



Energy Community Regulatory Board

ECRB

Work Programme 2011



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1 INTRODUCTION

1.1 The Energy Community

The Energy Community extends the European Union's (EU) internal energy market to South East Europe (SEE). By signing the Treaty¹ the signatory parties² agreed to implement the *acquis communautaire* on electricity, gas, environment, competition and renewables³ with a view to realize the objectives of the Treaty and to create a regional gas and electricity market within South East Europe (SEE) capable of attracting investment. Given the small size of the national markets it is commonly understood that following a **harmonised regional approach** for the energy market of the Energy Community remains the key requirement for the promotion of investments in the Region.

1.2 The Energy Community Regulatory Board (ECRB)

The Energy Community Regulatory Board (ECRB)⁴ operates based on Article 58 of the Energy Community Treaty. As an institution of the Energy Community the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and should make recommendations in the case of cross-border disputes between regulators. The work of the ECRB is supported by the Energy Community Secretariat.⁵

1.2.1 Scope of Work

The key objective of the cooperation of energy regulators within the ECRB is to support the harmonized development of regulatory rules in the Energy Community. Within the necessary range of national specificities, streamlining of regulatory measures and providing a stable regulatory market framework remains a key promoter for a number of core objectives of the Treaty – such as market integration, facilitation of investments, competition and security of supply.

¹ The Energy Community has been established by the Treaty establishing Energy Community, signed in October 2005 in Athens and entering into force on 1 July 2006. Treaty establishing the Energy Community (hereinafter "The Treaty"). The Treaty was signed in October 2005 in Athens, Greece and entered into force on 1 July 2006. Details on the Energy Community and ECRB see www.energy-community.org;

² The **Parties** to the Treaty are the European Community, on the one hand, and the **Contracting Parties**, namely, Albania, Bosnia & Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia and UNMIK (pursuant to United Nations Security Council Resolution 1244). As of March 2009, 14 European Union Member States have the status of **Participants**. Georgia, Norway, and Turkey take part as **Observers**. Ukraine is expected to soon move from its Observer status to the status of a Contracting Party after ratifying the Treaty signed on 24 September 2010.

³ For details of the relevant *acquis* see:

http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Legal/Treaty

⁴ For details see www.ecrb.eu.

⁵ Detail on the Energy Community and ECRB see www.energy-community.org; ECRB details see additionally www.enc-ecrb.org.



The ECRB acts as a coordination body of the national regulators for exchange of knowledge and development of common best practice solutions for implementing the Treaty in a harmonized way.

The ECRB focuses on three key areas of regulatory responsibilities: gas, electricity and customers.

1.2.2 Objectives and Priorities

ECRB activities are performed in line with the following overall objectives and priorities to the extent linked to regulatory work⁶:

- Development of competitive national gas and electricity markets;
- Integration of national markets and development of competitive regional markets in electricity and gas, which may involve a significant level of market monitoring;
- Identification and abolishment of barriers for cross border trade and competition;
- Protection of customers and social issues;
- Security of supply;
- Network security and quality of service;
- Renewable energy sources and energy efficiency.

In performing its task the ECRB actively coordinates and cooperates with the other Energy Community institutions. Such coordination is of utmost importance given the legal fact that any regulatory activity can only start from broader energy policy decisions and build on existing legal powers and framework rules.

⁶ See as well overall Work Programme of the Energy Community 2010-2011; <http://www.energy-community.org/pls/portal/docs/390178.PDF>.

2 ECRB WORK PROGRAMME 2011

2.1 GENERAL ACTIVITIES

2.1.1 Task Force 1 – ECRB Annual Report

 DELIVERABLES

ECRB Annual Report 2010

 CONTENT

According to its Internal Rules⁷ the ECRB will prepare an Annual Report on its activities. The report will be prepared in 2011 for the previous calendar year (2010). The report will focus on the activities of the ECRB but not relate to market developments.

 WORK APPROACH

The report will be prepared by the ECRB Section for approval by the ECRB.

 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.1.2 Task Force 2 – ECRB Regulatory Market Development Statement

 DELIVERABLES

ECRB Regulatory Market Development Statement 2011

 CONTENT

The Energy Community Secretariat in line with Article 67 (b) Energy Community Treaty is monitoring the market development in the Energy Community. In addition, national regulators are required to monitor the performance of their national markets according to the Energy Community *acquis*, namely Directives 2003/54/EC (electricity)⁸ and 2003/55/EC (gas)⁹.

⁷ www.ecrb.eu.

⁸ OJ L 176 p.37 et seqq of 15.7.2003

⁹ OJ L 176 p.77 et seqq of 15.7.2003.



Monitoring is best performed, where it is able to deliver comparable results. Having in mind that the creation of a regional market is the very scope of the Energy Community, a coordinated market monitoring across borders becomes even more important.

