

Draft conclusions of the 41st ECRB EWG meeting

Location: Athens

30 May 2017

1. Minutes, Agenda

Conclusions: EWG agreed on the agenda and the minutes from the last meeting.

2. Report on ongoing Energy Community developments

ECRB Section informed the ECRB EWG about:

- The conclusions of 46th PHLG meeting of April 2017 (published at: <https://www.energy-community.org/events/2017/04/PHLG.html>) and progress made regarding discussions on Treaty amendments, conclusion to continue work on electricity network codes and REMIT adaptation process, etc.
- The conclusions of ECRB meeting of April 2017 in relation to electricity: approval of the recommendation on harmonising cross border transmission capacity calculations; approval of the electricity balancing report; approval of an amendment of the 2017 work program including the preparation of a wholesale market monitoring for electricity; discussion of the draft ECRB Opinion on certification of EMS (published at: <https://www.energy-community.org/events/2017/04/ECRB.html>).
- The Joint ECS-ENTSO-E Workshop on implementing transparency Regulation 543/2013, joint ECS-ENTSO-E workshop on electricity balancing and the workshop on implementation of electricity network codes in the Energy Community. ECRB EWG was informed about the governance proposed by ECS related to adaptation of the electricity network codes for the Energy Community. As a follow-up, another meeting was organised with the nominated experts from national regulatory authorities and TSOs to focus on connection codes.

Actions and conclusions: no conclusion required. ECRB Section will provide an update on follow-up activities.

3. Introduction: Concept for implementation of REMIT in the Energy Community

ECRB Section presented the ECS' concept for implementation of REMIT in the Energy Community (slides and concept paper published at: https://www.energy-community.org/events/2017/05/ECRB_EWG.html). It informed

the EWG that the adapted text of Regulation (EU) No 1227/2011 (REMIT) and Implementing Regulation (EU) No 1348/2014 (REMIT IR) are being discussed with ACER and EC. The same will be discussed in more details with national regulatory authorities of Contracting Parties in the meeting to be organised by ECS on 27 June in Vienna. Implementation of REMIT in the Contracting Parties would most efficiently build on ACER's performing the function of data collection and monitoring in the same way as it currently performs for EU Member States. Such would be subject to agreement by ACER and ACER has already indicated that they need additional resources for this function. Follow up discussions are foreseen by ECS, ACER and EC.

ECRB Section presented timeline and the step-wise approach for implementation of REMIT in the Contracting Parties (deadline base on the assumption of adoption of REMIT at the Ministerial Council in October 2017).

- First implementation step is foreseen for 1 July 2018. This includes obligation to publish inside information, prohibition of market abuse, equipping national regulatory authorities with enforcement powers and establishing penalty regime.
- Second step comes with operational impact – implementation for 20 June 2019. This includes requirement for data reporting to ACER and monitoring on the basis of reported activity. As an intermediate step between this and the previous one, is the requirement for registration of market participants. Registration requirement - effective 1 March 2019.

In line with conclusions from PHLG meeting in April, ECS is preparing a report assessing the impact of REMIT implementation in Contracting Parties which (the first draft) will be presented to the next PHLG meeting end of June.

It was noted that the timeline presented is very ambitious and it is very likely to move. Several questions and issues were raised by ECRB EWG members which were noted and as such will be followed up by the ECS and discussed at the REMIT related meetings/workshops, as well as the following meetings of ECRB EWG. Questions raised during the meeting, as listed below, as well as timeline and other related issues, will be discussed in upcoming REMIT meetings organised by ECS: What is the impact on national regulatory authorities? On what basis the monitoring is done; "real-time", ad-hoc or ex-post? How then any potential abusive activity is addressed? How is the registration of market participants performed, with national regulatory authority or directly with ACER? How national regulators ensure that all market participants are registered? Who keeps the register of market participants? Who provides or is responsible for registration platform? Do national regulators need surveillance systems to monitor the market on "real time" basis? What are the costs of such system? How can national regulatory authorities fulfil the requirement for ensuring data security? How should the penalty regime work? Assessment of damage? How to enforce penalties? Etc.

