



Energy Community Regulatory Board

Work Programme 2018

# ABOUT ECRB

The **Energy Community Regulatory Board** (ECRB) operates based on the Treaty establishing the Energy Community (hereinafter ‘the Treaty’). As an institution of the Energy Community<sup>1</sup> ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and makes recommendations in the case of cross-border disputes between regulators.

ECRB is the independent regional body of energy regulators in the Energy Community and beyond. ECRB’s mission builds on three pillars: providing coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders and sharing regulatory knowledge and experience.

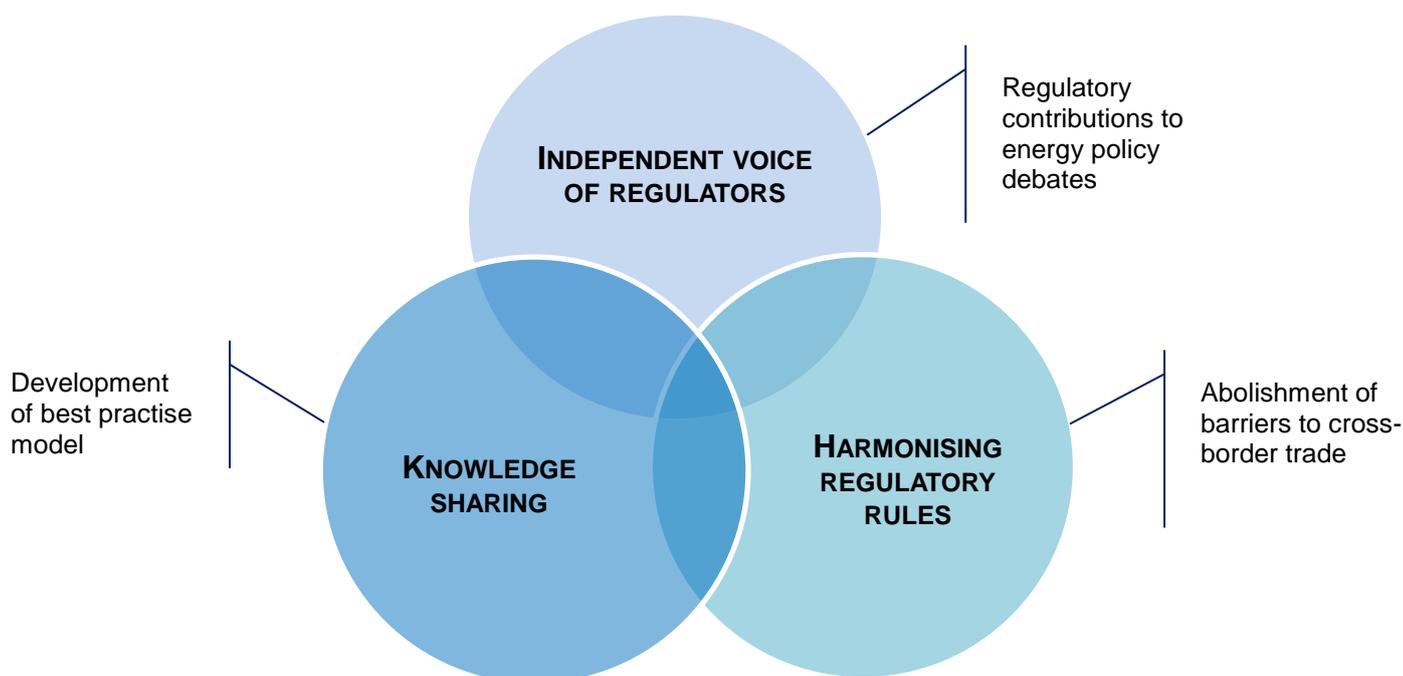


Figure 1: ECRB mission and objectives

<sup>1</sup> [www.energy-community.org](http://www.energy-community.org).

# 2018 ACTIVITIES IN BRIEF

Activities related to **customer issues**, **electricity** and **gas** form the backbone of ECRB. This structure mirrors the core areas of regulatory tasks on national level and reflects the building blocks of necessary regulatory cooperation on regional level.

The three pillars of ECRB activities are organised in three Working Groups. Under this general set up, the *Customers and Retail Markets Working Group* covers retail market related aspects of the electricity and gas sectors while the *Electricity Working Group* and *Gas Working Group* focus on wholesale related aspects of the relevant sectors.

