



Update on ongoing EWG activities: December 2021 – April 2022

Milica Knežević, ECRB EWG Chair

51st ECRB Meeting

Athens & WEBEX-online, 13th April 2022

EWG Work Program 2022 (Status)



Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Integration	<u>Task (a)</u> Mr. Salvatore Lanza (ARERA)	Effective wholesale market opening is central for establishing a competitive regional Energy Community electricity market and its integration with the European market. A harmonized regulatory approach is necessary in this context. With a view to support wholesale market opening, the activities of this Task Force will focus on regulatory support to forward market, day-ahead and intraday market integration in South East Europe. This will include the identifications of possible areas for early implementation of elements of the the electricity market Guideline Regulations before they become legally binding in the Energy Community.	a. Regular updates on actual EU wholesale market Integration processes related to electricity market Guideline Regulations	Three updates p.a. at the EWG meeting
	<u>Task (b-f)</u> Coordinated by ECRB Section		b. Joint workshops of ACER and ECRB on the electricity market Guideline Regulations	Up to twice p.a.
			c. Assessment of balancing markets in CPs, including cross-border balancing	12/2022
			d. Assessment of intraday market in CPs, including cross-border intraday	12/2022
			e. Review of Harmonised Allocation Rules implemented by CPs	Upon request
			f. Identification of possible areas of voluntary implementation of elements of the electricity market Guideline Regulations to support the realization of early implementation pilot projects.	Upon request

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II. System Operation	Coordinated by ECRB EWG Chair	To maintain secure operation of the interconnected transmission system in real time EU applies System Operation Regulation (EU) 2017/1485 (SOGL), which is yet to be adopted in the EnC. Nevertheless, the TSOs of the CPs are responsible for operation, maintaining and developing under economic conditions secure, reliable and efficient transmission systems, regardless of their membership in ENTSO-E. The task force will conduct screening of regulatory-legal framework in place in CPs in order to assess the level of (voluntary) implementation of SOGL and its adequacy for voltage control and reactive power management by system operators.	a. Assessment of state of implementation of SOGL by CPs be it on voluntary basis or through the agreements with the EU TSOs (ENTSO-E).	12/2022
			b. Assessment of regulatory-legal framework for voltage control and reactive power management by system operators in CPs.	12/2022
III. Wholesale Market Monitoring	Task (a) Mr Zviad Gachechiladze (GNERC) Task (b & c) Coordinated by ECRB Section	Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. Dedicated monitoring efforts will be also put on compliance of Contracting Parties with the transparency requirements of the Energy Community law in electricity	a. SEE Market Monitoring Annual Report based on data collected via a regional Market Monitoring Administrator and quarterly rotation scheme	12/2022
			b. Monitoring report as contribution for ACER Monitoring Report	based on ACER's timeline
			c. Monitoring spread sheet on compliance of Contracting Parties with the transparency requirements of the Energy Community law in electricity	Bi-annual updates

No ACER Monitoring report in 2022. ECRB EWG to conduct data collection



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IV. Renewables integration and flexibility	Task (a-c) <i>Coordinated by ECRB Section</i>	Integration of renewable energy sources into the energy systems gains more and more importance but also entails a number of regulatory challenges that come with the need to make the system more flexible. The task will look into these aspects including the balancing responsibility of producers from renewable energy sources, marketing and connection to the grid. Part of this task will be potential cooperation and exchange of experience with MEGREG through workshops and joint events.	a. Regulatory contribution on the flexibility assessment of the ECS including potential recommendations	As requested 12/2022
	Task (b) <i>Mr Igor Malidzan (REGAGEN)</i>		b. Update on developments on regulatory framework regarding renewables and flexibility	
V. Opinions on electricity Network Code and Guideline Regulations	<i>Coordinated by the ECRB President⁷</i>	The principles of the Energy Community law, and in particular Article 89 of the Energy Community Treaty, require network codes and guidelines adopted and/or amended in the EU under Regulation 714/2009 or Regulation 715/2009 and incorporated into the Energy Community <i>acquis communautaire</i> based on Decision 2011/O2/MC-EnC to be transposed into the national legal systems of the Contracting Parties. Article 3(3) of PHLG Procedural Act 01/2012 on adoption of Network Codes and Guidelines requests the Secretariat to seek for the Opinion of ECRB on the Proposals before PHLG adoption. The ECRB Electricity Working Group is in charge of coordinated review of electricity related documents.	c. Joint workshops with MEGREG on renewables' integration and flexibility and e-mobility	Upon receipt by the Secretariat
			ECRB Opinion	

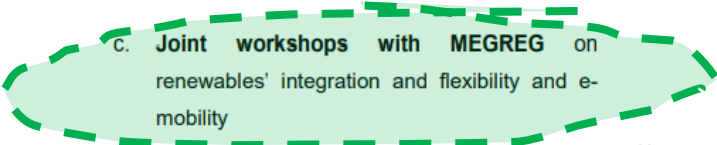




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✓ **ECRB&MEDREG WS: scheduled for 18 October (Lisbon)**



Impact of the electricity price surge in EnC CPs and measures undertaken (April 2022)



ECRB EWG position paper

➤ **BACKGROUND**

- Updated ECRB EWG position paper from December 2021 (focus on energy commodities price surge in H1 2021)
- Initiated during 55th ECRB EWG meeting, NRAs provided feedback on impact in the electricity market and measures undertaken in respective CPs
- Special focus on Ukraine with the aim to provide information on the impact of Russian aggression in the electricity sector in Ukraine

➤ **FINDINGS**

- Due to Russian aggression in Ukraine, the latter enacted the Martial Law which grants more powers to the Government in governing certain aspects of energy market.
- AL, XS*, MD and MK declared state of emergency - direct financial support to consumers through the incumbent +companies.
- XS*, MD and MK have increased universal supply electricity tariffs.
- A large segment of the markets in the EnC is still either regulated through public service obligation or isolated via intra-group/companies arrangements hence the impact in these market segment is limited.
- Net importing CPs (AL, XS*, MD and MK) impacted by the high import prices, producers from net exporting CP (BA) reported highest revenues.
- Consumers supplied under regulated prices likely to experience an increase in tariffs due to import price increase.



Impact of the electricity price surge in EnC CPs and measures undertaken (April 2022)



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➤ FINDINGS

- TSOs and DSOs are to some extent impacted, in particular where the network losses are procured on the market - network charges likely to increase in the next tariff review by regulators.
- EMS already did, and others are likely to, review the balancing rules and increase the level of financial guarantees to cover the exposure on balancing market.

➤ FUTURE FOCUS

- Forward prices likely to be influenced.
- NRAs to ensure that balancing mechanism delivers balancing and imbalance prices that reflect the scarcity in the market and eliminate perverse incentives from the market operation.
- Universal supply tariffs are likely to increase in the next review due to the higher wholesale prices and the increase in the network fees.
- An increase to fully reflect the costs might bring the tariffs at the edge of their affordability, therefore a relief measures by the Governments might be the only instrument to keep the tariffs at the affordable level.

The ECRB EWG invites NRAs to monitor the market and exchange experiences through ECRB EWG on measures to improve market functioning.

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