IMPLEMENTATION of THE ACQUIS UNDER THE TREATY ESTABLISHING THE ENERGY COMMUNITY

STATUS OF GAS MARKET DEVELOPMENT

13th PHLG Meeting

25th June 2009, Sarajevo
# Findings

## CPs LEVEL with regard to Directive 2003/55/EC

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UNBUNDLING OF NETWORK OPERATORS

• Fully defined in compliance with the Directive 2003/55/EC:
  – Albania, Croatia (laws in force)
  – Montenegro, UNMIK (still draft acts)

• Only accounting unbundling obligatory:
  – Former Yugoslav Republic of Macedonia
  – Serbia (with some provisions on operators’ independence)

• Different conditions/compliance in different part of CP:
  – Bosnia and Herzegovina
THIRD PARTY ACCESS

• Mostly defined in compliance with Dir. 2003/55, remaining “specifics” (considered as technical connection or open possibility for RA to decide)

• Certain non-compliance and non-consistency with regard to access to LNG and storage facilities

• Partially missing link between refusal of network access and further necessary economic enhancements by operators

• Exemption of TPA for new infrastructure – have been transposed very differently by CPs
MARKET OPENING

• In line with requirements of Treaty:
  – Croatia
  – Montenegro
  – Serbia
  – UNMIK

• Partially in line with requirements of Treaty:
  – Albania
  – Former Yugoslav Republic of Macedonia
  – BiH on entity level
## FINDINGS

### CPs LEVEL with regard to Regulation (EC) 1775/2005

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<th>Contracting Party</th>
<th>Tarrifs for access to the network</th>
<th>TPA services</th>
<th>CAP mehanism and CM</th>
<th>Transparency</th>
<th>Balancing rules</th>
<th>Secondary Market Trading</th>
<th>Regulatory Authority responsibilities</th>
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- **Bottlenecks**: ![Red](image)
- **Some provisions are available**: ![Green](image)
- **Some provisions are missing**: ![Blue](image)
- **All provisions are available**: ![Yellow](image)
NATIONAL REGULATORS
with jurisdiction over gas sector

- NRA established in 6 Contracting Parties, in Bosnia and Herzegovina only one entity Regulator deals with gas issues

- NRAs have obligation to report to the Parliaments (to the Government in the former Yugoslav Republic of Macedonia)

- Financial independency is stipulated in six CPs; NRAs - funds provided by license fees and based on revenue of energy companies
MARKET DEVELOPMENT

• Market integration – missing interconnectors

• Market Concentration and Consolidation
  – Wholesale market: one dominant supplier for each CPs
  – Retail market: more suppliers (historical development) but switch not possible
  – Import dependency, one source, one route for each CPs

• Gas Prices and Tariffs
  – Retail prices are still fully regulated
  – Tariff methodologies are developed in Croatia and Serbia and to certain extend in Bosnia and Herzegovina (partially) and former Yugoslav Republic of Macedonia (only for transmission network)

• Consumer Dimension
  – Switching procedures defined in Croatia and Serbia, but without actual switching activity or competitive supply
  – End users prices, in consistent manner, are not publicly available in all CPs
THANK YOU FOR YOUR ATTENTION!