

The background is a dark blue image of the Earth from space, with glowing blue energy lines or fiber-optic paths crisscrossing the globe, symbolizing a global energy network.

Energy Community: functional unbundling toolbox

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Where the DSO is part of a vertically integrated undertaking (VIU), the basic elements of the unbundling regime are the following

- (a) legal unbundling of the DSO from other activities of the vertically integrated undertaking not related to distribution;*
- (b) functional unbundling of the DSO in order to ensure its independence from other activities of the vertically integrated undertaking;*
- (c) accounting unbundling: requirement to keep separate accounts for DSO activities;*
- (d) possibility of exemptions from the requirement for legal and functional unbundling for certain DSOs.*

(Art 26 ED)

Unbundling status

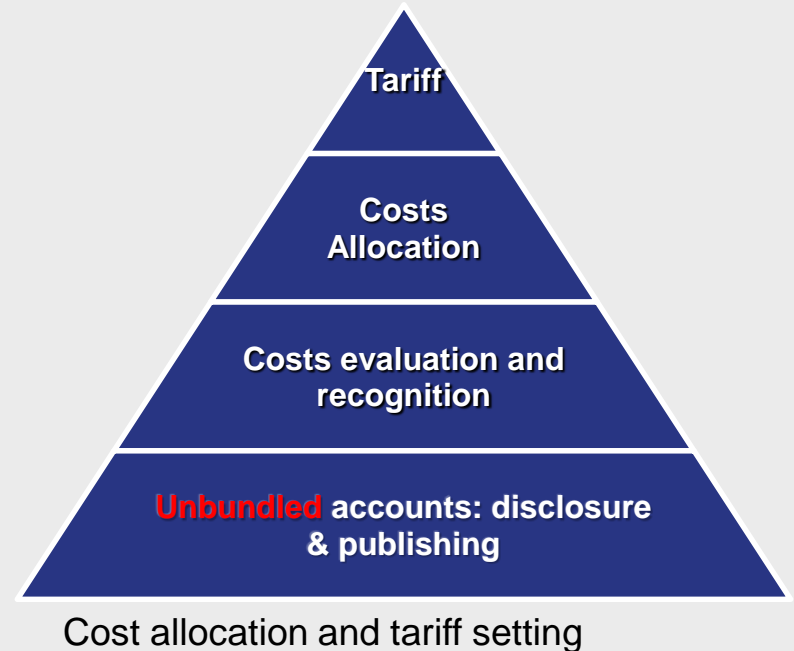
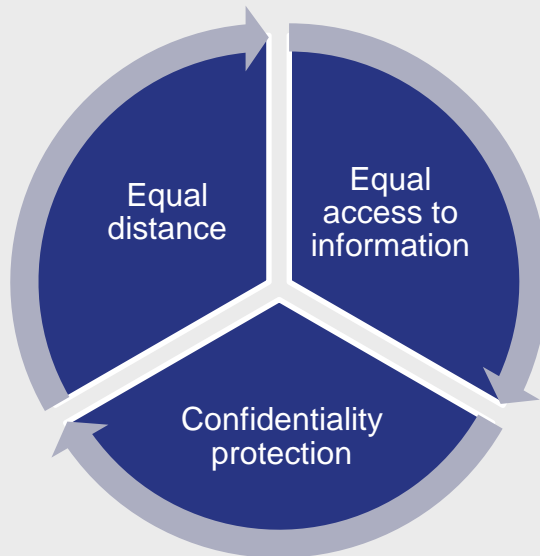
Transposition	Legal Unbundling	Functional Unbundling				NRA approval
		Compliance program	Compliance officer	Compliance Report	Rebranding	
Albania	yes	yes	yes	yes	yes	yes
Bosnia and Herzegovina	no	no	no	no	no	no
FYR of Macedonia	yes	yes	yes	yes	yes	yes
Georgia	no	no	no	no	no	no
Kosovo*	yes	yes	yes	yes	yes	yes
Moldova	yes	yes	yes	yes	yes	yes
Montenegro	yes	yes	yes	yes	yes	yes
Serbia	yes	yes	yes	yes	yes	yes
Ukraine	yes	yes	yes	yes	yes	yes

implementation	Legal Unbundling	Functional Unbundling				NRA approved
		Compliance program	Compliance officer	Compliance Report	Rebranding	
Albania	yes	no	no	no	no	no
Bosnia and Herzegovina	no	no	no	no	no	no
FYR of Macedonia	yes	yes	yes	due	no	yes
Georgia	no	no	no	no	no	no
Kosovo*	yes	yes	yes	yes	yes	yes
Moldova	yes	yes	yes	due	no	yes
Montenegro	yes	yes	yes	yes	yes	yes
Serbia	yes	yes	yes	yes	yes	yes
Ukraine	no	no	no	no	no	no

Unbundling – the purpose

DSO: a neutral market facilitator

Non discrimination of market participants: prevent market distortion through cross-subsidization and discrimination of other supply companies)



A DSO must have the necessary *human, technical, financial and physical resources* to act independently from the vertically integrated undertaking (VIU) in terms of its *organisation and decision-making power*.