With a view to developing a common data and information basis for the reporting of the Energy Community Secretariat, the ECRB in 2009¹⁰ agreed that national regulators will follow a common reporting structure for preparation of their national reports and complete an online questionnaire (database) on market indicators. Based on this, a short ECRB Regulatory Market Development Statement will provide a regulatory view on the market development in 2011¹¹.

WORK APPROACH

The Market Development Statement will be prepared by the ECRB Section for approval by the ECRB. It is underlined that the preparation of the deliverable is conditional to data provision and national reporting by regulators.

TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.1.3 Task Force 3 - Report 8th Region

DELIVERABLES

Report on the development of the 8th Region - Annex to ERGEG Annual Report on Regional Initiatives

CONTENT

In 2009 the ECRB for the first time was offered by ERGEG to include a status report on the development of the 8th Region as annex to the ERGEG Annual Report on Regional Initiatives. The responsibility of preparing such report remains with the ECRB.

A report on the progress and key activities of the 8th Region will be prepared also in 2011 as annex to the 2011 ERGEG Annual Report on Regional Initiatives¹².

¹⁰ Conclusions of the 10th ECRB meeting, http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_DOCUMENTS/ECRB_BOARD%20RESULTS.

¹¹ The data and information will directly feed into the market development reporting of the Energy Community Secretariat (Article 67 (b) Energy Community Treaty)

¹² Or other European body of energy regulators (ACER, CEER?) that will follow up ERGEG's related activities after the start of operation of the European Agency of Energy Regulators (ACER; OJ L 211 p 1 et seqq of 14.8.2009) as of 1 March 2011 – the activities of ERGEG are expected to close by ACER starting operation. In case no Regional Initiative Report should be prepared in 2011, the report on the 8th Region development will be prepared as standalone report.



📁 WORK APPROACH

The report will be prepared by the ECRB Section for ECRB approval.

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.1.4 Task Force 4 - Cooperation with ERGEG/ACER/CEER

📁 DELIVERABLES

Cooperation with ERGEG/CEER/ACER

📁 CONTENT

By signing the Energy Community Treaty the Contracting Parties committed to implement part of the European Union's *acquis communautaire*. When implementing the *acquis* streamlining with best practice experience gained on European level is not only recommended from an efficiency point of view but also when keeping in mind the goal of integrating regional markets. Alignment with European experience of course needs to take into account national and regional specificities of the Energy Community.

Coordination of ECRB activities with European developments is guaranteed via the coordination function of the European Commission, acting as Vice-President of both the ECRB and the European Regulators Group for Electricity and Gas (ERGEG). In addition the Participating Countries to the Treaty are at the same time member of the ECRB and ERGEG (Working Groups).

More specific exchange of information and streamlining in relation to regional market developments is in addition provided by ECRB participation in the ERGEG Regional Initiatives.

The new 3rd European legislative package for electricity and gas foresees the establishment of a new Agency for the Cooperation of Energy Regulators (ACER) on European level. It is understood that the cooperation structure of European regulators within ERGEG will cease from when ACER will operationally start work – i.e. 1 March 2011 – but the Council of European Energy Regulators (CEER) is expected to continue acting as complementary coordination platform for European regulators. ECRB will seek for building up and continuing cooperation with both bodies upon agreement. Final structures and possible topics of common interest will be defined in 2011.



📁 WORK APPROACH

- Participation in ERI TF meetings
- Participation in GRI SSE meetings

Existing cooperation structures with ERGEG and in particular its Regional Initiatives structures will need to be re-considered by start of operation of ACER and within the scope of the continuing CEER process.

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.2 ELECTRICITY

2.2.1 Task Force 1 - Regulatory framework for establishing regionally coordinated capacity allocation and congestion management procedure

DELIVERABLES

Regulatory review of SEE CAO related documents prepared and proposed by SEE TSOs

CONTENT

Regulation (EC) 1228/2003¹³ requires the implementation of a regionally coordinated congestion management and capacity allocation mechanism. By decision of the Energy Community Ministerial Council on establishing the so-called 8th Region, this requirement is applicable in the Energy Community Contracting Parties and neighboring EU Members building the 8th Region. By signing a Memorandum of Understanding¹⁵, the TSOs of the 8th Region set the cornerstone for the development of a South East European Coordinated Auction Office (CAO) for implementing the requirements of Regulation (EC) 1228/2003.

In the process of establishing a CAO as instrument for achieving a regionally coordinated congestion management and capacity allocation mechanism in the 8th Region, regulators are responsible for approving relevant CAO related documents (e.g. auction rules). These documents need to be prepared by the Transmission System Operators. Even if the approval of the prepared documents would take place on national level – i.e. by each regulator individually for its national Transmission System Operator – the approach followed by the regulators in the national approval procedure needs to be streamlined throughout the Region. A regional project, such as the CAO, can only operate if the same regulatory rules are applicable in all participating markets.

