



Energy Community Regulatory Board

ECRB Work Programme 2009

Energy Community Regulatory Board – ECRB

Prepared by ECRB Section of the Secretariat

Work Plan for Electricity Issues (2009)

The Work Programme lays down the focal points for ECRB EWG for the year 2009 and aims to give an outlook to its activities in 2010.

First special priority is given in ECRB EWG Work Programme for 2009 to issues relating to cross border trade and transmission of electricity (e.g. establishment of a Coordinated Auction Office), establishment of regional SEE Wholesale Market and harmonization of market rules.

ECRB EWG Work Programme also builds upon the work and experience accumulated by CEER, ERGEG and ECRB in the past years. Some of the items identified as relevant for ECRB EWG activities during 2009 are a continuation of ECRB EWG work in 2008. In this respect close cooperation between ECRB EWG and CEER / ERGEG is envisaged.

The ECRB EWG Work Programme also responds to issues and concerns identified by EU institutions and/or industry etc.

In general ECRB EWG will be carrying out the necessary duties to deliver Work Programme items with the strong proactive support from the ECRB Secretariat Section and its relevant experts. The ECRB Secretariat Section will also be responsible to indicate any potential redundancy work performed by the Energy Community Institutions. Generally, duties will be performed within the Working Group or set task forces, alternatively consultants shall perform the work in close supervision with the relevant task force/working group Chair.

Participants' active support will be equally essential with a view of inputting the current CEER/ERGEG expertise to the Working Groups.

In order to guarantee best possible results and in accordance with the work programme 2008-2009 ECRB EWG implemented a so called Task Force concept where each Task Force is working on one task specified within the work programme. In this respect the ECRB EWG members were asked to nominate Task Force Members for 5 Taskforces as they are

Task Force 1: Congestion Management (CM) and Transmission Capacity Allocation – CAO

Task Force 2: Regional Balancing Mechanism (RBM) in the SEE region

Task Force 3: Compatible Market Rules and Proposals on effective regional Wholesale Market Opening

Task Force 4: Harmonization of licensing regimes

Task Force 5: Cross border cooperation of regulators in relation with investment projects of regional dimension

ITEMS#	ISSUES	DELIVERABLE	EXPLANATION
ELECTRICITY			
EWG 1	Congestion Management (CM) and Transmission Capacity Allocation	Coordinated ECRB Positions to the establishment of a Coordinated Auction Office including position paper including	Although most of the countries within the region have already introduced market based capacity allocation mechanisms for congestion management purposes at their borders, there is still a lack of harmonization within the region as a large number of different market

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ELECTRICITY			
	<p>CA revenues distribution and capacity calculation mechanisms. Accompanying the IG process from the ECRB side (see Action Plan).</p>		<p>models occur creating a barrier for the international energy trading. Thus it was decided to investigate a new common approach including the envisaged establishment of a common Coordinated Auction Office(CAO) performing SEE Coordinated Flow- Based Auctions. As a first step towards reaching this ambitious goal the TSOs of the SEE region started the “Dry-Run”, performing coordinated flow based auctions on a monthly basis without real clearing or payments.</p> <p>After finishing the Dry-Run phase and based on the results of discussions between the stakeholders, a common Coordinated Auction Office should be established by the TSOs of the SEE region. Thus a capacity allocation methodology for implementation and the products on the capacity allocation market should be clearly defined prior to establishment of the Coordinated Auction Office.</p> <p>According to the request of the Implementation Group for the SEE Coordinated Auction Office the Action Plan for establishing a common Auction Office recalls all the necessary tasks for establishing the office and the services provided by the office at a later stage.</p> <p>During 2009 it has to be investigated how the implementation of an “intraday” and “secondary” market will be achieved through the Coordinated Auction Office. This is a topic which deserves attention for the future.</p>