Functional unbundling must include:

- ✓ Management separation
- ✓ Independence and effective decision making right of a DSO
- ✓ Separate identity in communication and branding
- ✓ Preservation of confidentiality of commercially sensitive information (non-disclosure in discriminatory manner)

(Interpretative note on Unbundling regime)

Compliance programme



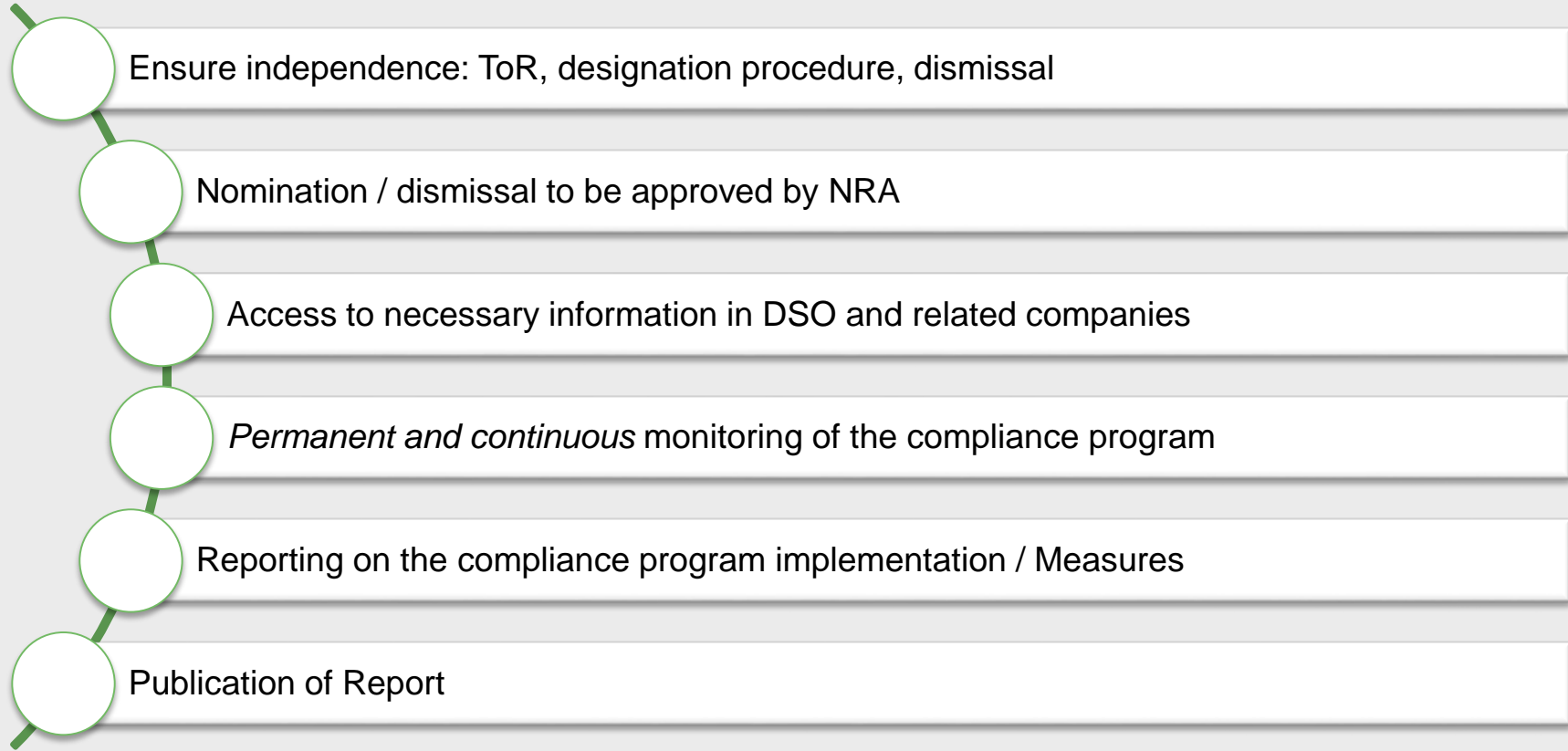
The compliance programme is a formal framework for ensuring that the entire network activities, individual employees and the management of the DSO comply with the principle of non-discrimination.