Task Force 1 is in charge of coordinating the regulatory positions on the CAO related documents that require regulatory approval.

¹³ Regulation (EC) 1228/2003 of the European Parliament and of the Council of 26 June 2003 on conditions for access to the network for cross-border exchanges in electricity, OJ L 176 of 15.7.2003, p 1 et seqq. The same provision is stipulated for the gas market by Article 22 Directive 2003/55/EC (Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC; OJ L 176 of 15.7.2003, p 57 et seqq).

¹⁴ Decision of the MC of 27 June 2008 (2008/02/MC-EnC).

¹⁵ Details see chapter 2.2.

📁 WORK APPROACH

The Task Force will review the CAO related documents prepared by the TSOs¹⁶ and propose a common regulatory opinion. After EWG approval a proposal for a common regulatory opinion will be forwarded to the ECRB for approval¹⁷.

No consultancy requirement.

📁 TIMETABLE

It has to be noted that the precise timetable for delivering Task Force results to a significant extent depends on the delivery of proposals by TSOs. The 12th EWG meeting agreed that a period of 1 month is assumed for agreement on Task Force level on documents delivered TSOs. All in a period of 2-(max) 3 months is assumed to reach agreement on ECRB level (incl. EWG approval before).

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.2.2 Task Force 2 - Balancing

📁 DELIVERABLES

- *Work Stream 1:* Balancing glossary and re-consideration of UCTE (ENTSO-E) reserve requirements;
- *Work Stream 2:* Guidelines for good practice on load profiles;
- *Work Stream 3:* Guidelines for good practice on imbalance settlement prices in the Region.

📁 CONTENT

Balancing of electricity flows is of core relevance for the functioning of electricity transmission systems and – beyond that – develops towards becoming one of the pivotal point for network

¹⁶ For preparation of the SEE CAO related documents that – according to the Action Plan – have to be submitted by the TSOs, a dedicated Project Team shall be set up.

¹⁷ According to the conclusions of the 11th ECRB meeting (item 3a; http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_DOCUMENTS/ECRB_BOARD%20RESULTS) the ECRB will issue non binding recommendations on SEE CAO related documents as long as a NTC approach is pursued and even if not all TSOs participate in the SEE CAO in a first step. NRA shall maintain the right to formally approve the SEE CAO related documents on national level but shall take the ECRB recommendation into utmost account. If the national decision should deviate from the ECRB recommendation the ECRB members shall justify the modification to the ECRB. Once a flow based CA mechanism is introduced, the above described decision making process shall be re-discussed with a view to enhancing the role of the ECRB in the decision making process.

development and regional market integration: linking the national markets to a regional and more dynamic market will develop strong impact on the load flow situation and might also affect grid stability. The envisaged integration of renewable energy sources – especially the integration of wind energy – additionally creates challenge for system operators.

In small markets with transmission systems largely depending on one energy source – as prevailing in the Energy Community – reserve requirements, as foreseen by the UCTE (ENTSO-E)¹⁸ Handbook are a relevant cost factor and regional balancing will develop to play an increased role. The EWG in 2010 therefore decided to start considerations of potential adjustments of the UCTE (ENTSO-E) Handbook related to reserve requirements for small markets with transmission systems largely depending on one energy source and open discussions and close cooperation with ENTSO-E in this respect.

In the context of increasing regional cooperation also load profiles and a common understanding of imbalance price settlement become more important and need to be developed.

A survey on the national balancing markets in the Energy Community prepared by the ECRB in 2010¹⁹ showed that national balancing systems are still poorly established. Related discussions also tabled the need for developing a common understanding of balancing related terms with a view to ensure compatibility of the balancing concepts to be implemented on national and regional level.

 WORK APPROACH

The three deliverables will be prepared by three individual work streams for EWG and, finally, ECRB approval.

No consultancy requirement.

 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Work Stream 1			
Work Stream 2			
Work Stream 3			

¹⁸ www.entsoe.eu.

¹⁹ www.ecrb.eu – documents – ECRB reports.

2.2.3 Task Force 3 - Compatible market rules and effective regional wholesale market opening

DELIVERABLES

Finalization of the draft action plan for implementation of the Wholesale Market Opening Study²⁰ related to

- Timing
- Country by country measures – proposal of concrete steps for implementation on national level
- Active coordination and streamlining of approaches with Ministries, stakeholders and the Energy Community Secretariat.

CONTENT

An open regional wholesale market is one of the major pylons of a future regional electricity market in South East Europe. In order to establish a regional wholesale market a harmonized regulatory approach is necessary. With the financial support of the World Bank, a consultancy study on Wholesale Market Opening has been developed and finalized in 2010.

