IMPLEMENTATION OF THE ENERGY COMMUNITY TREATY

ELECTRICITY

16th PHLG Meeting
Vienna, 17 March 2010

Energy Community Secretariat
www.energy-community.org
BASIS OF ASSESSMENT

SCOPE

- State of play – as of February 2010
- Key open issues in 2010

ACQUIS

- Acquis on Electricity
  - Directive 2003/54/EC
  - Regulation (EC) 1228/2003
- Acquis on Security of Supply
  - Directive 2005/89/E
### Acquis on electricity

#### DIRECTIVE 2003/54/EC

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<th>Provision</th>
<th>Albania</th>
<th>BiH</th>
<th>Croatia</th>
<th>the Former Yugoslav Republic of Macedonia</th>
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#### REGULATION (EC) 1228/2003

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### Regional Perspective

- **Bottlenecks**
- **Some provisions are available**
- **Some provisions are missing**
- **All provisions are available**
Security of Supply

- Development of the LEGAL FRAMEWORK
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
  - MONTENEGRO
  - SERBIA
  - UNMIK

- Development of ENERGY STRATEGY
  - ALBANIA
  - BOSNIA AND HERZEGOVINA
  - CROATIA
  - FORMER YUGOSLAV REPUBLIC OF MACEDONIA
  - UNMIK

- SoS Statements – to be updated

- Directive 2005/89/EC – to be implemented
OPEN ISSUES for 2010

Albania

▪ **Competitive Market** environment
  ▪ Legislative and regulatory framework for competitive Market;
  ▪ Customer protection, electricity supply options for the eligible customers;
  ▪ Regulated tariffs, regulated cost of generation, transparency

▪ **Transmission System** operation and infrastructure
  ▪ New transmission infrastructure projects
  ▪ ENTSO-E

▪ **Security of Supply** Directive
  ▪ Legislative framework
OPEN ISSUES for 2010

Bosnia and Herzegovina

- **Transmission system** operation
  - Effective operation framework
  - Technical safety, efficient maintenance, investments in transmission infrastructure;
  - Coordinated market-based cross-border capacity allocation mechanism

- **A common Market Model** for BiH
  - Legislative and regulatory framework, market rules, balancing;
  - Customer protection, access to alternative electricity supply for the eligible customers;

- **Security of Supply Directive**
  - Legislative framework
  - Energy development strategy
OPEN ISSUES for 2010

Croatia

- **Customer switching** competition
  - Entry of competition in the supply business
  - Customer protection framework
  - Market monitoring and reporting

- **Regulation (EC) 1228/2003** – practical implementation
  - Regionally coordinated cross-border capacity allocation mechanism
  - Transmission infrastructure investment criteria

- **Security of Supply** – practical implementation
  - Authorization criteria, tendering procedure
  - Energy development strategy
OPEN ISSUES for 2010

former Yugoslav Republic of Macedonia

- **Market model** - further development
  - New legislative framework
  - Market rules, balancing market, competitive supply
  - Eligibility criteria and opening of the electricity market
  - Methodology for tariff calculation

- **Customer protection** platform
  - Legislative framework, customer services
  - Customer protection mechanism

- **Security of Supply** Directive
  - Legislative framework
  - Energy development strategy
OPEN ISSUES for 2010

Montenegro

- Market model - further development
  - New energy legislation
  - Unbundling (generation, DSO, supply)
  - Market Rules and Market operation, balancing
  - Competitive supply, customer protection

- Tariffs – cost reflectivity
  - Cross subsidization
  - Transparency

- Security of Supply Directive
  - Legislative framework, long-term planning
  - New transmission infrastructure
OPEN ISSUES for 2010

Serbia

- **Market model** - further development
  - New energy legislation
  - Regulatory powers, authorization criteria
  - Distribution Grid Codes
  - Switching of supply – framework, infrastructure

- **Transmission System** operation and infrastructure
  - Coordinated cross-border capacity allocation mechanism

- **Security of Supply Directive**
  - Legislative framework
  - New transmission infrastructure
OPEN ISSUES for 2010

UNMIK

▪ Market model - development
  ▫ New energy legislation
  ▫ Regulatory powers
  ▫ Unbundling (mining, generation, DSO, supply)
  ▫ Market rules, balancing, customer switching, Customer protection platform

▪ Transmission System operation
  ▫ Cross border capacity allocation

▪ Security of Supply Directive
  ▫ Legislative framework
  ▫ New Energy Strategy
  ▫ New generation capacity investment projects
CONCLUSIONS

Next Steps

- The **Contracting Parties** to finalize and adopt their new **LEGAL ACTS** and **REGULATORY RULES** and introduce **PRACTICAL MEASURES** along the indicated lines for development of the electricity market.

- The **Contracting Parties** to include the **required provisions** from the **REGULATION (EC) 1228/2003** and **DIRECTIVE 2005/89/EC** in their legal and regulatory frameworks.

- The **Contracting Parties** to apply measures required for development of a transparent and predictable **investment environment** aimed to foster development of NEW **ENERGY INFRASTRUCTURE** for electricity generation and transmission.

- The **EnC Secretariat** to **monitor the compliance** with the Acquis and development of liberalized electricity markets in the Contracting Parties and **report** to the PHLG and the MC.

- The **EnC Secretariat** to **assist the process of implementation of the Treaty** of each Contracting Party through assessment of draft acts and measures and coordination of planned activities, as applicable.
THANK YOU!

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