The following illustration provides an overview of ECRB activities in 2018 and shows the relevant reporting structures.

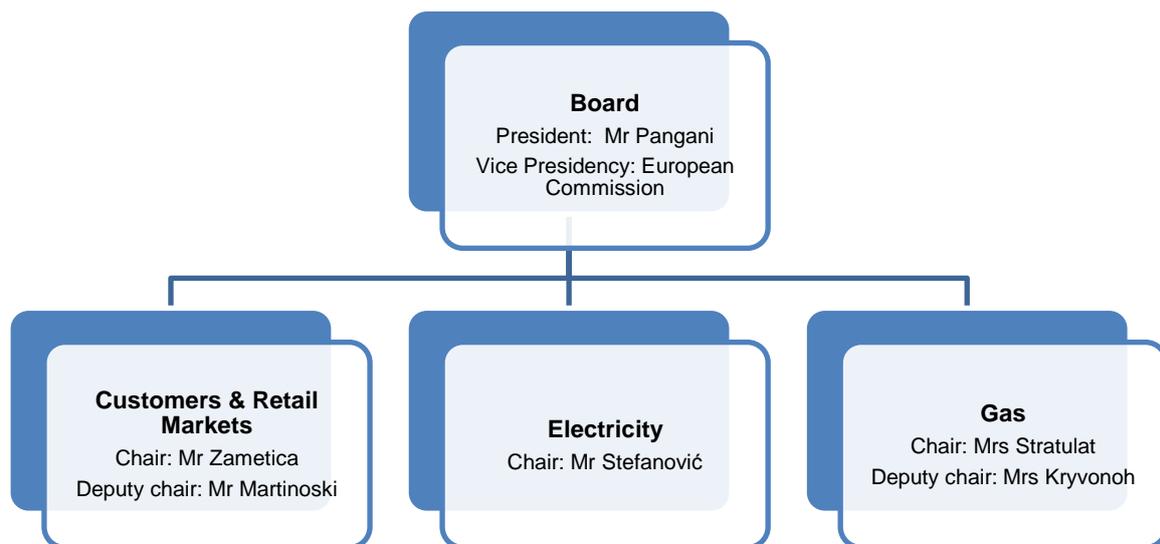


Figure 2: Overview of ECRB activities and structure in 2018

# CROSS - SECTORAL

## 1. Energy Policy

Task Force	Leader	Scope	Deliverable	Due
<b>ECRB positions on Contracting Party TSO certifications</b>	Coordinated by the ECRB President based on PA No 01.1/2015	<p>The Third Energy Package requires designation of national gas and electricity transmission operators (TSO). Articles 9(6) and 10(1) of Directive 2009/72/EC and Directive 2009/73/EC require certification of the relevant TSO by the national regulatory authority (NRA) as pre-condition for a successful designation. The certification procedure aims at proofing the TSO's compliance with the unbundling requirements of the Gas and Electricity Directives.</p> <p>Pursuant to Article 3(1) of Regulation (EC) 714/2009 and Article 3(1) of Regulation (EC) 715/2009, the Energy Community Secretariat ('Secretariat') shall within a maximum of 4 months examine the notified draft decision of a Contracting Party's NRA in relation to certification of a gas or electricity TSO (as to its compatibility with Articles 9 and 10(2) of the Gas and Electricity Directives; the Secretariat has to consult ECRB. ECRB shall develop an Opinion on the Draft Decision and submit it to the Secretariat.</p>	<b>ECRB Opinion</b>	Upon receipt

## 2. International Cooperation

Sharing best practice experience with other regional regulatory bodies is not only recommended from an efficiency point of view but also when keeping in mind the goal of integrating regional markets. ECRB is committed to continue and strengthen the well established streams of cooperation with the Agency for Cooperation of Energy Regulators (ACER), the Council of European Energy Regulators (CEER), the Association of Mediterranean Energy Regulators (MEDREG) and the Energy Regulators Regional Association (ERRA).