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ELECTRICITY			
			<p>Based on the recommendations from the ECRB EWG in 2007 and the ongoing work done by SETSO NACMPF SG, the ECRB shall elaborate a final position on the coordinated flow based transmission capacity auction revenue distributions key.</p> <p>Related to these issues also transparency issues should be solved.</p> <p>Approach:</p> <p>This task shall be done in close cooperation with the SEE CAO Implementation Group, other stakeholders and consultants.</p> <p>Furthermore close cooperation with the ERGEG Electricity Focus Group (EFG) is necessary. Regular reporting to the Athens Forum is foreseen.</p> <p>Based on already existing studies on revenue distribution (like ETSO SETSO TF study on revenue distribution performed by CONSENTEC/APCS) and an official proposal from ETSO/SETSO TF/SETSO NACMPF SG the definition of the distribution of the revenues from Coordinated Auction between TSOs of the SEE region is envisaged; Furthermore the start of a third phase of the Coordinated Auctions Office Dry-Run could be discussed.</p> <p>Approach:</p> <p>Practical Work is performed by the TF 1 of the ECRB EWG according to the TF workprogram. ECRB EWG members will be informed and</p>

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ELECTRICITY			
EWG 2	Regional Balancing Mechanism (RBM) in the SEE region	<p>Assessment Report and concept paper on way forward of regional balancing.</p> <p>Continuation of web-based test-platform for Regional Balancing, "BETSEE".</p>	<p>consulted on regular basis.</p> <p>In order to implement a Regional Balancing Mechanism in the SEE region the ECRB Electricity WG started in 2007 a close cooperation with the SETSO Balance Management Subgroup. In this context ECRB adopted the ECRB EWG paper on RBM and asked the SETSO BM SG to work on the next steps necessary to develop a regional balancing system. It is envisaged that SETSO BM SG will develop the regional Automatic Scheduling Control model and the related software as it is a prerequisite for implementation of the proposed Regional Balancing Mechanism before short-term capacity auctions are not introduced within the SEE region.</p> <p>Up to now SETSO BM SG developed the so called BETSEE web-based platform/software. The objective of this project is to provide the service platform prototype for the administration of bids for the trade of electricity at intra-day time horizon, which will be used for the balancing purposes by the TSOs of the SEE region. This work will be continued on the basis of results from 2008. It will be realized through the joint work with ETSO/SETSO Balance Management Sub Group under the chairmanship of the ECRB EWG.</p> <p><u>Approach:</u></p>

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EWG 3	Compatible Market Rules	In depth study into market rules in place with a view to compatibility	<p>Practical Work is performed by the TF 2 of the ECRB EWG according to the TF workprogram in close cooperation with ERGEG EFG and European Commission, DG TREN and EFET. ECRB EWG members will be informed and consulted on regular basis. A final position on the strategy is necessary. Should there be a centralize balance management centre or decentralized entities.</p> <p>Compatible Market rules are the basis for an integrated electricity market within the SEE region. This work is a left over from the ECRB WP 2008 and should be continued in 2009.</p> <p>Approach:</p> <p>This work shall be performed by the ECCRB EWG TF 3 and supported by the ECRB Section of the Energy Community Secretariat. It is planned to have workshops dealing with this topics by mid 2009 with view to harmonize the market models in the Contracting Parties and the CEE Region. EU regulators are encouraged to participate in such workshops in order to present their relevant market models. Afterwards it is envisaged to summarize the findings in a report which should be also an input for the due diligence of legal framework mentioned in the Action Plan for establishing of a coordinated auction office under topic WG- E- 1. ECRB EWG members will be informed and consulted on regular basis.</p>