After finalization of the study Task Force 3, upon invitation of the World Bank, in 2010 started developing an action plan for the implementation of the study's recommendations.

WORK APPROACH

Implementing the Wholesale Market Opening's study recommendations and establishing an effective wholesale market in the Energy Community will require a joint approach of Ministries, regulators, network operators and other involved stakeholders of the Region. The ECRB in letters to the Region's Ministry representatives – grouped in the Energy Community High Level Group (letters dated September and December 2010) – and based on invitation by the World Bank offered to take over the preparation of an action plan and act as platform for coordination of agreed implementation steps and measures. The ECRB is committed to follow this approach, based on agreement of the PHLG.

Active coordination with the Energy Community Secretariat will be relevant in this respect.

Coordination with Ministries and stakeholders is suggested to take place in dedicated meetings.

The EWG is invited by the World Bank to make use of the consultancy assistance by June 2011 existing World Bank financed consultancy resources in assisting the implementation process.

²⁰ www.energy-community.org.

 TIMETABLE

It is noted that the possibility for Task Force 3 to finalize and follow up the concrete action plan for implementing the Wholesale Market Opening study and developing concrete proposals and milestones strongly depends on feedback from Ministries – both on the related coordination function of the ECRB and suggestions. Active support and commitment of Ministries, regulators and stakeholders is further needed when it comes to the practical implementation steps to the extent they require legal, regulatory, technical or structural adjustments of the existing market models.

The development of a precise timing depends on feedback from Ministerial level on their general commitment to start implementation work and the general concepts proposed by the Wholesale Market Opening study. Work will start from there on and precise milestones can be developed only then.

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.2.4 Task Force 4 – Harmonization of wholesale market licenses

 DELIVERABLES

- Adjustment of the 2009 ECRB recommendations on harmonization of wholesale market licenses to a final European approach (if necessary).
- Presentation of the final ECRB recommendation to the PHLG and Ministerial Council for agreement on precise measures. Based on this, assessment of the concrete legislative, regulatory and structural steps necessary for implementation for presentation to the PHLG and Ministerial Council.

 CONTENT

The Energy Community Treaty allows the Energy Community to take measures on mutual recognition of licensees. A harmonized approach for wholesale trading licenses allowing for their mutual recognition remains a key parameter for the facilitation of new market entries and cross border trading, both core drivers for the success of market opening and the development of a competitive regional market. At the same time fair and non-discriminatory competition requires a certain minimum level of transparency and regulatory oversight.

The ECRB already in 2009 developed a proposal for a harmonized system of wholesale licensing in the 8th Region²¹. Having in mind the currently ongoing discussions on European level on the same topic, the ECRB decided to identify the 2009 recommendations as preliminary to the extent of a necessary adjustment to the final results on European level.

 WORK APPROACH

Deliverables will be prepared by the Task Force for EWG and, finally, ECRB approval.

No consultancy requirement.

 TIMETABLE

The development of a precise timing depends on the finalization of results on European level. Work will start from there on and precise milestones can be developed only then.

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.2.5 Task Force 5 – Regulatory investment incentives

 DELIVERABLES

- Follow up of 2010/2011 Energy Community study on regulatory investment incentives – preparation and coordination of measures recommended by the study to be implemented on national and/or regional level.
- Presentation of the final ECRB recommendation to the PHLG and Ministerial Council for agreement on precise measures. Based on this, assessment of the concrete legislative, regulatory and structural steps necessary for implementation for presentation to the PHLG and Ministerial Council.

 CONTENT

Attracting investments is of core relevance for market development in SEE. Realization of the necessary infrastructure calls for a stable regulatory and market framework, a common regulatory approach on regional level, the creation of a single energy market²² without internal frontiers, developing competition on a broader geographic scale and exploring economics of scale. Investments in new transmission line projects remain a key requirement for the developing of a

²¹ www.ecrb.eu – documents – ECRB reports.

²² Title IV of the Treaty.

liquid and competitive electricity market in SEE. Facilitating and stimulating new investments is therefore a core responsibility of both national legislation and regulatory praxis.

The ECRB in 2009/2010 analyzed the existing regulatory instruments for stimulating investments in new infrastructure projects and the powers of regulators as regards cooperation and harmonization of regulatory rules related to projects crossing more than one border of Contracting Parties (“cross border investments”) ²³. Based on the report’s recommendations, a study on possible regulatory investment incentives (both for electricity and gas) has been commissioned by the Energy Community Secretariat in 2010.

The final study results will be delivered by mid-2011. The study is expected to provide concrete recommendations on regulatory investment incentives to be implemented in the individual jurisdictions of the Energy Community and related identify the necessary legislative and regulatory steps. The relevant proposals will need to be implemented on national level.