ECS will circulate the info for the first meeting and other coming meetings in advance via ECRB Section.

An overview of issues and challenges with implementation was represented by the Croatian and Italian Regulators. Italian Regulator noted that they already had in place a registration requirement which was amended to comply with REMIT requirements. Croatian Regulator noted that they are working on surveillance

regime and that such regime should be proportional to activity in the market, i.e. if no, or low level of activity in the market surveillance platform with national Regulator is probably not needed.

Actions and conclusions:

- Further discussions with national regulators and other stakeholders are important to ensure the requirements and impact is well understood. In relation to this, ECRB Section informed the EWG that ECS plans to organise meetings to further discuss REMIT implementation and will invite national regulators of CPs.

4. Introduction: Concept for implementation of Electricity Network Codes in the Energy Community

ECRB Section presented the concept for implementation of NC in the Energy Community and the governance plan around adaption of the text (slides published at: https://www.energy-community.org/events/2017/05/ECRB_EWG.html). It informed the EWG about the progress on adapted text proposals for the network codes on Demand Connection and Requirements for Generators. The adapted text of these two codes is expected to be agreed in the meeting scheduled for 31 May 2017, while the adapted text of the network code on HVDC is expected to be agreed in the following meeting end of June. At this meeting ECS plans to start discussions on market guidelines that are more complex to implement due to reciprocity between CPs and MSs.

Actions and conclusions:

- To ensure that details are discussed with national regulators and in particular TSOs. In relation to this, ECRB Section informed the EWG that ECS plans to organise the meeting at the end of June and invite national regulators and the TSOs of the CPs (for market guidelines' discussions including neighbouring EU stakeholders).

5. Regulatory duties in context with implementation of Infrastructure Regulation 347/2013

Mr. Sijakovic from ECS provided an update to EWG on requirements from Regulation 347/2013. Article 13.4 of the Regulation requires that by 30 June 2017, each national regulatory authority shall submit to the ECRB its methodology and the criteria used to evaluate investments in electricity and gas infrastructure projects and the higher risks incurred by them, where available. Then Article 13.6 requires national regulatory authorities to publish electricity and gas project evaluation and risk assessment methodology by 31 Dec. 2017. ECS also informed that a study is developed by EC for Member States (MSs) which can be used by CPs for information purpose.

So far no information was provided by any national regulator.

Actions and conclusions:

- Each national regulatory authority to check the development of the methodology in line with requirements outlined above.
- ECRB Section to arrange for a letter to be sent from the ECRB President to the national regulators as a reminder to submit the report to ECRB asap given that the deadline has passed.
- EWG will be kept informed however no further activity is foreseen by the group on this topic.

6. TF1 – Wholesale market opening

a). Update on CACM and FCA implementation in EU

TF1 Leader provided a very detailed update on the implementation of CACM in the MSs (slides published at: https://www.energy-community.org/events/2017/05/ECRB_EWG.html). It informed the EWG on the state of play of each methodology and procedure that needs to be developed by the TSOs and/or NEMOs as required by CACM. So far four methodologies are approved including the Capacity Calculation Regions (CCR) configuration which is the key overarching methodology. The rest of the methodologies are in the process of being discussed and developed.

EWG appreciated the detailed presentation.

In relation to FCA, the EWG is informed that the Harmonised Allocation Rules (HAR) are under preparation and will be submitted to European national regulators for approval. ECRB Section informed also that SEE CAO is preparing a regional annex as part of HAR.

Actions and conclusions: no conclusion required. TF1 will provide a further update in the next meeting.

b). Update on WB6 process (PSC DA MI)

ECRB Section informed EWG about the latest discussion at the meeting of PSC of DA MI and provided the records from the minutes of the meeting (minutes published at: https://www.energy-community.org/events/2017/05/ECRB_EWG.html). Chairman informed the EWG about the previously agreed intervention made to the PSC DA MI meeting.

Actions and conclusions:

- ECRB Section will provide a further update, if any, to the EWG in the next meeting. TF1 Leader will circulate eventual EWG input until the next DA MI PSC meeting, if needed.

c). Involvement of CP NRAs in the ARA Working Group

ECRB Section informed EWG that on 20/06/2017 there will be another meeting of ARA WG where they will amend the ToR of the group to allow for participation of the national regulators from CPs. TF1 Leader will check with ARA WG and if the minutes can be shared with the national regulators from CPs.

Actions and conclusions:

- ECRB Section to inform the EWG as regards next steps for participation in ARA WG meetings after the meeting on 20/06/2017.

d). SEE RAP Roadmap

The Chair informed the EWG that during the Athens Forum he and TF1 Leader will discuss with Mr Medjimorec (ENTSO-E RG SEE Convenor) an update activity related to the SEE RAP in context of the WB6 and other recent developments.

Actions and conclusions:

- Chair and TF1 Leader to discuss with Mr. Medjimorec and provide an activity report at the next EWG meeting.

e). Transparency Monitoring

ECRB Section informed the EWG that ECS is in the process of doing a compliance review and the information collected (fulfilled questionnaire) will be provided to the TF3 Leader in order to prepare a final report. The compliance review by ECS is expected to be completed by the end of June or early July. ECRB Section noted the fact that for the time being infringement cases are put on hold subject to the checks by the Secretariat.

Actions and conclusions:

- ECRB Section to submit the information by the ECS to the TF3 leader as soon as it is available.

7. TF2 – Balancing

a). Update on the state of Balancing Guideline in EU

ECRB Section informed the EWG that the draft regulation establishing a guideline on electricity balancing received a positive vote in comitology on 16 March 2017 and now it is expected to go through the Parliament approval before it is published in the journal and become effective.

Actions and conclusions:

- EWG welcomed such information and agreed to keep this topic in the agenda for upcoming meetings of the ECRB EWG. ECRB Section will provide further update in the next meeting, if any.

b). Electricity Balancing Mechanisms in the Energy Community Report

ECRB Section informed the EWG that the report has been approved by the ECRB.

Actions and conclusions: no action or conclusion.

c). Update on WB6 Process (PSC Cross-border Balancing)

ECRB Section informed EWG about the latest discussions at the meeting of PSC of cross-border Balancing and provided the records from the minutes of the meeting (minutes published at: https://www.energy-community.org/events/2017/05/ECRB_EWG.html). Chairman informed that the PSC Chair sent the ToR of the PSC requesting input from PSC members.

Actions and conclusions:

- ECRB Section will provide a further update in the next meeting regarding ToR and other information, if any.

d). Way forward regarding TF2 Balancing activity

According to the report on Balancing Mechanisms, the TF2 Leader will provide a view on way forward of the task force. TF2 Leader stated that the report provided a picture where CPs stand regarding Balancing mechanism. TF2 Leader proposed to make a template questionnaire to identify plans and further activity regarding balancing mechanism in the CPs. This was welcomed by the EWG and the following actions were agreed.

Actions and conclusions:

- In three weeks TF2 Leader to send the Balancing questionnaire to ECRB Section for submission to ECRB EWG members.
- ECRB EWG members to return the completed questionnaire within two weeks after the receipt.

8. TF3 – SEE Market Monitoring

a). SEEMMS Activity Report

TF3 Leader informed the EWG that based on agreed rotational scheme for the regional monitoring now is Kosovo's turn to be a regional monitoring coordinator. TF3 Leader highlighted the very low level of feedback from the national regulators regarding deviations' reporting. Most participating national regulators do not respond and do not provide additional information as to why certain indicators are in violation. So far it seems only two national regulators (from Serbia and Albania) have provided feedback when requested by the regional coordinator. It was agreed that the national regulators will communicate with TSOs in order to be active, otherwise the efficiency of the monitoring exercise is questioned. It was noted that the ECRB published a recommendation on Harmonising Cross-Border Transmission Capacity Calculations in Electricity (document published at: <https://www.energy-community.org/events/2017/04/ECRB.html>) which includes BCA and TRM

indicators interpretation. All EnC CPs national regulators have supported such recommendation, therefore they should be engaged and interested for its implementation. EnC CPs National regulators should approach their TSOs making sure that TSOs acknowledge the existence of such recommendation which has been approved by their regulators via ECRB.

Actions and conclusions:

- ECRB Section to arrange for a letter to be sent from the ECRB President to the EnC CPs national regulators as a reminder on the fact that the ECRB recommendation paper with the interpretation of the related monitoring indicators has been approved and that there is a need for EnC CPs NRAs to support implementation on the EnC CPs TSOs level.

b). SEEAMMS Market Monitoring Draft Report

TF3 Leader informed the EWG that the draft report is expected to be ready for the next ECRB EWG meeting.

Actions and conclusions: TF3 Leader will circulate the SEEAMMS Draft report (half-yearly based) to EWG members prior to the next EWG meeting for the discussion.

c). Harmonising Cross-Border Transmission Capacity Calculations in Electricity

Chair informed the EWG that the recommendation on Harmonising Cross-Border Transmission Capacity Calculations in Electricity was approved by the ECRB and it should be distributed to TSOs.

Actions and conclusions:

- ECRB EWG members to ensure that the information is submitted to the respective TSOs and ensure its implementation.

d). ECRB EWG Electricity Wholesale Market Monitoring Report

TF3 Leader informed the EWG that it has submitted the questionnaire to the EnC CPs national regulators with the deadline end of June. He also noted that the questionnaire is very comprehensive as it is based entirely on ACER's indicators, but the deadline can be extended, if necessary. A draft of the report is expected to be finalized for the October meeting.

Actions and conclusions:

- ECRB EWG members to ensure that the response to the questionnaire is submitted to the TF3 Leader timely.

9. AOB

Chair informed EWG about the CIGRE Serbia national committee conference at Zlatibor (5-8 June 2017) and about the 10th South-East Europe Energy Dialogue conference organized by the Greek institute IENE on 13-14

June 2017 in Belgrade, which will include actual topics related to the ECRB EWG scope of work. He announced that EWG members have written a paper related to the ECRB EWG activity on Market Monitoring Cross-border issues (REGULATORS' ROLE IN HARMONIZING CROSS-BORDER TRANSMISSION CAPACITY CALCULATION METHODOLOGY IN SOUTH EAST EUROPE by Robert Sinclair, Nenad Stefanović and Zviad Gachechiladze), which will be presented at the CIGRE Serbia national committee conference and circulated to EWG members for their acknowledgment.

10. Next meeting

Next meeting is set on **24 October 2017** in Vienna

List of participants

WAGMANN, Lahorko (HERA)

FEJZULLAHU, Ymer (ERO)

GACHECHILADZE, Zviad (GNERC)

GRALL-EDLER, Nina (ECRB Section)

KLLOKOQI, Arben (ECRB Section)

SIJAKOVIĆ, Nenad (ECS)

LANZA, Salvatore (AEEGSI)

LUKIĆ, Saša (SERC)

MALIDŽAN, Igor (REGAGEN)

RIGER, Jakša (REGAGEN)

STEFANOVIĆ, Nenad (Chair/AERS)

MAKSIMOVIĆ, Petar (AERS)

TSAPLIN, Valerii (NEURC)

BRKIĆ-VUKOVLJAK, Milica (AERS)

BOSCANEANU, Anatolie (ANRE MO)

KALLAKU, Orjana (ERE)

QIRA, Bledar (ERE)

PETROSYAN, Samvel (PSRC)

TSAPLIN, Valerii (NEURC)

VUKĆEVIĆ, Miroslav (REGAGEN)