



Update on ongoing EWG activities:

April 2019 – October 2019

Milica Knežević, ECRB EWG Chair

43nd ECRB Meeting

Athens, 9th October 2019

CONTENET

- 1. EWG Work Program 2019 (Status)**
- 2. Bi-Annual Report on SEE Market Monitoring**
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EWG Work Program 2019



ELECTRICITY

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

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Opening and Integration	<p><u>Deliverables 1-6</u> Mr Salvatore Lanza (ARERA)</p> <p><u>Deliverable 7</u> Mr Sasa Lukić (SERC)</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. 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.</p>	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)

EWG Work Program 2019



ELECTRICITY

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

Task Force	Leader	Scope	Deliverable	Due
II. Balancing	<u>Deliverables 1-3</u> Mr Igor Malidžan (REGAGEN)	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.	1. Report on balancing market development plans in the Contracting Parties ⁵	<i>Finalization of 2018 activity (Q1)</i>
	<u>Deliverables 4</u> (ARERA)		2. Analysis of the imbalance price formation in the CPs and report on imbalance prices. 3. Coordinated regulatory input to the Cross-border Balancing (CbB) Program Steering Committee (PSC) of the Western Balkans 6 Initiative. 4. Regular updates on actual EU wholesale market Integration processes related to Electricity Balancing Regulation	<i>Finalization of 2018 activity (Q1)</i> 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.	1. SEE Market Monitoring Guidelines: ⁶ regional MM Administrator rotation scheme and identification of trouble shoot need 2. SEE Market Monitoring bi-annual reports based on SEEAMMS Data 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	Quarterly Bi-annually 12/2019

Adjustment to EWG Work Program 2019



ELECTRICITY

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

Task Force	Leader	Scope	Deliverable	Due
IV. G-charges	Mrs <i>Milica Knežević</i> (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

Bi-Annual Report on SEE Market Monitoring



TF III Wholesale Market Monitoring

Mr Zviad Gachechiladze (GNERC)

➤ BACKGROUND

- Regular monitoring system operators activities to ensure that network users are granted access to the maximum amount of transmission transfer capacity on a non-discriminatory basis
- South East Europe Market Monitoring Guidelines
- Monitoring period: H2 2018

➤ MAIN FINDINGS

- Geographic scope: AL, BA, GE, KS, ME, MK and RS

BCE (Base Case Exchange) Indicator: 78 violations

R: *to increase accuracy of BCE assumption, NRA to require BCE values based on forecast of net commercial schedules, using recent historical data, unless good cause exists to use other methods*

AAC (Already Allocated Capacity) Indicator:

C: *withholding cross-border capacity is not an issue in the region given the allocation rules do not allow any capacity withholding*

Critical Facility Indicator:

C: *internal congestions may be overestimated in many cases*

(97% of values have 10% and greater error value, while 49% have more than 100% error in variance)

R: *NRAs to engage directly with TSOs to identify sources of errors and appropriate follow-up activities at ECRB EWG*

Bi-Annual Report on SEE Market Monitoring



TF III Wholesale Market Monitoring

Mr Zviad Gachechiladze (GNERC)

➤ MAIN FINDINGS

Load Forecast Indicator: 78 violations

C: *Load forecasts used in Network Model are relatively accurate*

Generation Forecast Indicator:

C: *Generation forecast accuracy has increased since the last reporting period*

R: *TSO to ensure that generation data are checked and validated by TSO before injecting them in network model. In case deviation tends to continue several months in the row, TSOs to investigate the reason along with power producer.*

Transmission Reliability Margin (TRM) Indicator: 23 violations

R: *NRA to engage directly with TSOs to adopt the ENTSO-E TRM formula based on ECRB Recommendation on Harmonizing Cross-Border Transmission Capacity Calculations in Electricity.*

Comments/approval

✓ 5/07/2019

Report on Electricity Forward Markets in the CPs

TF I Wholesale Market Opening and Integration *Mr Salvatore Lanza (ARERA)*

➤ BACKGROUND

- to identify the level of openness of forward national markets in the CPs of the Energy Community and to design and implement measures on national or regional level that can support liquidity
- finalization of 2018 activity (basis: data from 2016 and 2017)

➤ MAIN FINDINGS

- Bilateral trading allowed in markets of CPs except Ukraine
- Electricity market design in WB defer from the markets in Georgia, Moldova and Ukraine
- Only Serbia has in place DA centralized market, i.e. DA price index through SEEPEX
- WB region well interconnected and has in place coordinated cross-border capacity allocation
- Balancing responsibility is well developed and mechanisms need to evolve toward fully market based balancing mechanisms
- Electricity markets in GE, MD and UA lack the regulatory framework, absence of hourly imbalance settlement and balancing incentives is present and market participants' positions are not efficiently managed
- Findings and conclusions are provided per CP, as well

Report on Electricity Forward Markets in the CPs

TF I Wholesale Market Opening and Integration *Mr Salvatore Lanza (ARERA)*

➤ PARTICULAR MESSAGE(S)

- AL, BA, GE, KS*, ME, MK

In the absence of forward as well as spot index, financial contracts are not used as price hedging instrument for the market.

- MD

NRA needs to establish hourly balancing mechanism and to identify measures that would facilitate establishment of a market place with standardized contracts to substitute yearly tenders.

- RS

Forward market of standardized products illiquid, correlation with the regional market achieved through cross-border activities

- UA

Centrally dispatched pool and single buyer (reported period).

➤ MESSAGE

NRAs recommended to identify and implement measures that would facilitate establishment of market prices, i.e. screen trading with standardized contracts and deploy measures that support liquidity in the market, with the aim to enhance competition and facilitate forward price formation.

EWG meeting	Comments/approval
✓ 27&28/05/2019	✓ 26/04/2019

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