



# **Energy Community Regulatory Board**

2014 Annual Report

## ECRB IN BRIEF

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### Who is ECRB?

The Energy Community Regulatory Board (ECRB) is the independent regional body of energy regulators in the Energy Community and beyond. ECRB activities builds on three pillars: providing coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders and sharing regulatory knowledge and experience.

### Our Roots and Context

ECRB is an institution of the Energy Community. The Energy Community is a union of eight members from South East Europe and the Black Sea region and the European Union.

### Our mission

ECRB promotes the development of a competitive, efficient and sustainable regional energy market that works in public interest. A harmonised and reliable regulatory framework is essential for building trust of investors and customers. Our mission is to facilitate this process for the benefit of Energy Community businesses and citizens. ECRB's advice contributes to achieving the goal of establishing a single energy market in the Energy Community and beyond by building a bridge between the technical needs of the regulated industry and the interest of customers.

Further information on the ECRB's activities and deliverables is available on the Energy Community website [www.energy-community.org](http://www.energy-community.org) (about us/institutions/regulatory board).

This report covers the activities of the ECRB for the period of 1 January to 31 December 2014.



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## PRESIDENT'S STATEMENT

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It is my very pleasure to introduce the Annual Report on the activities of the Energy Community Regulatory Board (ECRB) in 2014. It has been another successful year of regulatory cooperation in electricity and gas market regulation and customer protection. The analyses and recommendations ECRB developed this year, again, proof ECRB's expertise as knowledge coordination platform of regulators.

As collegial body of national regulators ECRB takes a core role for the success of the Energy Community process – a regionally coordinated approach is pre-requisite for the development of the Energy Community market(s). Aligning regulatory measures and providing a stable regulatory market framework remains a key promoter for a number of core objectives of the Energy Community Treaty – such as market integration, facilitation of investments, competition and security of supply.

Beyond that, ECRB has matured in representing regulatory positions in regional energy policy discussions. The central role of regulators for successful establishment of competitive energy markets does not only materialize in regulators' responsibilities related to technical regulation but also essentially calls for active participation of regulators in energy policy discussions.

I cannot close without thanking all those who have so actively supported the work of the ECRB with their engagement and enthusiasm. Our Working Groups and members showed tremendous commitment in contributing to our common goal of improving and harmonizing the regulatory framework of our Region. It is the expertise of our members and organizational backup of the Energy Community Secretariat that allows the ECRB to present the successful result of work.

A handwritten signature in black ink, appearing to read 'B. Prelević', is positioned above the name of the president.

Branislav Prelević, ECRB President

## CONTRIBUTING TO ENERGY POLICY

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A well balanced regulatory framework that is able to address both the technical needs of the regulated sector and the interest of energy customers is pre-conditional to meeting the targets of the Energy Community process: completion, security of supply, an investment-friendly framework, sustainability and energy efficiency. ECRB understands its mission as responsibility to provide coordinated regulatory input to both technical regulation discussions and questions of strategic regional energy market development and energy policy.



*“Harmonised regulatory rules across borders are the key for establishment of a competitive regional market. The coordination function of ECRB is an essential pillar of this process.”*

Janez Kopač, Director Energy Community Secretariat

### Key Achievements 2014

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In 2014 ECRB contributed to Energy Community policy discussions on various aspects of energy market regulation

- **Investments:** initiating discussions related to regulatory incentives promoting network investment<sup>1</sup>.
- **Independence of national regulators:** evaluation of regulatory independence and related barriers<sup>2</sup>.
- **Policy development:** recommendation on the treatment of interconnectors and interconnection points between the Energy Community Contracting Parties and EU Member States and related implementation of Third Package Network Codes<sup>3</sup>.

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<sup>1</sup> ECRB Procedural Act 2014/01 ECRB-EnC ( <http://www.energy-community.org/pls> - about us - legal framework – Procedural Acts).

<sup>2</sup> To be published in 2015.

<sup>3</sup> [www.energy-community.org](http://www.energy-community.org) – documents – ECRB.