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ELECTRICITY			
EWG 4	Proposals on effective regional wholesale market opening	“Position paper on SEE Regional Wholesale Market and next implementation steps for creation of effective wholesale market”	<p>Based on the proposals from SEETEC Study and announced consultancy offered by donors and EFET, the ECRB EWG will look into adequate measures taken from the experience in EU Member States.</p> <p>Approach:</p> <p>This work shall be performed by the ECCRB EWG TF 3 and supported by the ECRB Section of the Energy Community Secretariat. ECRB EWG members will be informed and consulted on regular basis</p> <p>Based on the work of the CEER WG SEE-MIF TF ECRB EWG TF4 assess requirements from market entrants and develop guidelines with a view of having easy, non bureaucratic and mutually recognised trading authorizations in place. ERRA reports and other existing documents and outcomes on licensing issue should be used.</p>
EWG 5	Harmonization of licensing regimes	Assessment Report and proposal for Recommendation under Title III	<p>In view of establishing a common Coordinated Auction Office in the region mutual recognition of trading licenses is of utmost importance. Thus it is envisaged to assess possible measures in 2009.</p> <p>Approach:</p> <p>This work shall be done by ECRB EWG TF4 in close cooperation with ERGEG (Electricity Focus Group) and EFET. ECRB EWG members will be informed and consulted on regular basis.</p>

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ELECTRICITY			
EWG 6	Regional investment planning	Monitoring of regional transmission infrastructure investments. Definition of possible criteria for investment projects.	<p>Monitoring and review of the existing ETSO-SECI project with an intention to define the role of the Regulators of the Energy Community.</p> <p>Approach: This work shall be done by ECRB EWG TF 5 in cooperation with ETSO/SETSO TF (follow up on the ETSO-SECI project).</p>
EWG 7	Cross border cooperation of regulators in relation with investment projects of regional dimension	Case studies on cross border cooperation among regulators	<p>It is envisaged to perform case studies on cooperation across borders in order to define common regulatory regimes. ECRB EWG members will be informed and consulted on regular basis</p> <p>Approach: Monitoring of already existing cross border activities in the electricity sector. Proposals for better cooperation to be elaborated by ECRB EWGTF5. ECRB EWG members will be informed and consulted on regular basis</p>

Draft Work Plan for Gas Issues (2009)

Revised Version 11 December 2008

Background

The ECRB Work Programme for 2008 comprised an indicative bi-annual work plan for both 2008 and 2009, following the Budget Period of the Energy Community.

An adapted detailed Work Programme for 2009 was expected to be adopted at the end of 2008 as a separate annual work programme according to Art. 6.1. Procedural Act N° 01/2007.

The present draft Work Programme lays down the focal points for ECRB for the year 2009.

Introduction

In principle, the issues identified in the ECRB work programme need to respond to the demands presented by the regulatory framework which should be transposed into national laws taking into account the objective of creating a regional market.

First special priority was given in the ECRB Work programme for 2008-2009 to issues relating to cross border trade and transmission of electricity and gas, establishment of a regional wholesale market requiring underlying compatible rules.

The ECRB work programme also responds to issues and concerns identified by EU institutions and/or industry etc. and foresees common activities with stakeholders on defined issues.

The proposed programme for 2009 starts from actual implementation of the 2008 Work Programme, which has included notably the following:

1. Revision and finalisation of the 2007 Gas Survey on gas market in South East Europe, presented at the 2nd Gas Forum on 16 April 2008.
2. 2008 National Reports for all Contracting Parties, approved by National Regulatory Authorities in August – September 2008.

3. 2008 Regional Market Development Report, approved by the ECRB on 30 September 2008.
4. Preliminary draft of a Consultation Paper on "A Common Regulatory Approach for the Development of the Energy Community Gas Ring", presented at the 3rd Gas Forum on 16 October 2008.
5. Launch of a Study on "Study on the Improvement of Interconnection, Interoperability, Transparency and Harmonisation of Operational Rules for Natural Gas Transportation in the Energy Community": Interim Report presented at the 7th GWG Meeting on 11 September 2008; Final Report expected by 15 December 2008.
6. Gas Distribution Conference held on 25 September 2008 in Zagreb.

