DRAFT MINUTES OF THE 5th ECRB MEETING

ATHENS, February 7, 2008

Divani Palace Acropolis Hotel, 19-25 Parthenonos Str. 117 42, Athens, Greece

Attendees			
Slave Ivanovski	ERC	Former Yugoslav Republic of Macedonia	ECRB President
Heinz Hilbrecht	EC / DG TREN		ECRB Vice President
Mirsad Salkic	SERC	Bosnia and Herzegovina	Member
Tomo Galic	HERA	Croatia	Member
Milan Puharić	HERA	Croatia	IG Chairperson
Srdan Zutobradic	HERA	Croatia	Member
Branko Kotri	ERA	Montenegro	Member
Milodarka Dautović	ERA	Montenegro	Member
Petar Maksimovi ć	AERS	Serbia	Member
Nenad Stefanovi ć	AERS	Serbia	EWG Chairperson
Nysret Avdiu	ERO	UNMIK	Member
Naim Betjullahu	ERO	UNMIK	Member
Dietmar Preinstorfer	E-Control	Austria	Participant
Kypros Kyprianides	CERA	Cyprus	Participant
Philippe Raillon	CRE	France	Participant
Michael Thomadakis	RAE	Greece	GWG Chairperson
George Koutzoukos	ERGEG		
Vasilis Panousopoulos	RAE	Greece	Participant
Dimitris Lelovitis	RAE	Greece	Participant
Attila Bakonyi	HEO	Hungary	Participant
Zsuzsa Portörö	HEO	Hungary	Participant
Fabio Tambone	AEEG	Italy	Participant
Guiseppina Squicciarini	AEEG	Italy	Participant
Otilia Marin	ANRE	Romania	Participant
Irma Kavtaradze	GNERC	Georgia	Observer
Nino Asatiani	GNERC	Georgia	Observer
Slavtcho Neykov	ECS		
Olivier Silla	EC/DG TREN		
Chrysoula Argyriou	EC/DG TREN		
Andrea Brandstätter	ECRB Section of ECS		
Claudia Cordié	ECRB Section of ECS		
Roland Matous	ECRB Section of ECS		

The ECRB met in Athens on February 7, 2008. Contracting Parties' Regulators were present except the Regulator of Albania (see letter attached as annex I). From the Participants' Regulators the Slovenian Regulator sent a note (annex II) excusing his absence and outlining his positions on various issues.

The following issues were discussed:

1. **Approval of the Agenda**

   Related document: R07-GA-05-01

Conclusions: The ECRB approved the agenda with the following adjustments (as displayed on the spot):

- The reference number "R08-GA-05-05a" is introduced next to the agenda item "Results of the consultation on the Coordinated Auction Office Action Plan"
- Letters received until the day of the 5th ECRB meeting in reply to letter ECRB-L-CAO-07-01 are added as reference documents to the present agenda as "R08-GA-05-06a_AERS; R08-GA05-06b1_HEP; R08-GA05-06b2_MinCr; R08-05-06c_ECG; R08-GA-05-06d_AEEG;"
- During the meeting it was decided to drop item 6.3 from the agenda with the relevant reference document (R08-GA-05-11).

2. **Approval of the Minutes**
   Related document: R07-GA-04-02

Conclusions: The ECRB approved the minutes of the 4th ECRB meeting.

3. **Approval of the ECRB Work Programme 2008-2009 – Scope and costs for external consultancy, Training and information on applicable procedures to finance external consultancy**
   Related documents: R08-GA-05-03a and R08-GA-05-03b;

3a. ECRB Work Programme 2008-2009

Discussion: The Commission informed the ECRB that the EnC work programme, including a chapter on ECRB, was adopted by the December Ministerial Council, in Belgrade. The principles of the ECRB work programme 2008-2009 were agreed at the 4th ECRB meeting and the ECRB asked the Chairs of the Working Groups to developed detailed work programs.
The Working Groups Chairs' outlined the respective work programmes.