# CUSTOMERS & RETAIL MARKETS

Chair: Mr *Edin Zametica* (SERC)

Task Force	Leader	Scope	Deliverable	Due
I. Retail Market Monitoring	<p><u>Deliverable 1:</u> Mrs <i>Marija Vujović</i> (REGAGEN) and Mr <i>Aca Vučković</i> (AERS)</p>	<p><u>Deliverable 1:</u> Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. As of 2015 ECRB prepares Market Monitoring Reports assessing the functioning of gas and electricity retail markets. It is mirroring the related activity of ACER, adjusted to data availability and market development in the Energy Community Contracting Parties.</p>	<p>1. <b>Market Monitoring Report</b> on the functioning of gas and electricity retail markets in the Energy Community Contracting Parties that</p> <ul style="list-style-type: none"> <li>- Assesses the electricity and gas markets;</li> <li>- Identifies potential barriers;</li> <li>- Puts special focus on the status of vulnerable customers; and</li> <li>- Discusses recommendations on potential improvements.</li> </ul>	12/2018
	<p><u>Deliverable 2:</u> Mr <i>Martin Martinoski</i> (ERC)</p>	<p><u>Deliverable 2:</u> The ongoing process of market liberalization in the Energy Community Contracting Parties raises the need for regulators to establish/upgrade a more systematic approach in market monitoring activities with a view to gain accurate and timely data and information in order to detect eventual market abuse and/or barriers for well-functioning gas and electricity retail markets as well as for customer protection. This paper will assess the level of capacities and procedures available at the Contracting Parties' regulators for market monitoring and provide guidance and recommendations for their improvement.</p>	<p>2. <b>Assessment paper</b></p>	12/2018

Task Force	Leader	Scope	Deliverable	Due
<b>II. Distribution tariff methodologies</b>  (electricity and gas)	Mr <i>Gordan Tanić</i> (AERS) and Mr <i>Srđan Žutobradić</i> (HERA)	Changing technological and legislative environment in the electricity and gas sector has been affecting the distribution business for years. Distribution system operators have been given new tasks, such as investing in network so to enable renewable generation feed-in or facilitating retail markets. All these changes have effect and/or require changes in distribution tariffs. This Task Force will analyze the distribution tariff methodologies applied in the Energy Community Contracting Parties, including the composition of allowed revenues and tariff design/structures, with a view to identify good practices and provide recommendations, where needed.	<b>Survey</b> of distribution tariff methodology in electricity and gas sector, based on information provided by the regulators.	12/2018
<b>III. Complaint handling, dispute settlement and customer awareness</b>	<u>Deliverable 1:</u> Mrs <i>Jelena Aničić</i> (REGAGEN) and [MEDREG]  <u>Deliverable 2:</u> Mr <i>Florian Pichler</i> (E-Control)	<u>Deliverable 1:</u> Consumer protection is a central responsibility of regulators. This includes complaint handling and dispute settlement instruments that allow customers' to defend their interest in the liberalised market.  <u>Deliverable 2:</u> The effective success of market liberalization relies, amongst other things, on informing consumers on their rights and opportunities to enable and facilitate their wide participation in competitive retail markets. The creation of independent regulatory authorities and consumer associations is pivotal to the creation of knowledgeable and involved energy consumers on the one hand. On the other hand, further development and strengthening of retail market monitoring activities by regulatory authorities and consumer organizations alike helps identify current weaknesses in both market functioning and consumer protection to be addressed in future policy making and regulation.	<b>1. Joint ECRB-MEDREG</b> status review on complaint handling and dispute settlement  <b>2. Trilateral Workshop of ECRB, MEDREG and CEER</b> targeting exchange of knowledge between regulators on topics of common interest in particular related to consumer involvement and retail market opening	12/2018  06/2018

# ELECTRICITY

Chair: Mr Nenad Stefanović (AERS)

