Unbundling of gas DSOs in the Energy Community: Analysis of Questionnaire

8th meeting of ECDSO-g Coordination Platform
Energy Community Secretariat, Vienna, 28 November 2019
Unbundling of gas DSOs

- **Directive 2009/73/EC**

### Legal unbundling
**Art. 26(1)**

### Functional unbundling
**Art. 26(1), (2)**

### Accounting unbundling
**Art. 31**

### Information unbundling
**Art. 27**

### Monitoring
**Art. 26(3), 41(1)(b) et al.**

### Identity separation
**Art. 26(3)**
De minimis threshold for exemption from Art. 26 of Dir. 2009/73/EC:

DSOs with less than 100,000 connected customers

* Only 189 out of 2,400 DSOs (electricity & gas) in Europe exceed the threshold

Source: CEER Conclusion Paper, The Future Role of DSOs, 13 July 2015
#1 Legal & functional unbundling
Legal unbundling

Separate network company

DSO

VIU - producer - supplier
Functional unbundling

- Organisational independence
  - management separation
  - independent performance
  - limited common services

- Decision-making independence
  - effective decision-making
  - necessary resources
  - limited VIU's interference

- compliance programme
Unbundling of accounts + Information unbundling = Other unbundling criteria
#2 Gas DSOs in Contracting Parties
Albania

Licensed gas DSOs

1

Mandatory unbundling

1*
Albania

- TEP rules transposed
- DSO below threshold
- Combined gas TSO & DSO
- Certified as OU TSO
Licensed gas DSOs: 5

Bosnia and Herzegovina

Mandatory unbundling: 0
Gas DSOs

- TEP rules transposed in RS
- SEP rules apply in FBiH
- all DSOs below threshold
- engaged in gas supply

Bosnia and Herzegovina
North Macedonia

Licensed gas DSOs: 3

Mandatory unbundling: 0
Gas DSOs

= 

- TEP transposition in progress
- SEP rules apply
- all DSOs below threshold
- engaged in gas supply

North Macedonia
Licensed gas DSOs: 33
Mandatory unbundling: 0*
Serbia

Gas DSOs

- TEP rules transposed
- all DSOs below threshold
- engaged in gas supply
- unbundling of accounts reported
- Srbijagas case: >90k of customers
Ukraine
31 DSO

Georgia*
3 DSOs

Moldova
1 DSO
ECDSO-g – TF Unbundling

2017-2018: questionnaire regarding the unbundling of gas DSOs
Collection of information covering all unbundling criteria

- **Ukraine**: 23 responses
- **Georgia**: 1 response
- **Moldova**: 1 response
Georgia

Licensed gas DSOs: 39

Mandatory unbundling*: 3
Georgia

- **Socar**
- **KazTransGaz**
- **Sakorgagazi**

- No legal basis for unbundling
- TEP transposition in progress
- Deadline: 31 Dec. 2020
- No legal/functional unbundling
- Engaged in gas supply
Pilot ECS’s questionnaire sent to

- No unbundling: *de jure* & *de facto*
- Supply is considered as part of the DSOs activities

Fully integrated distribution & supply undertaking

- DSO
- supplier
Moldova

Licensed gas DSOs: 25

Mandatory unbundling: 1
Moldova

- TEP rules transposed
- the only DSO above threshold
- unbundling data provided to ECS
- not engaged in gas supply
Legal unbundling

Separate network company

DSO
Functional unbundling

- Separate organizational structure & CEO
- Separate internal policies (e.g. HR, remuneration, etc.)
- DSO’s functions concentrated within the network company
- Ownership of the network & other resources
- No common services reported

- Management separation
- Independent performance
- Decision-making rights
- Necessary resources
- Common services

De facto functional & financial independence of managers
Other unbundling criteria

- Adoption of the CP confirmed
- Unbundling of accounts stated
- Information unbundling, incl. confidentiality, stated
- Identity separation (branding, premises & communication) stated
- Compliance programme
- Unbundling of accounts
- Information unbundling
- Identity separation
- Direct CEO’s accountability before Moldovagaz
Ukraine

Licensed gas DSOs
44

Mandatory unbundling
31
Ukraine

31 DSO for unbundling

- TEP rules transposed
- unbundling in focus (NEURC)
- unbundling data being collected
- tbc on case-by-case basis
Functional unbundling

- Separate organizational structure & management
- Separate internal policies (e.g. HR, remuneration, etc.)
- DSO’s functions concentrated within the network company
- Partial ownership of the system assets or concluded contracts
- Few cases: outsourcing – meter reading services; legal services

Management separation
- Few cases – lack of information or no answer at all

Independent performance
- De facto functional & financial independence of managers

Decision-making rights
- Procedure and conditions regarding daily operational activities

Necessary resources
- Reported insufficiency of (financial, technical, HR) resources

Common services
- Not sufficient information provided

Partial ownership of the system assets or concluded contracts
- Reported insufficiency of (financial, technical, HR) resources

Few cases: outsourcing – meter reading services; legal services
- Not sufficient information provided

Separate internal policies (e.g. HR, remuneration, etc.)
- De facto functional & financial independence of managers

DSO’s functions concentrated within the network company
- Procedure and conditions regarding daily operational activities

Separate organizational structure & management
- Few cases – lack of information or no answer at all

Partial ownership of the system assets or concluded contracts
- Reported insufficiency of (financial, technical, HR) resources

Few cases: outsourcing – meter reading services; legal services
- Not sufficient information provided
Other unbundling criteria

Adoption of CPs confirmed (except for 1 DSO)

Unbundling of accounts stated

Information unbundling, incl. confidentiality, stated

Identity separation branding, premises & communication stated

Compliance programme

Unbundling of accounts

Information unbundling

Identity separation

Not all DSOs have CPs adopted: NEURC’s proceedings

Legal basis and procedural requirements

Disclosure of data – regulated and monitored

Cases with identical branding; cases without stipulated answers

 Adopted CPs confirmed (except for 1 DSO)

? Not all DSOs have CPs adopted: NEURC’s proceedings
#3 Way forward

- Finalisation of the report
- Communication with Regulators
- Communication with DSOs
- Compliance officers network
Thank you for your attention!

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