The GWG chair suggested that ECS looks into the possibility of co-financing of studies or workshops through the donor's community (e.g. for the Distribution Conference).

ERGEG stressed the need and willingness of cooperation among the ECRB GWG the relevant CEER and ERGEG Gas Working Groups and regional initiatives (South South East).

The EWG chair stressed that Transmission Planning and ITC should be reintroduced into the EWG Work Plan since the latter has direct influence on regulatory tasks (Tariffication, cost base) and since regulators can veto against the ITC agreement. He suggests advising the ECRB regularly about updates on this issue. He also mentioned that at least five EWG meetings are necessary to prepare the relevant ECRB positions for the Athens Fora and that the number of meetings should be included in the Work Programme.
The work program of the CWG was not discussed because the chair was not present.
The Commission indicated that with regards to the CWG some further reflection is necessary. ECRB put a reserve and asked the CWG programme to be discussed in details at the next ECRB meeting.

Conclusions:
The ECRB adopted the work programme of the EWG and GWG for 2008-2009 and invited the CWG to amend the group's work programme taking into account the advice outlined above.

3b. Consultancy Needs

Discussion: The EWG, GWG and IG chairs presented the needs for studies to carry out with the view to reaching the goals set out in the ECRB work programme. ECRB postponed the discussions on the CWG study needs for its next meeting.

The ECS Director informed the ECRB about the applicable budgetary procedures, under the Austrian law. These procedures have to be respected when a study is due to be launched. The ECS Director informed that according to the Austrian Public Procurement Law the procedure for tendering may take 2 months on average. He further proposed concrete scheme for relations between ECS and ECRB in line with the applicable rules, which should be applied when developing activities related to consultancy needs of ECRB. This scheme has been outlined in an official letter to the ECRB President. According to the proposal, based on the fact that the Secretariat has a leading role in the execution of the Energy Community Budget, the ECRB shall be in charge of defining the substance. ECS will need final decision from ECRB in order to start with the relevant procedure. Prior to the approval of the Terms of Reference it is not possible to start the procedure. The ECRB shall nominate representatives for a Steering Committee, from the side of the ECS the Head of ECRB Section shall be also presented in the Committee.

The Commission reminded the ECRB that the overall budget of the Board was approved by the Ministerial Council of December 2007 and requested that the budget for the studies can not go beyond the approved figures of 250.000€ and 300.000€ for the years 2008 and 2009, respectively.

The Commission also noted that the allocation of the budget among the three working groups is not balanced.

The ECRB took note of the studies and the related budget. However, the ECRB noticed that some studies address very particular issues, have a small budget and require very little human resources. In addition to this, the administrative burden to launch and monitor small consultancy's portions is rather high. The ECRB considered that studies have to deliver results covering the whole issue under examination.

The ECRB noticed that the requested budget to carry out studies for 2008 goes beyond the funds available for the ECRB.

The ECRB Head of Section presented the training opportunities for 2008 and 2009 (e.g. potential joint ECRB/CEER workshops on predefined regulatory topics) including other tasks with relevant cost implications. She informed about a letter sent on the same day by Florence School of Regulation offering 8 grants for the advanced training course in spring.

As for training the ECS Director communicated that there is a possibility to send concrete proposal from ECRB to the UK Embassy in Ljubljana which is preparing the second phase of the Energy training programme for South East Europe. He noted that concrete proposals in this direction by ECRB shall be most welcome.

The ECS director invited the President, the Vice-president and the Chairs of the ECRB WGs to an operational meeting. The meeting will take place in Vienna, on 10.03.2008. The meeting will discuss and work out details related to the cooperation between the EnCS and the EnC Secretariat ECRB section.

Conclusions: The ECRB invited the Chairs of the WG to establish an overall priorities' list and draw the budget line at 250.000€. Those studies that merit consideration but are not included in the priorities' list can be put in a reserve list.

The ECRB agreed that the consultancy needs should be further discussed among WG chairs, ECRB Section and ECS Director with a view to meet the priorities and to achieve a balance among the several working groups, taking into account also the added value of such support/studies.