To the extent coordination will be necessary Task Force 5 will be responsible for coordinating the relevant steps.

 WORK APPROACH

Deliverables will be prepared by the Task Force for EWG²⁴ and, finally, ECRB approval. **No consultancy requirement.**

 TIMETABLE

The development of a precise timing depends on the finalization of the Energy Community financed study on investment incentives. A final document is expected for mid-2011. Work will start from there and precise milestones can be developed only then.

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.2.6 Task Force 6 – Market Monitoring

 DELIVERABLES

- Providing input to the USAID financed consultant, Potomac Economics, for finalization of the Market Monitoring Guidelines and development of a market monitoring database and a web interface for exercising the monitoring activities.

²³ www.ecrb.eu – documents – ECRB reports.

²⁴ The electricity related part will be subject to EWG approval, the gas related part will be subject to GWG approval.



- Providing input to the regional market monitoring activity – where necessary – that is foreseen to be exercised by the Energy Community Secretariat based on the market monitoring database.

📁 CONTENT

The SEE Market Monitoring project was initiated following an invitation from the 8th Athens Forum in June 2006 to establish a Market Monitoring Pilot Plan. The Pilot Plan became effective in December 2006 with the financial support of USAID and engagement of the consultant Potomac Economics. The Market Monitoring project defines a set of common market monitoring indicators that – after the finalization of the project – are expected to be commonly applied by the Energy Community regulators.

In addition to the national implementation of the Market Monitoring guidelines, regional monitoring is expected to be prepared by the Energy Community Secretariat once the online database will be operational. While the final set up of the regional monitoring shall be left to the discretion of the Secretariat, Task Force 6 will coordinate national regulatory input to the extent necessary and not anyway automatized via the database.

📁 WORK APPROACH

The Market Monitoring Guidelines, monitoring database and a web interface for exercising the monitoring activity will be prepared by the USAID financed consultant, Potomac Economics. Task Force 6 will coordinate input to this activity; no additional consultancy requirement.

Input to the regional monitoring activities will be coordinated by Task Force 6 (in cooperation with Task Force 1) to the extent necessary and not anyway automatized via the database.

No consultancy requirement.

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
MM Guidelines			
Implementation of MM on national level			
National monitoring by NRAs Input to regional monitoring			Et sq. (2012 et sq.)

The precise timing for development of the monitoring database and a web interface will need to be developed in agreement with Potomac Economics/USAID.



2.3 SEE COORDINATED AUCTION OFFICE IMPLEMENTATION GROUP

DELIVERABLES

Providing a discussion platform for Transmission System Operators (TSOs), regulators and traders for discussions on the establishment of a SEE CAO

CONTENT

Regulation (EC) 1228/2003 requires the implementation of a regionally coordinated congestion management and capacity allocation mechanism. By decision of the Energy Community Ministerial Council²⁵ on establishing the so-called 8th Region, this requirement is applicable in the Energy Community Contracting Parties and neighboring EU Members building the 8th Region. By signing a Memorandum of Understanding²⁶, the TSOs of the 8th Region set the cornerstone for the development of a South East European Coordinated Auction Office (CAO) for implementing the requirements of Regulation (EC) 1228/2003.

The SEE CAO IG has been established by the 10th Athens Forum²⁷ and acts as coordination platform bringing together regulators, International Financing Institutions, the European Commission, network operators, network users and traders with a view to discussing the establishment of a SEE CAO. Regulatory input is thereby coordinated in the ECRB EWG, TSO positions are coordinated via the SEE CAO Project Team Steering Committee²⁸ and traders are represented by EFET.

TIMETABLE

It has to be noted that the precise timetable for delivering Task Force results to a significant extent depends on the delivery of proposals by TSOs (Project Team) and regulatory review within the ECRB Electricity Working Group Task Force 1.

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

²⁵ Decision of the MC of 27 June 2008 (2008/02/MC-EnC).

²⁶ Details see chapter 2.2.

²⁷ See also item 37 of the 10th Athens Forum conclusions.

²⁸ An ECRB independent coordination body of the TSOs of the 8th Region that committed to set up and co-finance a Project Team under the Chairmanship of the Montenegrin TSO. The European Commission, International Financing Institutions, the SEE CAO IG Chairman and the Energy Community Secretariat participate in the group as observers. The Project Team Company shall be responsible for the organisation setting up of a future SEE CAO.

2.4 GAS

2.4.1 Task Force 1 – Regulatory Aspects of the Gas Ring Development

DELIVERABLES

- *Work stream 1:* practical investigation of regulatory requirements for creating a selected Northern Part of the Gas Ring (Croatia, Serbia, Bosnia and Herzegovina; feed in routes Hungary-Croatia and Romania-Serbia).
- *Work stream 2:* practical investigation of regulatory requirements for creating a selected Southern Part of the Gas Ring (Greece, Albania, former Yugoslav Republic of Macedonia, UNMIK and Bulgaria; feed in route Greece - Albania).
- *Work Stream 3:* follow up of 2010/2011 Energy Community study on regulatory investment incentives – preparation and coordination of measures recommended by the study to be implemented on national and/or regional level.