Task Force	Leader	Scope	Deliverable	Due
I. <b>Wholesale Market Opening</b>	<u>Deliverables 1-6</u> Mr Salvatore Lanza (AEEGSI)	Effective wholesale market opening is central for establishing a competitive regional Energy Community electricity market and its integration with the European market. A harmonized regulatory approach is necessary in this context. With a view to support wholesale market opening, the activities of this Task Force will focus on regulatory support to forward market, day-ahead and intraday market integration in South East Europe. The activity also targets providing coordinated regulatory input to the South East European day-ahead market coupling projects established under the Western Balkans 6 Initiative and provide an assessment of trading activities in forward markets in Contracting Parties, including cross-border trading (forward transmission rights) with other Contracting Parties and EU Member States, the level of liquidity, the main trading products and trading horizon.	1. <b>Coordinated regulatory input</b> to the Day-ahead Market Integration (DAMI) Program Steering Committee (PSC) of the Western Balkans 6 Initiative.	Upon project development
	<u>Deliverable 7</u> Mr Sasa Lukić (SERC)		2. <b>Harmonized regulatory review of SEE CAO rules:</b> ad-hoc commenting or preparing harmonized and joint proposals for ECRB approval	upon delivery
			3. <b>Report on trading activities in forward markets</b> in Contracting Parties and with EU Member States	12/2018
			4. Regular updates on actual <b>EU wholesale market Integration</b> processes (CACM and FCA)	Regular – EWG meetings
			5. Update and follow up of the <b>SEE Regional Action Plan (RAP)</b> within close cooperation between EnC, Ministries, NRAs and TSOs	Regular – EWG meeting
			6. ECRB EWG members <b>participation within ARA WG</b> <sup>2</sup>	Regular
			7. <b>Report on state of intraday markets</b> in the Contracting Parties and intraday cross-border allocation.	12/2018

<sup>2</sup> Physical participation or via telephone conference call.

Task Force	Leader	Scope	Deliverable	Due
II. <b>Balancing</b>	Mr Igor Malidžan (REGAGEN)	The Energy Community's Contracting Parties' balancing mechanisms are largely not market based, lack functioning imbalance settlement procedures and do not provide for cross-border procurement of balancing energy and reserves. Linking the national balancing markets to a regional and more dynamic approach would promote the transparent formation of balancing prices, introduce competition in the procurement of balancing services, and positively affect grid stability. This process received additional impetus from the Western Balkans 6 Initiative. This activity will also involve analysis of the imbalance price formation and imbalance prices in the Contracting parties.	1. <b>Report on balancing market development plans</b> in the Contracting Parties <sup>3</sup>	10/2018
			2. <b>Analysis of the imbalance price formation</b> in the CPs and report on imbalance prices.	12/2018
			3. <b>Coordinated regulatory input</b> to the Cross-border Balancing (CbB) Program Steering Committee (PSC) of the Western Balkans 6 Initiative.	Upon project development
III. <b>Wholesale Market Monitoring</b>	Mr Zviad Gachechiladze (GNERC)	Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time.	1. <b>SEE Market Monitoring Guidelines</b> <sup>4</sup> : regional MM Administrator rotation scheme and identification of trouble shoot need	Quarterly
			2. <b>SEE Market Monitoring bi-annual reports</b> based on SEEAMMS Data	Bi-annually
			3. <b>Monitoring report</b> on the development of electricity wholesale markets in the Contracting Parties <sup>5</sup> based on ACER MM indicators	12/2018 12/2018
			4. <b>Monitoring report</b> on the compliance with Transparency Regulation (EU) 543/2013	

<sup>3</sup> Follow-up report of 2017 activity.

<sup>4</sup> With consultancy support financed by USAID, ECRB in 2014 published Market Monitoring Guidelines (MMG) that focus on electricity cross-border trade and, in particular, the calculation and use of cross-border capacities. The MMG aim at increasing transparency of the electricity markets and strengthen cooperation among NRAs to monitor markets in accordance with Regulation (EC) 714/2009 and Directive 2009/72/EC. Use of the MMG is supported by a monitoring database and a web interface.

<sup>5</sup> Based on the indicators applied by ACER for its annual Market Monitoring Report.

# GAS

Chair: Ms Elena Stratulat (ANRE)

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Monitoring	Ms Elena Stratulat (ANRE)	Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time.	1. <b>Input to ACER's Market Monitoring Report</b> on aspects of gas wholesale markets in the Contracting Parties	Upon request
			2. <b>Monitoring report</b> on the development of gas wholesale markets in the Contracting Parties (areas and markets not covered by (1))	12/2018
			3. <b>Report on compliance with the transparency requirements</b> of the gas <i>acquis communautaire</i> in the Contracting Parties	12/2018
II. Network Code Implementation	Ms Tetiana Kryvonoh (NEURC)	With the implementation of the Third Package network codes high on the Energy Community agenda, regulators have to develop a clear picture identifying the best path and model for implementing the codes in their jurisdiction. This shall include identifying best practice solutions for the individual markets among the options offered in the network codes	<b>Analytical paper</b> on implementation of the Gas Balancing Network Code in the Contracting Parties	12/2018
			<b>Analytical paper</b> on implementation of the Gas Tarification Network Code in the Contracting Parties	12/2018