The priorities' list will be reviewed and agreed by the ECRB at its 6th meeting scheduled for May 15, 2008. The ECRB also indicated that individual studies will be approved on a case by case basis, after the Terms of Reference are drafted and brought to the ECRB attention.

In the interim, and if it is urgent to launch a study before May 2008, the relevant WG chair needs to send the Terms of Reference to the ECRB President and Vice-President who will then organize a written procedure for approval.

ECRB agreed the following procedure: ECRB approves the relevant Terms of Reference and passes information to the ECS; then the tendering procedure can be started. ECRB President informs ECS about the composition of the relevant Steering Committees.

For the 2009 Work Programme a first outline of necessary studies shall be ready and presented in the ECRB meeting of September 2008 and finally approved in the last ECRB meeting of the year 2008.

The ECRB accepted the invitation, by the EnC Secretariat director, to hold an operational meeting.

4. Approval of the Annual Report – for submission to the MC
Related documents: R07-GA-05-04

Conclusions: The ECRB welcomed the report prepared by the ECRB Secretariat. The ECRB asked its members to comment by the end of February.

5. Electricity issues

5.1. Report on the procedure to establish the 8th region
Related documents: --

Discussion: The Commission, in its capacity as Vice-President of the ECRB, informed the meeting that the definition of the 8th region has been discussed in several instances, both as regards the appropriate legal procedure and as regards its perimeter.
As for the legal procedure, the Commission has consulted its Legal Service. The following approach was confirmed:

- The decision shall be taken in the Energy Community framework;

- The decision-making of Title III of the Treaty shall apply (2/3 majority of the votes cast, including a positive vote of the European Community).

Consequently, the corresponding draft decision will be examined at the next meeting of the Permanent High Level Group on 11th March, for possible submission to the June Ministerial Council.

As regards the perimeter of the region, the Commission informed the meeting that TERNA, the Italian TSO, sent a letter explaining the reasons why Italy should be participating in the 8th region.
The ECRB President recalled the position of AGEN-RS with regard to the 8th region AGEN-RS' which states that its position remains firm and unchanged in line with the position of the European Commission, expressed at the previous ECRB meetings in 2007.
HERA stressed his position from the 4th ECRB meeting.
RAE supports the letter sent by AEEG (R08-GA-05-06d_AEEG).

Conclusions: The ECRB appreciates that the PHLG will examine the relevant draft decision on March 11, 2008 with the view to submit it to the Ministerial Council in June.

5.2. Coordinated auction office

- **Follow-up of the Ministerial Council conclusions**

Discussion: The Commission reminded the ECRB that the Ministerial Council meeting, held in December 2007, gave a clear political support to the swift implementation of the CAO.

- **Progress-Report of the SEE CAO IG activities**
  Related documents: R08-GA-05-05 *(distributed after the meeting)*

Discussions: The IG Chair reported that it is planned to adopt the Action Plan as final Roadmap, to agree on a list of criteria for selecting the location of the Auction Office and to present a draft Memorandum of Understanding between TSOs which could be signed during the Athens Forum in May 2008.

Conclusions: The ECRB thanked the IG Chair for reporting on progress with respect to the establishment of the Coordinated Auction Office.

- **Results of the consultation on the Coordinated Auction Office Action Plan**
  Related documents: R08-GA-05-05a

Discussion: The EWG recommended to approve the revised Action Plan and to adopt it officially at the 3rd IG Meeting.

RAE stressed that the text of the Action plan goes beyond the description and definition of tasks and that it has some doubts about the timetable.

Conclusions: The ECRB noted that the consultation procedure with the stakeholders with regard to the CAO plan proceeded successfully. The ECRB approved the principles of the Action Plan and encouraged the Implementation Group to continue its work.
The ECRB noted that RAE's concerns have been reflected in the revised version of the Action Plan and Mr. Puharic will take them into account.