Outline of the 2009 ECRB Work Programme on Natural Gas

The Work Programme will follow the achievements of 2008 and finalise activities that have been already started, notably:

- 1) The definition of conditions for the improvement of interconnection, interoperability, transparency and the harmonisation of operational rules for natural gas transportation, following the results of the 2008 Study;
- 2) The development of a Common Regulatory Approach for the Development of the Energy Community Gas Ring to be presented for public consultation;
- 3) The preparation of National Reports by regulators and of a regional Market Development Report, based on them;

Further, new work stream, more broadly based on the results of current work, will address:

- 4) The structure of a future common gas market in the Energy Community.
- 5) A co-ordinated approach on mutual recognition of licenses, provided that the related work is started for the electricity market.



It is proposed that support for the development of gas distribution will be allocated to the Customers' Working Group, which will be in a position to call on the relevant gas experts if necessary.

Internal procedure

Upon approval of the GWG, this draft Work Programme shall be sent to the ECRB for approval. If approved, it will then be sent to the Ministerial Council according to Art. 12.1. Procedural Act No 01/2007 of the Regulatory Board of the Energy Community and shall be published on the ECRB website, as requested by Art. 6.1. of Procedural Act N° 01/2007.

ITEM #	ISSUES	DELIVERABLE	EXPLANATION
GAS			
GWG 1	Harmonization of operational rules	Roadmap, Proceedings of the Implementation Group	The 2008 Study on "Improvement of interconnection, interoperability, transparency and the harmonisation of operational rules for natural gas transportation" analyses the current status and develops proposals for the main technical and regulatory conditions for the development of a common gas market. During 2009 these proposals will be turned into an operational roadmap, with milestones defined by the current obstacles that need be overcome, to be implemented in collaboration with TSOs. The roadmap will address tariff structure, access rules and balancing issues, and the implementation of Common Business Practices.
GWG 2	Common Regulatory Approach for the Development of the Energy Community Gas Ring and Structure of the future common gas market	ECRB Discussion paper	Building on the Draft submitted during 2008, a Consultation paper will be finalised and submitted to the PHLG for a preliminary discussion. Once market liberalisation progresses and the basic harmonisation of access and tariff rules is being implemented, preliminary thoughts are appropriate about the structure of the future common Energy Community gas market. Proposal should be drafted and discussed concerning the relationship between Transmission and Market operators, the balancing market, trade locations, flexibility tools, security of supply provisions, public service obligations.
GWG 3	Monitoring of market developments in the Contracting Parties	Market Development Report	National reports will be prepared as in 2008, for both electricity and gas sectors. A Market Development Report summarising the main developments and focusing on Regional issues will be drafted by the ECRB Section and submitted for approval.