CONTENT

The objective of Task Force 1 is to discuss the possible options for the realization of a broader gas infrastructure concept in the Energy Community. This concept is widely known as so-called “Gas Ring”²⁹ and aims at connecting all Contracting Parties via a ring, considering also the needs of the Region with regard to the electricity sector as well as the (existing or planned) regional pipelines, LNG terminals and storage facilities that could be connected to the Gas Ring. This would not only significantly contribute to further gasification of SEE, but also provide benefits for upstream and downstream countries. In order to move from the theoretical analysis to practical investigation of regulatory requirements for creating Gas Ring, two work streams will discuss details as regards their regulatory and financial aspects and requirements. They are chosen on the basis of the secondary legislation development in order to have more materials to be compared and analyzed at that stage. The level of secondary legislation in place is not necessarily linked with the level of gas infrastructure development plans. The activities of the Work Streams will also include the identification of necessary infrastructure and especially considering the economic impact that projects may have at national and regional level.

Thus, the selected routes do not interfere with nor counter-act with the three gas related priority projects identified by the Energy Community and the European Commission as start up drivers for the development of the Gas ring.

Attracting investments is of core relevance for market development in SEE. Realization of the necessary infrastructure calls for a stable regulatory and market framework, a common regulatory

²⁹ The Gas Ring concept was first presented in SEE Regional Gasification Study (SEE Regional Gasification Study (2008), Economic Consulting Associates/Penspen/ Energy Institute Hrvoje Požar, financed by World Bank and KfW; March 2008, <http://www.energy-community.org/pls/portal/docs/36273.PDF>).

approach on regional level, the creation of a single energy market³⁰ without internal frontiers, developing competition on a broader geographic scale and exploring economics of scale. Investments in new transmission line projects remain a key requirement for the developing of a liquid and competitive gas market in SEE. Facilitating and stimulating new investments is therefore a core responsibility of both national legislation and regulatory praxis.

The Gas Working Group in 2009/2010 analyzed the existing regulatory instruments for stimulating investments in new infrastructure projects and the powers of regulators as regards cooperation and harmonization of regulatory rules related to projects crossing more than one border of Contracting Parties (“cross border investments”)³¹. Based on the report’s recommendations, a study on possible regulatory investment incentives (both for electricity and gas) has been commissioned by the Energy Community Secretariat in 2010. The final study results will be delivered by mid-2011. The study is expected to provide concrete recommendations on regulatory investment incentives to be implemented in the individual jurisdictions of the Energy Community and related identify the necessary legislative and regulatory steps. The relevant proposals will need to be implemented on national level. To the extent coordination will be necessary work stream 3 will be responsible for coordinating the relevant steps.

 WORK APPROACH

Deliverables will be prepared by the work streams³². **Work of work streams 1 and 2 will be partly supported by a consultant.**

 TIMETABLE

The development of a precise timing for work stream 3 on the finalization of the Energy Community financed study on investment incentives. A final document is expected for mid-2011. Work will start from there and precise milestones can be developed only then.

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Work Stream 1			
Work Stream 2			
Work Stream 3			

³⁰ Title IV of the Treaty.

³¹ www.ecrb.eu – documents – ECRB reports.

³² Work Stream 3: the electricity related part will be subject to EWG approval, the gas related part will be subject to GWG approval.

2.4.2 Task Force 2 – Guidelines for Good Practice on Gas Balancing

DELIVERABLES

- Guidelines for good practice on gas balancing
- Workshop on guidelines discussion including experience from European regulators.

CONTENT

Fair and transparent rules for gas balancing are one of the key elements for non-discriminatory gas market operation: only where shippers and users are well informed about their balancing status and related costs and face a transparent cost allocation model for imbalances, trading can happen in a non-discriminatory way.

Gas markets in the Energy Community are still on a low development level. The 2010 ECRB assessment paper on gas market models in the Energy Community showed that balancing rules are barely established. While noting that, first, gas markets need to be established and, secondly, balancing does not necessarily come first when regulatory rules need to be elaborated, the ECRB still emphasized the discrimination potential of non-existing or poorly designed balancing rules and the related negative impact on market opening.

Therefore a minimum set of very essential gas balancing rules shall be developed. A workshop, also providing input from European regulatory level, shall provide a platform for in depth discussing the challenges and market needs related to gas balancing rules.

WORK APPROACH

The guidelines will be prepared by the Task Force; **no consultancy requirements**. A workshop shall be held in addition.

TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

The balancing workshop is planned to be organized back to back to a meeting of the Gas Working Group.

2.4.3 Task Force 3 – Gas Market Models

DELIVERABLES

- Update of 2010 ECRB report on gas market models and their compliance with Regulation (EC) 1775/2005³³ including a status review on penalties and a special focus on transparency requirements
- Workshop on gas market models.

CONTENT

Non-compliance with the provisions of Regulation (EC) 1775/2005³⁴, as well as incompatibility of various national approaches to its implementation, could seriously impede the development of a functioning regional natural gas market. Although the Energy Community Secretariat in line with Article 67 (b) Energy Community Treaty is monitoring the proper implementation of this Regulation by the Contracting Parties, it is the task of regulators to perform the impact assessment and identify possible solutions (on national and/ or regional level) in order to enhance the investment climate, competitive environment and security of supply. Against this background the ECRB in 2010 has undertaken an analysis with a three-fold scope: identifying legal shortcomings related to non-compliance of the existing regulatory models with the *acquis*, providing an overview of the existing regulatory models and identifying barriers to cross-border trade resulting from different regulatory approaches and developing better understanding of the individual regulatory frameworks with a view to facilitate their harmonization.

Related work has proven to be beneficial to a common understanding of market models in the Region, able to contribute to the development of regulatory rules that are streamlined across borders and at the same time recognizing national specificities to the extent compatible with a coordinated cross border approach.

The 2010 assessment – including a workshop – shall therefore be updated in 2011 with a view to reflecting new developments. In addition special focus shall be given to the enforcement powers of regulators according to Article 13 Regulation (EC) 1775/2005 and the transparency requirements of Regulation (EC) 1775/2005.

³³ OJ L 289 p 1 et seqq. of 3.11.2005.

³⁴ Regulation (EC) No 1775/2005 of the European Parliament and of the Council of 28 September 2005 on conditions for access to the natural gas transmission networks, OJ L 289 of 3.11.2005.



📁 WORK APPROACH

Deliverables will be prepared by the Task Force; **no consultancy requirement**. A workshop dedicated to the discussion of specific gas market elements shall be held in addition.

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

The workshop is planned to be organized back to back to a meeting of the Gas Working Group.

2.5 CUSTOMERS

2.5.1 Task Force 1 – Customer Protection

DELIVERABLE

- *Work stream 1:* Vulnerable customers assessment paper – survey on national definitions and concepts for protection of vulnerable household customers updating the 2008 and 2009 ECRB reports on vulnerable customer protection³⁵
- *Work stream 2:* Status review on complaint handling

CONTENT

Work stream 1: Protection of customers is in the focus of Task Force 1 activities – already in previous years special attention has been drawn on concepts for protection of vulnerable household customers. The topic gained special relevance through the 3rd European legislative package on gas and electricity that requires Member States to develop a definition for vulnerable customers on national level and ensure their special protection. In line with the European approach³⁶, the ECRB in 2009 concluded that vulnerable customers need to be defined on national not regional level and their protection needs to be made part of a broader social system. At the time of finalizing the 2009 assessment report relevant concepts were to a large extent not implemented in the Energy Community. An update assessment in 2011 shall illustrate the developments made and customer protection models applied.

Work stream 2: meaningful and serious handling of customer complaints is not only a necessary tool for customer protection but an instrument for improving market performance. The European Commission together with ERGEG therefore developed a common unbinding set of energy customer complaint handling. In the light of the increased attention through the 3rd European legislative package on gas and electricity draws on customer protection, the status of compliance of the Energy Community with the complaint handling rules shall be assessed.

WORK APPROACH

Work stream 1 and 2: work will be performed by the work streams for CWG and, finally, ECRB approval. **No consultancy requirement.**

Work stream 1 will, assisted by the ECRB Section at the Energy Community Secretariat, actively coordinate with the Energy Community Secretariat's activities on social issues and especially Social Action Plans.

³⁵ www.ecrb.eu – documents – ECRB reports.

³⁶ www.ecrb.eu – documents – ECRB reports.

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Work Stream 1			
Work Stream 2			

2.5.2 Task Force 2 – Quality of Service

📁 DELIVERABLE

- *Work stream 1*: Guidelines for Good Practice on quality of service regulation (study).
- *Work stream 2*: Benchmarking report on quality of service regulation – participation in CEER benchmarking activity 2011.

📁 CONTENT

Work stream 1: In 2009 the ECRB developed a report on “Quality of Electricity Service Standards and Incentives in Quality Regulation”³⁷. The report showed that a variety of different approaches to quality of service regulation exist in the Energy Community and thus recommended the initiation of a “project on the introduction and improvement of the quality of electricity service”. The project was accompanied by a consultant – financed by the Energy Community Secretariat – and successfully carried out in the first half of 2010³⁸. Based on this, guidelines of good practice, serving as starting point for a streamlined basis for quality of service regulation within Energy Community Contracting Parties shall be developed in 2011. The guidelines shall, among others, define the quality of service aspects to be followed and possible data collection methods to be applied.