It shall explicitly define policies and procedures to be observed by management and staff. Such policies may consist, inter alia, of the following elements:

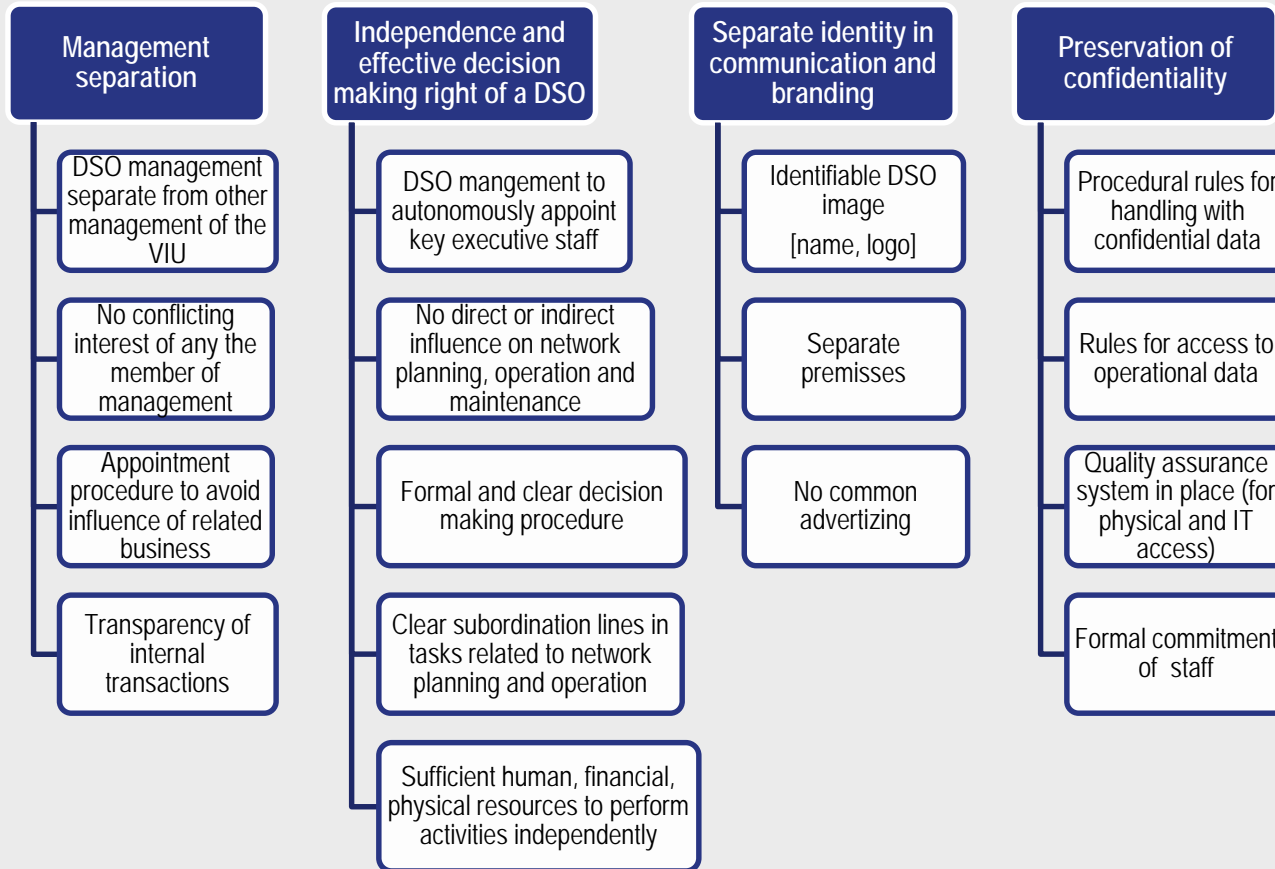
- active, regular and visible support of the management for the programme;*
- written commitment of staff to the programme by signing up to the compliance programme;*
- indication to disciplinary action which will be taken against staff violating the compliance rules;*
- training on compliance on a regular basis and notably as part of the induction programme for new staff.*



- **No exception**
 - **Minimum: balance sheet and income statement**
 - **Accounting policies - compliant with disclosure requirements**
 - **Mandatory audit of unbundled accounts**
 - **Segment reporting and related party disclosures**
- Ensure that transactions with related undertakings and internally procured or provided goods and services are recognized at fair value.



