



Update on ongoing EWG activities: October 2019 – December 2019

Milica Knežević, ECRB EWG Chair

44th ECRB Meeting

Athens, 4th December 2019

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- 3. EWG Work Program 2020**

EWG Work Program 2019 (Status)

ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Opening and Integration	<u>Deliverables 1-6</u> Mr Salvatore Lanza (ARERA) <u>Deliverable 7</u> Mr Sasa Lukić (SERC)	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. The activity also targets providing coordinated regulatory input to the South East European day-ahead market coupling projects established under the Western Balkans 6 (WB6) Initiative with other Contracting Parties and EU Member States.	1. Coordinated regulatory input to the WB6 activities and platforms related to day-ahead market integration (DAMI), such as the DAMI Program Steering Committee (PSC). This shall in particular also involve the development of regulatory instruments that facilitate the going live of the WB6 pilot projects such as NEMO designation or capacity calculation region modelling	Upon demand and project development
			2. Coordinated regulatory input to negotiations on adapting CACM Regulation 1222/2015 and FCA Regulation 1719/2016 for adoption in the Energy Community	Upon invitation by the Secretariat
			3. Harmonized regulatory review of SEE CAO rules: ad-hoc commenting or preparing harmonized and joint proposals for ECRB approval	Upon receipt from SEE CAO
			4. Joint workshops of ACER and ECRB on CACM Regulation 1222/2015 for discussion of methodologies	Twice p.a.
			5. Regular updates on actual EU wholesale market Integration processes related to CACM and FCA Regulations	Regular at EWG meetings
			6. Report on trading activities in forward markets in Contracting Parties and with EU Member States	Finalization of 2018 activity (Q1)
			7. Report on state of intraday markets in the Contracting Parties and intraday cross-border allocation	Finalization of 2018 activity (Q1)

✓ 3rd Joint ACER-ECRB workshop on Regulation 1222/2015 (CACM) held on 5th and 6th November in Vienna

EWG Work Program 2019 (Status)



ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
II. Balancing	<p><u>Deliverables 1-3</u> Mr Igor Malidžan (REGAGEN)</p> <p><u>Deliverables 4</u> (ARERA)</p>	<p>The Energy Community's Contracting Parties' balancing mechanisms are largely not market based, lack functioning imbalance settlement procedures and do not provide for cross-border procurement of balancing energy and reserves. Linking the national balancing markets to a regional and more dynamic approach would promote the transparent formation of balancing prices, introduce competition in the procurement of balancing services, and positively affect grid stability. This process received additional impetus from the WB initiative.</p>	<p>1. Report on balancing market development plans in the Contracting Parties⁵</p>	Finalization of 2018 activity (Q1)
			<p>2. Analysis of the imbalance price formation in the CPs and report on imbalance prices.</p> <p>3. Coordinated regulatory input to the Cross-border Balancing (CbB) Program Steering Committee (PSC) of the Western Balkans 6 Initiative.</p> <p>4. Regular updates on actual EU wholesale market Integration processes related to Electricity Balancing Regulation</p>	Finalization of 2018 activity (Q1) Upon project development Regular at EWG meetings
III. Wholesale Market Monitoring	Mr Zviad Gachechiladze (GNERC)	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.	<p>1. SEE Market Monitoring Guidelines:⁶ regional MM Administrator rotation scheme and identification of trouble shoot need</p> <p>2. SEE Market Monitoring bi-annual reports based on SEEAMMS Data</p> <p>3. Monitoring report on the development of electricity wholesale markets in the Contracting Parties for the years 2017 and 2018 based on the indicators used by ACER for its annual market monitoring report</p>	Quarterly Bi-annually 12/2019

EWG Work Program 2019 (Status)



ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
IV. G-charges	Mrs Milica Knežević (REGAGEN)	Part B of ITC Regulation 838/2010 foresees an evaluation of the annual average transmission charges paid by producers which is, on EU level, to be prepared by ACER. ECRB will prepare a related review of G-charges applied in the Contracting Parties.	Evaluation of the annual average transmission charges paid by producers including possible recommendations	12/2019

Report on Evaluation of the annual average transmission charges paid by producers in CPs



TF IV G-charges

Mrs Milica Knezevic (REGAGEN)

➤ BACKGROUND

- a common regulatory approach to transmission charges has been established by Commission Regulation (EU) No 838/2010¹ adapted by PHLG Decision 2013/01/EnC of 23 October 2013
- to provide an overview of transmission charges paid by producers that have been in place since 2014 in CPs, their major elements and specificities of local regulatory frameworks including respective rationale.

➤ MAIN FINDINGS

- G-charges are in place in: BA, KS* and ME
- Ranges of recorded annual average G-charges:
 - BA: 0.0017 €/MWh (introduced in December 2018)
 - KS*: vary between 0.394 €/MWh in 2018 to 0.775 €/MWh in 2015 (include Market Operator charges)
 - ME: vary between 2.1710 €/MWh in 2015 to 3.5116 €/MWh in 2017
- Similar to EU MSs, where G-charges were in place before the introduction of a common regulatory approach to transmission charges stipulated by R838/2010, in case of KS* and ME G-charges were introduced before the adaptation of respective Regulation.
- R838/2010 allows wider ranges for annual average transmission charges paid by producers to certain MSs, such as: Denmark, Sweden and Finland (0 to 1,2 EUR/MWh); Romania (0 to 2,0 EUR/MWh) and Ireland, Great Britain and Northern Ireland (0 to 2,5 EUR/MWh)

¹ Commission Regulation (EU) 838/2010 on laying down guidelines relating to inter-transmission system operator compensation and a common regulatory approach to transmission charging

Report on Evaluation of the annual average transmission charges paid by producers in CPs



TF IV G-charges

Mrs Milica Knezevic (REGAGEN)

➤ PARTICULAR MESSAGE

- ME

While REGAGEN reported that producers connected to transmission system in Montenegro will not anymore pay purely power-based G-charges from 2020, but one part of G-charges based on energy produced and the second part based on power, preventing appearance of average G-charges variations as noticed in the monitoring period, ECRB recommends REGAGEN to continue monitoring the level of average G-charges and to, when needed, adjust respective methodology.