Work stream 2: The CWG already since 2009 dedicates efforts to the development of quality of service standards (see paragraph above). Monitoring and benchmarking of the so far reached elements is an important tool for measuring the effectiveness and compliance with the agreed standards. A benchmarking report on quality of service regulation will therefore prepared in 2011. The Council of European Energy Regulators (CEER) kindly offered to include the ECRB in its related 2011 benchmarking exercise.

📁 WORK APPROACH

- The work of *Work stream 1* shall be accompanied by a **consultant (study)**. A workshop shall be held in addition for practical discussion of the study findings.

³⁷ www.ecrb.eu – documents – ECRB reports.

³⁸ www.ecrb.eu – documents – studies.

- The deliverable of *Work Stream 2* will be prepared as annex to the CEER 2011 benchmarking report on quality of service regulation by the Work Stream for CWG and, finally, ECRB approval. **No consultancy requirement.**

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Work Stream 1			
Work Stream 2			

2.5.3 Task Force 3– Smart Metering

📁 DELIVERABLE

Guidelines for good practice on smart meter roll out (study).

📁 CONTENT

The ECRB in 2010 developed “A Review of Smart Meters Rollout for Electricity in the Energy Community”³⁹. The analysis concluded that the introduction of smart meters on a large scale is still to be carried out in the Energy Community Contracting Parties. The next step for the Contracting Parties would be to make appropriate analyses and then prepare a suitable plan with precise technical requirements/goals and a fitting scheme for financing the roll-out, making use of best practice experience gained on European level. This will enable regulators of the Contracting Parties to accelerate the decision process within their jurisdictions and empower them for analyzing and conducting the process.

The 2010 ECRB report was presented at the 16th Athens Forum. The Forum welcomed the analysis provided by the ECRB and invited the ECRB to present an update of the report to the next Forum.

Based on the work of the previous years guidelines of good practice for smart meter roll out will be prepared in 2011. The work will cover:

- Obligations from EU legislative and 3rd Energy Package regarding smart metering;
- Definition of smart metering and corresponding technology, required smart metering infrastructure, state of the art and possible development of smart metering technology
- Current situation and trends in smart metering standardization;
- Possible and recommended models of providing the metering services (DSO, metering service provider, supplier, ...);

³⁹ www.ecrb.eu – documents – ECRB reports.

- Access to metering data and other issues related to security and confidentiality of metering data;
- Barriers in introducing smart metering, legal framework, regulatory framework, economic and technical barriers;
- Possible new services and tariff schemes with an emphasis on smart meter features (multiple tariffs, demand-side management based on integrated switches, limitation of maximal power demand, etc.);
- Application of smart meters in smart grids;
- Structure of costs and benefits of smart metering rollouts;
- Costs of smart metering infrastructure;
- Options for financing smart meter roll-outs;
- Benefits to stakeholders (regulators, DSOs, suppliers, customers, etc);
- Recommendations for carrying out a cost–benefit analysis of a smart metering rollout;
- Recommendations for designing a rollout plan;
- Examples of roll-outs from EU countries;
- Benchmark of smart meter requirements in (selected) EU countries.

 WORK APPROACH

The deliverable shall be prepared with the assistance of a **consultant (study)**. A workshop shall be held in addition for practical discussion of the study findings.

 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter

2.5.4 Task Force 4 – Billing

 DELIVERABLE

Update on 2010 ECRB survey on the status quo of electricity billing methodologies in the Contracting Parties⁴⁰ including a status quo assessment on gas billing methodologies.

⁴⁰ www.ecrb.eu – documents – ECRB reports.



📁 CONTENT

Transparent and customer friendly billing methodologies are one of the key requirements for raising customer awareness for switching options and making use of their right to choose the best supplier. Only where bills are understandable and clearly separate between energy prices, tariffs and other costs (eg taxes; green energy ...), customers are able to compare offers. The need for transparent billing has been underlined by the 3rd EU legislative package. European regulators have already developed a best practice recommendation for standard bills.

The 2010 ECRB report was presented at the 16th Athens Forum. The Forum welcomed the analysis provided by the ECRB and invited the ECRB to present an update of the report to the next Forum.

The 2010 assessment on electricity billing shall be updated together with a new assessment of the status of gas billing methodologies in the Contracting Parties.

📁 WORK APPROACH

The deliverable will be prepared by the Task Force. **No consultancy requirement.**

📁 TIMETABLE

2011			
1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter