model and software which could detect day-ahead and intra-day residual interconnection transmission capacities, after the commercial nominations (harmonisation of gate closures), as it is a prerequisite for the proposed Regional Balancing Mechanism real implementation, until day-ahead transmission capacity allocation is not established in the region.

The ECRB requested the EWG to carry on working effectively with the regional balancing proposal (possible dry run, organisational issues, benchmarking).

The ECRB also acknowledges that funds are necessary to make the regional balancing mechanism functioning. The ECRB asked the Commission to seek the donor's assistance in this respect. In this respect, the ECRB asked the Commission to bring this issue to the attention of the upcoming donors meeting scheduled for November 14.

3. Customers' issues

3a) Adoption of the ECRB Working Customers Working Group paper "Best practices in helping vulnerable household customers"

3b) Actions necessary at Energy Community level and action on national level to implement measures to help vulnerable household customers

Related document: "Best Practice Guidelines on the Protection of Vulnerable Household Customers" (R07-WGC-01-05).

Discussion: The paper was received warmly by the ECRB. The ECRB reflected about the next steps at Energy Community and national level that would ensure an effective follow up on this important deliverable. The outcome of discussion is reflected in the conclusions.

Conclusions: The ECRB adopted the paper on the "Best Practice Guidelines on the Protection of Vulnerable Household Customers" (R07-WGC-01-05).

The ECRB welcomed the idea of addressing the Consumers' aspect during the "Social Conference" (on signing the Social Memorandum of Understanding) being prepared by the EC and the Secretariat. The ECRB invites the Secretariat to provide assistance and funds in organising the conference.

The ECRB considers making the Best practices paper (the R07_WGC-01-05) a non binding recommendation pursuant to the provisions of Article 33 of the Energy Community Treaty. In this respect, the ECRB requests the Secretariat to make the appropriate arrangement.

3c) Scope of donors' support in helping countries to support their vulnerable household customers

Related document:

The chair of the ECRB Working Group Customers debriefed the board on the outcome of a preliminary meeting with the donors on possible support from their side to vulnerable household customers. The meeting in question held in Vienna on June 18.

Discussion: The ECRB agreed that the donors' support to vulnerable customers should be further looked into.

Conclusion: The ECRB asked the Commission in its capacity as chair of the donors' group to discuss this issue at the next donors' meeting.

4. Gas issues

Related documents: Presentation on the development of the gas regional initiative in South East Europe and comments on the guidelines on the development of new gas infrastructure.

Conclusion: The ECRB took note of the progress with regards measures necessary to develop the gas market in South East Europe. In addition, the ECRB approved the position of the Gas Working Group regarding the development of a gas regional initiative in SEE (GRISE) and in particular that the RCC of GRISE should be the working group itself, the implementation group (IG) should be the Gas Group on Infrastructure Investment Regulation (GGIIR) and the Stakeholders Group (SG) should be the anticipated Gas Forum itself.

5. Any Other Business

5.1 Classification of ECRB Working Group draft documents

Related documents:

Discussion: The ECRB acknowledged that some issues may require further consideration and discussions within the working groups before the Board adopts a position on these issues. In this respect and to facilitate the work under way, the ECRB instructs the chairs of the working groups to classify as "Concept papers" documents that need to be presented for consultation in the EnC fora.

Conclusion: As the discussion above indicates.

5.2 Training of Regulators at the Florence School of Regulation

Related documents: Florence School of Regulation proposal on training for Regulators from South East Europe.

Discussions: The outcome of the discussions is outlined in the conclusion.

Conclusions: The ECRB encouraged training of Regulators at the Florence School of Regulation. To this end, the ECRB invited its members to nominate persons to attend the course and look whether they have available resources to support the training and asked the Commission and the Secretariat to look into providing funding where necessary. The ECRB asked the Secretariat to make the appropriate arrangements with the aim to having the training course start in the fall.

5.3 ECRB budget

Related documents:

Discussion: The ECRB acknowledges that studies to support the on going activities of its Working Groups are necessary. According to estimations of the ECRB Working Group chairs, an amount equal to 300.000€ should be carried over to the ECRB budget part for 2008.

Conclusion: The ECRB asked the Secretariat to make the funds, already envisaged in the budget available and invited the chairs of the working groups to make detailed proposals at the next ECRB meeting.

5.4 Next ECRB meeting

The 4th ECRB meeting will be held on September 27.