Functional Unbundling Toolbox



Checklist for functional unbundling



Separate company (energy law, act of establishment, registration, activities, license)

Corporate status (corporate laws, energy legislation, statute)

Roles, powers and responsibilities (corporate laws, statute, organisation chart, code of conduct, job descriptions, internal rules)

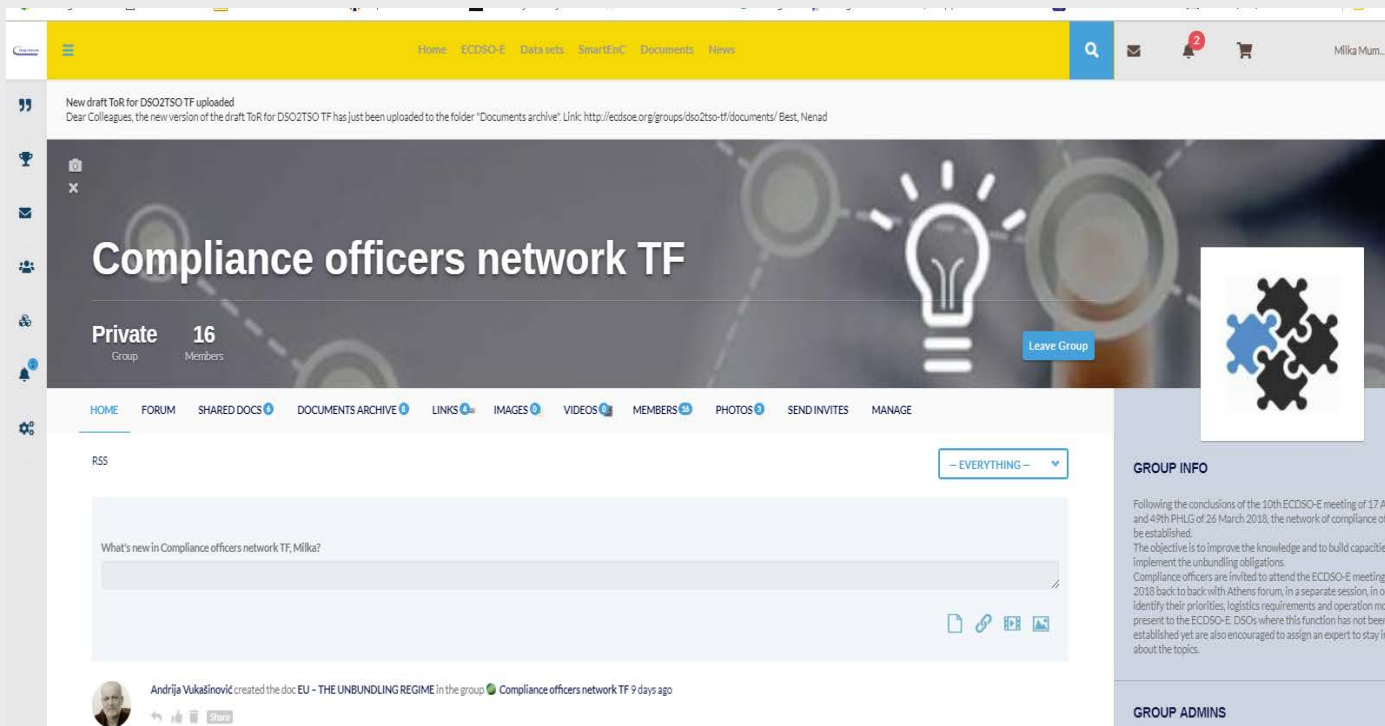
Independence of management (energy laws, act on establishment, statutes, procedure of appointment, affidavit, work contracts)

Independent decision making on network operation (statute, work procedures, code of conduct, internal and procedural rules)

Additional measures - sector laws, compliance program, monitoring report, compliance report.

Accounting unbundling (sector law, accounting rules, procurement rules, internal rules on financial management and control, accounting policies,

ECDSO-E: Compliance officers network



The screenshot shows a web interface for a Facebook-style group titled "Compliance officers network TF". The group is private and has 16 members. A notification at the top states: "New draft ToR for DSO2TSO TF uploaded. Dear Colleagues, the new version of the draft ToR for DSO2TSO TF has just been uploaded to the folder 'Documents archive'. Link: http://ecdsoe.org/groups/dso2tso-tf/documents/Best_Nenad". The main header features a lightbulb icon and a "Leave Group" button. Below the header is a navigation menu with options like HOME, FORUM, SHARED DOCS, DOCUMENTS ARCHIVE, LINKS, IMAGES, VIDEOS, MEMBERS, PHOTOS, SEND INVITES, and MANAGE. The main content area shows an RSS feed with a post by Andrija Vukašinović titled "EU - THE UNBUNDLING REGIME" created 9 days ago. On the right, there is a "GROUP INFO" section with text: "Following the conclusions of the 10th ECDSO-E meeting of 17 April and 49th PHLG of 26 March 2018, the network of compliance officers has been established. The objective is to improve the knowledge and to build capacities to implement the unbundling obligations. Compliance officers are invited to attend the ECDSO-E meeting in 2018 back-to-back with Athens forum, in a separate session, in order to identify their priorities, logistics requirements and operation mode present to the ECDSO-E. DSOs where this function has not been established yet are also encouraged to assign an expert to stay informed about the topics." Below this is a "GROUP ADMINS" section.

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The objective is to improve the knowledge and to build capacities to implement the unbundling obligations.



Thank you for your attention!

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