DRAFT MINUTES OF THE 6th ECRB MEETING

ATHENS, May 15, 2008

Hotel Athens Imperial, Karaiskaki Square, GR 104 37 Athens

Attendees			
Slave Ivanovski	ERC	Former Yugoslav Republic of Macedonia	ECRB President
Ana Arana	EC / DG TREN		ECRB Vice President
Chrysoula Argyriou	EC/DG TREN		
Petrit Ahmeti	ERE	Albania	Contracting Party
Abas Aliko	ERE	Albania	Contracting Party
Mirsad Salkic	SERC	Bosnia and Herzegovina	Contracting Party
Edin Zametica	SERC	Bosnia and Herzegovina	CWG Chairperson
Milan Puharić	HERA	Croatia	SEE CAO IG Chairperson
Srdan Zutobradic	HERA	Croatia	Contracting Party
Vladko Gavrilov	ERC	Former Yugoslav Republic of Macedonia	Contracting Party
Natasha Trimcheska	ERC	Former Yugoslav Republic of Macedonia	Contracting Party
Petar Maksimovi ć	AERS	Serbia	Contracting Party
Nenad Stefanovi ć	AERS	Serbia	EWG Chairperson
Ali Hamiti	ERO	UNMIK	Contracting Party
Nysret Avdiu	ERO	UNMIK	Contracting Party
Rifat Blakaj	ERO	UNMIK	Contracting Party
Dietmar Preinstorfer	E-Control	Austria	Participant
Matthias Steiner	E-Control	Austria	Participant
Sven Kaiser	E-Control	Austria	Participant
Philippe Raillon	CRE	France	Participant
Nadia Horstmann	BNetzA	Germany	Participant
George Koutzoukos	ERGEG/RAE	Greece	Participant
Vasilis Panousopoulos	RAE	Greece	Participant
Dimitris Lelovitis	RAE	Greece	Participant
Fabio Tambone	AEEG	Italy	Participant
Dana Canea	ANRE	Romania	Participant
Nino Laskhia	GNERC	Georgia	Observer
Nino Asatiani	GNERC	Georgia	Observer
Kostantyn Telychko	NERC	Ukraine	Observer
Valeriy Tsaplin	NERC	Ukraine	Observer
Nicolae Triboi	ANRE	Moldova	Observer
Natalie McCoy	CEER/ERGEG	Belgium	

Attendees			
Slavtcho Neykov	ECS Director	Austria	
Andrea Brandstätter	Head of ECRB Section at ECS	Austria	
Claudia Cordié	ECRB Section at ECS	Austria	
Roland Matous	ECRB Section at ECS	Austria	
Sergio Ascari	ECRB Section at ECS	Austria	
Simon Uzunov	ECS	Austria	

The ECRB met in Athens on May 15, 2008.

All Contracting Parties' Regulators representatives were present except the Regulator from Montenegro whose absence has been excused.

The following issues were discussed:

1. **Approval of the Agenda**

   Related document: R08-GA-06-01

   Conclusions: The ECRB approved the agenda subject to the following two changes:
   1) inclusion of an sub-item concerning the Progress Report by the EWG chair under the agenda item on “Electricity issues”.
   2) changed order of item 5 and 6 with the aim of discussing first the Electricity issues.

2. **Approval of the Minutes of the 5th ECRB meeting**

   Related document: R08-GA-05-02

   Conclusions: The ECRB approved the minutes of the 5th ECRB meeting without amendments.

3. **Final adoption of the Annual Report**

   Related document: R08-GA-06-03

   Discussion: The current version of the ECRB Annual Report 2007, reflects the comments from the ECRB members. No discussion was held. Once approved, it shall be sent to the Ministerial Council and the Director of the Energy Community Secretariat, according to Article 12.1 of the Internal Rules of Procedure of the Energy Community Regulatory Board.

   Conclusions: The ECRB approved the ECRB Annual Report without amendments and asked the Energy Community Secretariat to submit the report to the Ministerial Council pursuant to Article12.1 of the ECRB Internal Rules of Procedure.

4. Approval of the Interim Market Development Report

Related document: R08-GA-06-04

Discussion: The ECRB asked the ECRB Section of the ECS to finalize the National Reports which are going to be reviewed by the National Regulatory Authorities prior to the submission to the ECRB in September.

ERGEG/CEER representative stressed the importance of having a regional view together with the national reports.

SERC Chairman informed that they will submit to the ECRB Section of ECS some additional information to be integrated into the report.