- **Applications for the location of the CAO and selection of criteria**

Related documents: R08-GA-05-06 (ECRB-L-CAO-01-07); R08-GA-05-06a_AERS; R08-GA05-06b1_HEP; R08-GA05-06b2_MinCr; R08-05-06c_ECG; R08-GA-05-06d_AEEG

Conclusions: ECRB took note of the five letters received as reply on the letter ECRB-L-CAO-01-07 (invitation letter to host the seat of the CAO).

- **Report on the CAO Dry Run project – for information**
  Related document: R08-GA-05-07

Discussion: The EWG reported that SETSO explained that the calculated border capacity values are small and that the so called max flow approach for transmission capacity calculation is being analyzed. He explained that the relevant software which was adjusted for that new approach would not be identical with the final commercial software which needs to deal with daily auctions.

Conclusions: The ECRB welcomed the final report R08-GA-05-07.
The ECRB encouraged the continuation of the Dry-run and asked the contractor to pay particular attention in developing the commercial software necessary for the CAO. The ECRB supported the initiative taken by the contractor to develop the commercial software.

5.3 Progress Report on EWG activities
Related document: R08-GA-05-07

Discussion: The EWG Chair reported on the development of the WG activities.

Conclusions: The ECRB thanked the EWG chair for reporting on the activities of the Group. With regard to the particular issue on the regional wholesale market study, the Board asked the EWG to work in close co-operation with the World Bank with the aim to develop a gradual approach leading to the creation of a regional market.

6. Gas Issues (all by GWG chair)

6.1. Progress report of the GWG activities
Related documents: R08-GA-05-09

Discussion: The GWG chair highlighted that the priority targets of the ECRB shall be an enhanced regulatory environment that facilitates and maximizes the exploitation of unused but contracted existing capacity and the development of additional infrastructure including in particular distribution grid. He suggested having a meeting with the EC before the next ECRB meeting to come forward with a top down approach on the Regional Initiatives.

Conclusions: The ECRB thanked the GWG for having debriefed the Board on the progress achieved. The ECRB took note of the Gas Survey and welcomed the output of the study. The ECRB invited the GWG to develop further steps and concrete proposals, along the lines outlined in the presentation made by the GWG chair. The ECRB will consider the detailed proposal on how to develop the gas market in the next meeting.

7. Customer Issues

7.1. Progress Report of the CWG activities
Related documents: R08-GA-05-12 *(distributed after the meeting)*

Discussions: In the absence of the CWG chair, the ECRB Head of Section debriefed the ECRB on the progress of the CWG.

Conclusions: The ECRB took note of the Residential Energy Efficiency and Affordability Implications Workshop agenda.

8. Other issues

8.1. National report structure – for discussion/approval
Related documents: R08-GA-05-14; R08-GA-05-14a

Conclusions: The ECRB encouraged its members to draft National Report following the 2008 ERGEG structure and invited the ECRB Section to provide assistance to individual Regulators in filling out the questionnaire and indicators. On the basis of the national report, the ECRB Section of ECS will produce a regional assessment report for submission to the ECRB in September.

8.2. ECRB and WGs meetings calendar – for information
Related documents: R08-GA-05-15

Conclusions: ECRB took note of the calendar and approved the dates. ,

8.3. Presentation of the draft Communications and functioning rules for ECRB Working Groups (by ECRB-S/ECS)
Related documents: R08-GA-05-16

Conclusions: The ECRB considered that the Communication and functioning rules require further elaboration and asked comments by all participants by the end of February. The Communication and functioning rules of the ECRB WG will be adopted at the 6th ECRB meeting.

8.4. Update on the third package (by EC)

Discussion: The Commission updated the ECRB on the progress with regards the discussions at the European Parliament and Council on the third package.

8.5. ECRB Website User Manual – for information (by ECRB-S/ECS)
Related documents: R08-GA-05-17

Discussion: The ECRB Section informed the meeting the ECRB website functionalities and encouraged all ECRB members to use them (in particular, the online registration for meetings).