➤ MESSAGE

ECRB recommends to amend PHLG Decision 2013/01/PHLG/EnC allowing the value of the annual average transmission charges paid by producers to be within a range of 0 to 1,2 EUR/MWh to Kosovo* and 0 to 2,5 EUR/MWh to Montenegro.

EWG meeting	Final comments/approval
✓ 23/10/2019	✓ 18/11/2019

EWG Work Program 2020



ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Integration	<p><u>Deliverables 1-3</u></p> <p>Mrs <i>Milica Knežević</i> (REGAGEN)</p>	<p>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.</p>	<p>1. Joint workshops of ACER and ECRB on the electricity market Guideline Regulations for discussion of methodologies</p>	Up to twice p.a.
	<p><u>Deliverables 4</u></p> <p>Mr <i>Salvatore Lanza</i> and Mr. <i>Stefano Rossi</i> (ARERA)</p>		<p>2. Identification of possible areas voluntary implementation of elements of the electricity market Guideline Regulations to support the realization of early implementation pilot projects</p> <p>3. Harmonized regulatory review of SEE CAO rules: ad-hoc commenting or preparing harmonized and joint proposals for ECRB approval</p> <p>4. Regular updates on actual EU wholesale market Integration processes related to electricity market Guideline Regulations</p>	<p>12/2020</p> <p>Upon receipt by SEE CAO</p> <p>Regularly at EWG meetings</p>
II. Regulatory investment climate	[tbd]	<p>Providing a stable and predictable regulatory framework is a central precondition for attracting investments. ECRB, [CEER and MedReg] will [jointly] analyse the regulatory investment framework in ECRB, CEER and MedReg countries and discuss possible areas of improvement. This activity will be performed in cooperation with the mirroring activities of the ECRB gas working group.</p>	<p>Joint analysis of the regulatory investment framework in ECRB, [CEER and MedReg] countries.⁸</p>	12/2020

⁸ Activity coordinated by ECRB as lead deliverable institution. Participation of MedReg and CEER subject to final confirmation.

EWG Work Program 2020



ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
III. Wholesale Market Monitoring	Mr Zviad Gachechiladze (GNERC)	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	1. SEE Market Monitoring Guidelines : ⁹ regional MM Administrator rotation scheme and identification of trouble shoot need	Quarterly
			2. SEE Market Monitoring annual report based on SEEAMMS Data	12/2020
			3. Monitoring report on the development of electricity wholesale markets in the Contracting Parties based on the indicators used by ACER for its annual market monitoring report	12/2020
			4. Monitoring spread sheet on compliance of Contracting Parties with the transparency requirements of the Energy Community law in electricity	Regular updates
IV. Renewables integration and balancing	[tbd]	Integration of renewable energy sources into the energy systems gains more and more importance but also entails a number of regulatory challenges. The workshop will look into these aspects including the balancing responsibility of producers from renewable energy sources.	Joint ECRB-MedReg[-CEER] workshop on balancing responsibility in electricity markets including the impact of renewable energy sources in this context ¹⁰	2020

⁹ With consultancy support financed by USAID, ECRB in 2014 published Market Monitoring Guidelines (MMG) that focus on electricity cross-border trade and, in particular, the calculation and use of cross-border capacities. The MMG aim at increasing transparency of the electricity markets and strengthen cooperation among NRAs to monitor markets in accordance with Regulation (EC) 714/2009 and Directive 2009/72/EC. Use of the MMG is supported by a monitoring database and a web interface.

¹⁰ Activity coordinated by MedReg as lead deliverable institution. **Participation of CEER subject to final confirmation.**

EWG Work Program 2020



ELECTRICITY

Chair: Mrs Milica Knežević (REGAGEN) – Deputy: Mr Zviad Gachechiladze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
V. Opinions on electricity Network Code and Guideline Regulations	<i>Coordinated by the ECRB President¹¹</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.	ECRB Opinion	Upon receipt by the Secretariat
VI. Cyber security	<i>Consultations coordinated by the ECRB Section at the Secretariat</i>	The Energy Community Ministerial Council in November 2018 established a Coordination Group for Cybersecurity and Critical Infrastructures (CyberCG). ¹² The CyberCG aims to facilitate strategic cooperation and the exchange of information in an environment for open discussion on shared concerns or questions of common interest. The CyberCG work program 2020-2021 includes a number of work areas that are of regulatory relevance. While Contracting Parties' NRAs are involved in the CyberCG, coordinated regulatory input shall be provided via ECRB. The ECRB electricity working group is in charge of related input in the area of electricity.	Coordinated regulatory input to the activities of the CyberCG in the area of electricity	Upon consultation

¹¹ With the support of the ECRB Section at the Secretariat and in line with the relevant internal procedures defined by ECRB.

¹² Procedural Act 2018/PA/2 /MC-EnC.

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