ERO Chairman underlined that the UNMIK TSO is not treated in the same way as the other Contracting Parties' TSOs. Due to this situation they cannot approve the Market Development Report as it stands now.

The representative from AERS stressed that such issues should be tackled by the proper body, which is not the ECRB but the Ministerial Council.

ERO chairman underlined the necessity to address as soon as possible a proper request to the Ministerial Council in order to come to a solution for this issue which is recurring in all ECRB working groups and plenary meetings.

ECS Director stressed the fact that the Secretariat shall receive a concrete proposal on the open issue to be reported to the Ministerial Council maybe under article 90 of the EnC Treaty.

AERS representative underlined the necessity that the title of the current report specifies the fact that it is an "interim" report considering that further information still needs to be collected and integrated.

Conclusions: The ECRB took note of the Interim Market Development report and asked the ECRB section of the ECS to draw up the final report by using questionnaires filled in with the contribution of the national regulators. The ECRB will consider the final draft report at its session on September 30th. With regard the UNMIK/ERO issue, the ECRB recommended to tackle this question according to the rules of the EnC Treaty.

5. Electricity issues

5.1. EWG Progress Report

Related documents: R08-GA-06-11a; R08-GA-06-11b

Discussion: EWG chair presented the progress of the EWG group.

ERGEG expressed concerns about the work load of the WG. ERGEG suggested prioritizing the tasks and concentrating on the most urgent ones with the aim to have concrete results on the most important issues, in particular, the CAO implementation.

EWG chair stressed that congestion management is already the top priority.

ERE representative stressed that one of the main problems for Albania and other Contracting Parties is the high price of the imported electricity, due to lack of a transmission mechanism and to the weakness of the countries in the region. He underlined that ECRB should raise the concrete problems that the Contracting Parties are facing and try to find concrete solutions. He thanked the EWG chair for the impressive work.

Conclusion: The ECRB welcomed the report and asked the EWG to report on progress at the next meeting.

5.2. Coordinated auction office

The SEE CAO IG chair debriefed the meeting on the progress made by the IG.
The SEE CAO IG approved the Action Plan without indicated timelines. The Business plan has been rejected and a new one is being drafted by TSOs.

The ECRB urged the TSOs to sign the related MoU as soon as the decision on the definition of 8th region is made.
The ECRB looks forward to have the Business Plan approved by the December Athens Forum.

The Bosnia-Herzegovina Regulator asked the Commission and the ECS to make best efforts to bring experience from Western Europe into this process and considers necessary the involvement of representatives from CEE Auction Office in Munich.

E-CONTROL representative reminded that the current definition of the CEE and CS borders does not envisage changing. Thus, the borders of the regions are unchangeable and ERGEG may accept observers in the Electricity TF meetings dealing with congestion management related issues.

Some Regulators underlined that the delay with regards a draft common position on the CAO revenue distribution is due to the TSOs lack of consensus.

ERGEG also expressed concerns for having an Action Plan without time schedule. ERGEG also stressed that the responsibility to ensure the political will on implementing the Action Plan as well as the definition of the 8th Region necessary to sign the MoU lies with the EC.
ERGEG further suggested appointing a Project Manager for the CAO implementation and to set up a small monitoring group formed by the Commission, the IG chair, the EWG chair, the ECS, and the SETSO convenor. The group will report to the IG chair.

Conclusions: The ECRB asked the IG to review the dates of the Action Plan. The time schedule will be discussed at the 7th ECRB. The ECRB considers the appointment of a project manager for the CAO implementation.

- **Progress report on defining the 8th Region**

Discussions: EC informed about the state of play of the Draft Decision on the 8th Region. A final decision should be taken at the Ministerial Council in June 2008.

5.3 Common position of ECRB on the Athens Forum agenda items

Related document: R08-GA-06-07

This item has been partially discussed under agenda item 5.1 and 5.3.

5.4. Approval of EWG Benchmarking Report on compliance with Congestion Management Guidelines and Regulation (EC) N° 1228 / 2003

Related document: R08-GA-06-08

Discussion: ECRB Section presented the Report.

Conclusions: ECRB approved the report subject to minor changes reflecting late comments expressed by TSOs in the SEE CAO IG meeting on May 14th.

6. Work Programme 2008-2009

6.1 Final Adoption of the ECRB Work Programme

Related document: R08-GA-06-05

Discussion: ERGEG repeated the comment on the work load of the EWG and on the necessity of re-prioritizing the tasks. He further stressed that there are strong asymmetries among the work programs of the working groups.

