

The Energy Community DSO for gas Coordination Platform – 9th meeting

Minutes of the Meeting, 20 May 2020, WebEx

The 9th DSO Platform meeting was organized virtually, due to the measures against the spread of the corona virus. 35 participants were present, representing the gas distribution system operators (DSO) of Ukraine, Moldova, Georgia, Serbia and Albania, together with the Energy Community Secretariat and ECRB.

Ms. Cegir chaired the meeting, which started by presenting the agenda and conclusions of the previous DSO-g Platform meeting.

Mr. Grujicic introduced the Covid 19 topic, sharing information on the Secretariat's monitoring report on the impact of the Covid 19 crisis on the security of supply and asking DSOs to share their experiences on operating during the crisis and how it is impacting their work, including the measures put in place, status of supplies of critical equipment, communication, financial aspects and investments and cyber security¹.

The DSO-g members informed on the Covid 19 measures in respective Contracting Parties and its impact to the distribution companies. The overview is shown in the Annex to these Minutes.

In addition, Mrs Grall-Edler informed that the Secretariat prepared and published summaries on the impact of Covid 19 on liquidity in the electricity sector², investment financing³ and regulatory Covid 19 measures⁴.

The representatives of Ukraine and Georgia informed the Group on the ongoing tariff developments. In Georgia, a new gas distribution tariff methodology was adopted in October 2019 and, accordingly, new tariffs are expected as of 1 July 2020. In Ukraine, a new gas distribution tariff methodology was also approved before the end of 2019, but the corresponding calculated tariffs, applied from 1 January 2020, still do not cover all DSO costs. This is expected to be improved when an already approved tariff increase kicks in as of 1 July 2020. DSOs in Ukraine reported about additional problems related to salaries being lower than in electricity DSOs, customers without metering not being incentivized to install meters and non-introduced energy units.

The ECS invited the DSO-g members to join and use the e-platform (<http://ecdsog.org>) established in April this year. The aim is to strengthen direct communication between gas distribution system operators on different topics of joint interest more frequently than bi-annual physical meetings.

¹[ECDSO-E published a summary on the impact on the electricity DSO sector \(https://www.energy-community.org/dam/jcr:7ed818f1-a239-4b74-9be8-69b3fbe55582/ECS_DSO_status_position_042020.pdf\)](https://www.energy-community.org/dam/jcr:7ed818f1-a239-4b74-9be8-69b3fbe55582/ECS_DSO_status_position_042020.pdf).

²https://www.energy-community.org/dam/jcr:04128c99-0fb2-4d0b-ae42-ecafb6163960/COVID-19_Financial%20liquidity%20in%20the%20electricity%20sector.pdf

³https://www.energy-community.org/dam/jcr:2fb9c78c-d88d-4320-8087-f73b650b71b5/ECS_COVID-19_INVEST_280420.pdf

⁴https://www.energy-community.org/dam/jcr:7d0f7b70-9358-4ece-96c3-a9612361c74e/ECS_COVID-19_REG_280420.pdf

As agreed at the last DSO-g meeting in November 2019, the first activity within the TF on losses has been the adjustment of the Marcogaz questionnaire on methane leakage for the Contracting Parties. In practical terms, it means the translation of the questionnaire, guidelines and methodology into national languages. This is done by Mr. Kibitlevskiy (Vincagaz) during the Covid 19 lockdown. The next step is the assessment and fulfilment of the questionnaire by DSOs within RGC group. Since the translation into Ukrainian is available, it can be used by other Ukrainian DSOs. As there was no update on the translation into Moldova and Georgia, it will be followed up bilaterally by e-mail after the meeting. The status quo of the questionnaire's completion will be checked towards the end of June. The DSO-g members are invited to contact the ECS anytime if further explanations in regards the methane leakage issue is needed.

The ECS informed the Group on joining the Methane Guiding Principles (<https://methaneguidingprinciples.org>), as a supporting organization.

Mr. Weinzettel (ECS) presented the report on gas DSO unbundling. The report has been based on the received questionnaires, fulfilled by 25 DSOs (mainly from Ukraine and by 1 DSO from Moldova and Georgia). Having in mind that the questionnaires were completed more than two years ago, Mr. Kazda stressed the need for an update. The original answers will be updated and analyzed again, to be brought for further discussions with Regulators and DSOs, if needed. Also, the questionnaires will be sent again to the companies not having completed it so far.

Mr. Birca, the representative of Rotalingaz, drew attention to the differences between the Gas Directive and the Gas Law of Moldova. Namely, Article 43 of the law requires all DSOs to be unbundled legally, regardless of the number of connected customers. In practice, the company faces problems with a new supply license (since 2017) as it does not comply with the legal unbundling obligation as foreseen by the law. It has to be underlined that Rotalingaz has by far much less customers than 100.000, the threshold permitting an exemption from legal unbundling under the Gas Directive. ECS replied that in principle the de minimis clause could be stricter in the national legislation, and invited Rotalingaz to participate in the discussion on the gas law amendments taking place at present in Moldova. ECS will follow up on this issue.

Ms Cegir (ECS) presented the final draft Guidelines on measurement. The scope includes the legal basis, billing and right to access consumption & metering data, conditions and units of measurement and billing, standard measuring equipment and smart metering, as well as non-measured delivery. They are based on the topics discussed and analyzed within the TF on measurement during the last few years. The DSO-g members are invited to comment on the final draft by the end of May. The publication is foreseen in June 2020.

The next meeting of the Platform is foreseen for autumn 2020.

Annex

Covid 19 measures by the Contracting Parties and their impact on gas distribution sectors

The main negative impacts, identified by gas DSOs, are:

- delay in payment and decreased collection rate (from 20 to 40%);
- difficulties in monthly metering reading; and
- delay in equipment/materials supply.

Albania

Since March 15, the government decided to announce a state of emergency and work by many companies was limited accordingly. The small quantities of natural gas distributed by Albgaz depend on oil production. Therefore, when oil production was reduced, gas distribution was also effected.

Georgia

The government supported energy entities, including SOCAR, and Covid 19 measures were coordinated. Financial aid was provided to the citizens – gas consumption of 200 cm per month was subsidized fully. Therefore, these measures covered some 70% of regular billing income; and billing cycles, payments and collections were confirmed as usual.

Service centres were closed but call centres were permitted to work 24h; emergency crews were available 24/7.

Investment programs were terminated, as well as connection of new customers, but activities are now re-starting and can catch up during the rest of the year.

Moldova

The government announced an emergency situation from 17 March till 15 May 2020. Measurement, billing and collection was only possible through remote modes, while physical measurement was forbidden at this stage. There was a decrease in the collection rate by 20-30%. It is expected that debts will be paid later during the year.

Serbia

There were difficulties with meter readings, which are foreseen to take place on a monthly basis due to the lack of technical possibilities to be performed remotely. Also DSOs' human resources were limited, due to special mobility restrictions related to the employees with health issues or over the age of 60 years. DSOs also noted problems with increased losses in the system due to discrepancies of a non-regular regime of work by some customers and the measurement equipment in places which is not optimized for that regime.

Ukraine

The biggest problem is decreased income. Since the introduction of Covid 19 measures, the government has announced to the population that non-payment of energy bills will be tolerated. This caused a decrease in the collection rate to the level of 60% and delayed

payments from the clients. However, by the end of the year, the collection level is expected to be around 85-90%.

Further problems are related to the delayed supply of equipment imported from Italy, China and Germany. This might have a negative impact to the investment activities planned for the next 3 months.

There were also problems caused by limited mobility – without public transport and with closed banks, the clients did not have access to their accounts and inspectors could not reach the required sites and customer installations.