IMPLEMENTATION OF THE TREATY
STATUS AS OF NOVEMBER 2007
– NATURAL GAS –

Energy Community Secretariat, Vienna
17/18 December 2007, Belgrade, Serbia
3rd Ministerial Council, 7th PHLG Meeting;
BASIS FOR THE ESTIMATION

- Progress Notice in Gas, 5th PHLG Meeting, Becici, June 2007 (link)
- Progress Notice in Gas, 6th PHLG Meeting in Vienna
- Detailed Road Maps
FINDINGS

CONTRACTING PARTY LEVEL

IDENTIFICATION OF STATE OF PLAY

- Comparison Tables for Benchmarking Purposes

  Gas:
  
  Adoption of the *Acquis*, and in a lesser degree, an analysis of its effective implementation or the functioning of the market.

  Scope:
  
  To trigger awareness with the Contracting Parties as well as the Commission to the current state of play with respect to the provisions of the Treaty and the EC Directive 2003/55/EC.
# FINDINGS
**NATIONAL LEVEL with regard to Directive 2003/55/EC**

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## FINDINGS

### NATIONAL LEVEL with regard to entire acquis on energy requirements

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- | Bottlenecks | - | Some provisions are available | - | Some provisions are missing | - | All provisions are available |
KEY CHALLENGES PER CONTRACTING PARTY

- **Albania**
  - Technical rules
  - Provisions for confidentiality
  - Capacity allocation mechanism

- **Bosnia and Herzegovina**
  - Proceed with next steps needed to elaborate and implement a gas act

- **Croatia**
  - Some details with regard to security of supply (criteria for crisis situation etc.
  - Completion of new transmission and distribution grid code
  - Completion of General Conditions on the Natural Gas Supply
KEY CHALLENGES PER CONTRACTING PARTY

- former Yugoslav Republic of Macedonia
  - Provisions with regard to vulnerable customers
  - Technical rules/Grid codes
  - Unbundling of TSO
  - Competences of regulatory authorities - Rules for new infrastructure
  - Market opening

- Montenegro
  - Proceed with next steps needed to elaborate and implement a gas act

- Serbia
  - Provisions with regard to vulnerable customers
  - Tasks of regulatory authority – rules for new infrastructure
  - Unbundling of TSO
  - Market opening
KEY CHALLENGES PER CONTRACTING PARTY

**UNMIK**
- Provisions with regard to vulnerable customers
- Technical rules/Grid codes
- Unbundling of TSO
- Competences of regulatory authorities - Rules for new infrastructure
- Market opening
CONCLUSIONS

CHARACTERISTIC PROBLEMS

- Low level of prices/tariffs which leads to regulate the whole energy chain;
- Metering, billing and invoicing of customers;
- Collection rates, non payment and non invoicing as no data base of customers;
- Transparency in data and harmonisation of accounts;
- Lack of domestic production which leads to high imports;
- Lack of interconnections between national transmission networks
- TSO bundled with importer/wholesale;
- Cross-border issues (Regulation 1775/2005 is missing so far);
- DSO bundled with retail; and
- Lack of investments in transmission
- Lack of investments in distribution.
CONCLUSIONS

COMMON PROBLEMS

- The persistence of regulated prices, especially for the benefits of eligible customers, putting obstacles in the path of new market entrants;

- The lack of legal unbundling and insufficient managerial separation of TSOs/DSOs to ensure their independence;

- Discriminatory Third Party Access and insufficiently transparent tariffs;

- The free choice of supplier;

- The power of regulatory authorities, in particular as regards setting tariffs for access to networks;

- The preferential access given in the case of certain long-standing gas contracts; and

- Failure to notify Public Service Obligation.