Conclusions: The ECRB adopted the work programme for 2008-2009 subject to the integration of the comment on the prioritization of the EWG tasks.

6.2 Approval of the Terms of reference for studies

Related document: R08-GA-06-06

Discussion: ERGEG and EC suggested re-evaluating the tasks described in the ToR on the legal framework, in particular tasks 1 “Review the current state of legal Framework in the region” and 2 “Examine barriers to harmonization of legal framework”, taking into consideration the information already available in other studies. This evaluation might result in a reduction in the number of tasks to be performed in the study. ERGEG further expressed the opinion that task 4 of the ToR “Proposal of regional auction rules” should be the responsibility of the TSOs.

SEE CAO IG chair expressed dissent and underlined the importance of the proposed study.

EC expressed its opinion on each study and underlined that the ToR on revenues distribution and Legal Framework should be put on hold for further evaluations.

SEE CAO IG chair asked again for clarifications on ECRB decision making procedures.

The ECS Director specified that the Secretariat has completed all necessary procedural steps as to assure the development of the studies approved by ECRB. Furthermore, the Secretariat requests that in the conclusions the status of each of the discussed studies is clearly specified. The ECS Director requested that the ECRB Section of the ECS get the overall picture on the studies which are being developed including those which are not financed by the EnC budget.

Conclusions:

a) The ToR on Tariff (Study on tariff methodologies and impact on prices and energy consumption patterns - CWG 3) were approved.

b) The ToR on Revenue Distribution (Study on *Distribution of revenues out of coordinated oad flow based cross border capacity auctions* - EWG 1) will be discussed at the 7th ECRB meeting after having defined the way of co-operation between ECRB and ERGEG/CEER. ERGEG will evaluate the possibility of offering concrete support, in the contrary case the study will be done by consultants.

c) The ToR on Gas (Study on *Improvement of interconnection, interoperability, transparency and harmonization of operational rules for natural gas transportation in the Energy Community* - GWG 1, 2, 3) were approved subject to the modification of the geographic scope.

d) The ToR on Legal Framework (Study on the *Harmonization of Legal Framework in SEE Region* - SEE CAO IG 1) will be further discussed at the next ECRB meeting. The ECRB invites the ECRB section of the ECS together with the SEE CAO IG chair to detect possible overlapping and links with the output of recently done studies. The task concerning the auction rules should be withdrawn, taking into account that this is a responsibility of the TSOs.

e) The ToR on Articles of Association (Study on *Articles of Association* - SEE CAO IG 5) was approved subject to the selection of the CAO location.

The ECS shall have the overall picture of all the studies being developed including studies which are not financed by the EnC budget.

7. Gas Issues

7.1. Proposal on how to develop the gas market in SEE

Related documents: R08-GA-06-09

Discussion: ECRB Section on behalf of the GWG chair presented an approach to develop gas markets in SEE.

Conclusions: ECRB approved the approach and encouraged the Gas WG to work along the lines described, focusing on the specificities of the region.

8. Customer Issues

8.1. Short report on the CWG activities

Discussions: The Customers WG Chairman reported on the progress of the group which has established 3 task forces in the last meeting (TF1 lead by Mr. Tanic (Serbia) TF2 lead by Mr. Wagmann (Croatia), TF3 lead by Ms. Basha (Albania).

9. Other issues

9.1. Update on the "Third Package"

Discussions: A brief updated was provided by the Commission.

9.2. Approval of the ECRB Working groups Communications and Functioning rules

Related documents: R08-GA-06-10

Discussions: On the basis of some feedback received from the participants the representative of EC / DG TREN suggested to organize the agendas of the working group meetings described in point 3 of the rules in order to have the possibility to better prepare the relevant meetings.

Conclusions: The ECRB approved the Communications and Functioning Rules subject to modification of the scheduling of the meetings. The agendas of the working group and ECRB meetings have to be better coordinated so that meetings are well prepared. When for practical reasons a meeting of a working group is organized back to back with an ECRB meeting, the points discussed at the ECRB meeting shall be dealt with at the previous working group meeting.

10. Next meetings

The 7th ECRB meeting will be held on September 30, 2008.
The 8th ECRB meeting will take place on December 2nd, 2008.

The ECRB President encouraged all members to early register through the ECRB website for the upcoming meetings.