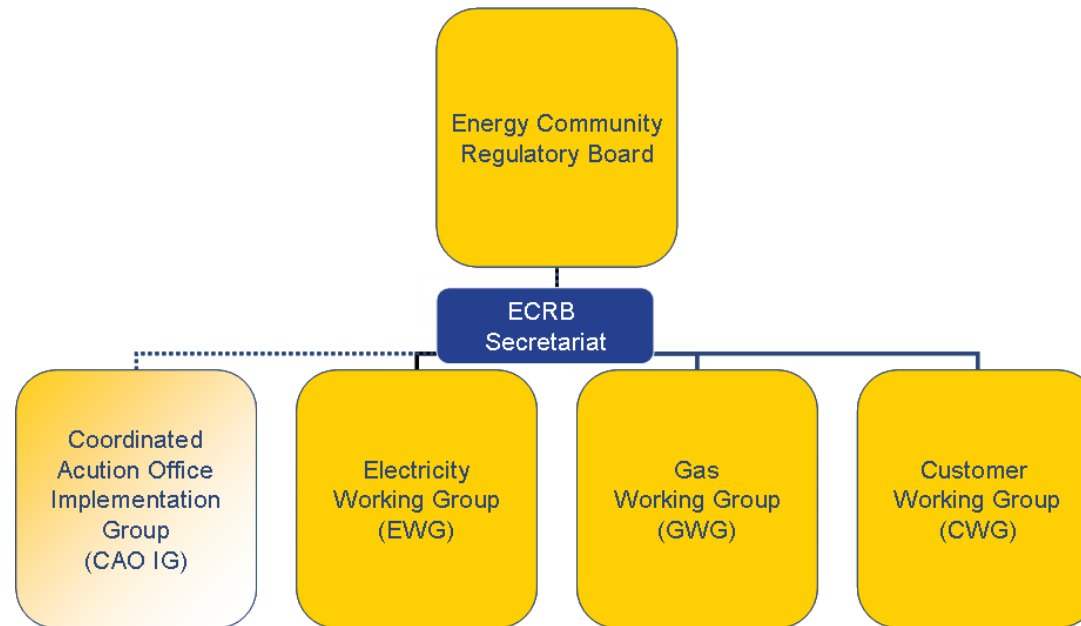
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GAS			
GWG 4	Distribution	Workshop and tailored reports at request of National Regulatory Authorities	After the successful Conference held in September 2008, a follow up may be provided as support to National Regulatory Authorities on the best regulatory practices for the development of gas distribution. Topics may include: market development, tariffs, new licenses, and others. This support may also be provided as Workshops, to be organised in co-operation with ERGEG.
GWG 5	Mutual recognition of trading licenses	Assessment Report and Recommendation under Title III of EnCT	A co-ordinated approach for electricity and gas market to assess requirements from market entrants and develop guidelines with a view at having a easy, non bureaucratic and mutually recognized system of trading authorizations. This work shall be undertaken after similar initiatives are started by the EWG.

Work Plan for Customers' Issues (2009)

ITEM #	ISSUES	DELIVERABLE/ ACTIVITIES	EXPLANATION
CUSTOMERS			
CWG 1	Customer Protection Issues Customers	Presentation and Workshops	<p>Follow-up of Report on Best Practice Guidelines on the Protection of Vulnerable Households Customers. This includes:</p> <ul style="list-style-type: none"> a. Regulatory input to the preparation and implementation of Social Action Plans b. Reporting at Social Forum c. Organisation of a Social Safety Nets Workshop in collaboration with Energy Efficiency TF (proposed by USAID) d. Organisation of a Workshop on ways of improving participation of social partners in the regulatory processes, with participation from ERGEG regulators and European Consumer Association (Identifying and promoting the role of customer associations, designing suitable consultation procedures).

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CUSTOMERS			
CWG 2	Quality of Electricity Service	Report on Quality of Electricity Service; Workshops	<p>a. Finalisation of Report on Quality of Supply and Commercial Service - Standards and incentives in quality regulation</p> <p>b. Workshop(s) for promotion of quality of electricity service (Continuity, Other technical quality parameters, Commercial quality). A Consultant would be hired to lead a process for the improvement of quality regulation in the CPs.</p> <p>This Study, to be developed jointly with GWG would include:</p>
CWG 3	Gas distribution and regulated supply	Study	<p>a. Current status of retail tariff setting in the Contracting Parties;</p> <p>b. Best practices regarding gas distribution and supply tariffs;</p> <p>c. Current status and best practices regarding quality of service;</p> <p>d. Current status of metering including use of correction factors and billing;</p> <p>e. Best practices on public service obligation and supply of last resort.</p>
CWG 4	Other activities	Various	<p>a. Follow-up of the 2008 Study on electricity tariffs including presentation of results;</p> <p>b. Co-operation with ERGEG CFG and Citizens' Energy Forum (London Forum);</p> <p>c. Information on price data collection and comparison in accordance with Eurostat methodologies;</p> <p>d. Other issues of particular customer interest</p>

Annex II - Structure of the ECRB



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