***“Independence of regulators remains a key challenge. The fact that we have not fully succeeded on national level in this respect, calls upon ECRB to even stronger develop as independent regional voice of Energy Community regulators.”***

Branislav Prelević, ECRB President

## **Cooperation with Our International Partners**

Sharing best practice experience with other regional regulatory bodies is not only recommended from an efficiency point of view but also when keeping in mind the goal of integrating regional markets. With the upcoming implementation of the Third Internal Energy Market Package and related Network Codes streamlined understanding of energy market regulation becomes even more important.

ECRB in 2014 extended its already well-established cooperation with the Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER) to joint activities with the Group of Mediterranean Regulators (MedReg).

Also, deepening our cooperation with ACER has been supported by ACER opening its Gas Regional Initiative South South East to the Energy Community.

***“The Energy Community process is more than a political concept. It targets effective establishment of a regional market and integration with the EU energy markets. To this end, cooperation between ECRB and ACER is essential for ensuring streamlined developments and avoiding barriers to trade.”***

Michael Thomadakis, ACER representative in ECRB

## WORKING FOR THE BENEFIT OF CUSTOMERS

We understand energy market liberalisation not as standalone policy but a means of increasing consumer benefit. The interest of customers therefore has to be the benchmark for measuring the success of market opening. Developing solutions that meet the needs of customers but at the same time do not create barriers for competition is the leading principle of our work.



*“The more the Energy Community energy markets head towards liberalisation on retail level, the more regulators need to find a suitable approach for raising household customers’ awareness and protection of customer needs. The ECRB CRM Working Group understands its role as facilitator for sharing best practise experience. Our well established cooperation with CEER supports us in this activity.”*

Edin Zametica, Chairman Customers & Retail Markets Working Group

### Key Achievements 2014

In 2014 ECRB contributed to building a customer friendly regulatory framework in the Energy Market with various analyses and recommendations:

- **Customer contracts:** status review of customer contracts<sup>3</sup>.
- **Customer involvement:** organisation of the second joint customer Workshop with CEER on raising consumer awareness; development of a brochure for information of consumers on their rights in a liberalised market<sup>3</sup>; guidance for regulators on possibilities for raising consumer awareness.
- **Retail market development:** assessment of the gas and electricity retail markets<sup>3</sup>.

## FOCUS ELECTRICITY

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Complementary to retail end customer related topics, wholesale market opening builds the second pillar of ECRB activities. In the electricity sector our work is closely linked to the elements of the so-called “Regional Action Plan for Wholesale Market Opening in South East Europe”. It mirrors the building blocks and targets of the European Electricity Target Model and thereby, to a large extent, defines the ECRB focus in the electricity sector: long term capacity allocations, day ahead and intraday markets and balancing. ECRB activities concentrate both on the development of best practise models and the regulatory supervision of market activities.



*“The first allocation of yearly capacities by the SEE CAO has successfully proven the Region’s ability to head towards regional coordination. The ECRB EWG is committed to promote further integration steps in relation to market coupling and regional balancing.”*

Nenad Stefanović, Chairman Electricity Working Group

### Key Achievements 2014

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In 2014 ECRB contributed to enabling a harmonised regulatory electricity framework with various analyses and recommendations:

- **SEE CAO:** ECRB recommendation on SEE CAO Auction Rules<sup>3</sup>.
- **Reporting:** quarterly reports on the development of the 8<sup>th</sup> Region as Annex to ACER’s Quarterly Reporting on the Electricity Regional Initiatives<sup>3</sup>.
- **Market Monitoring:** development of Market Monitoring Guidelines and set of indicators for monitoring TSOs’ calculation indicators and allocation of available transmission capacities<sup>3</sup>.
- **Third Energy Package related Network Codes:** coordinated review of public consultations on Third Package related Framework Guidelines and Network Codes in the electricity sector.

## FOCUS GAS

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Facilitating and stimulating new investments is a core responsibility of both national legislation and regulatory praxis. Realization of such infrastructure calls for a common regulatory approach on regional level. ECRB in 2014 continued contributing to the gas infrastructure development debate with expert input of regulatory relevance.



*“Gas markets in the Energy Community face different regulatory requirements – from complex aspects of regulating more mature markets to principle considerations on promoting gas market development. Our target is bridging these pillars and supporting the development of an integrated gas market throughout the Region.”*

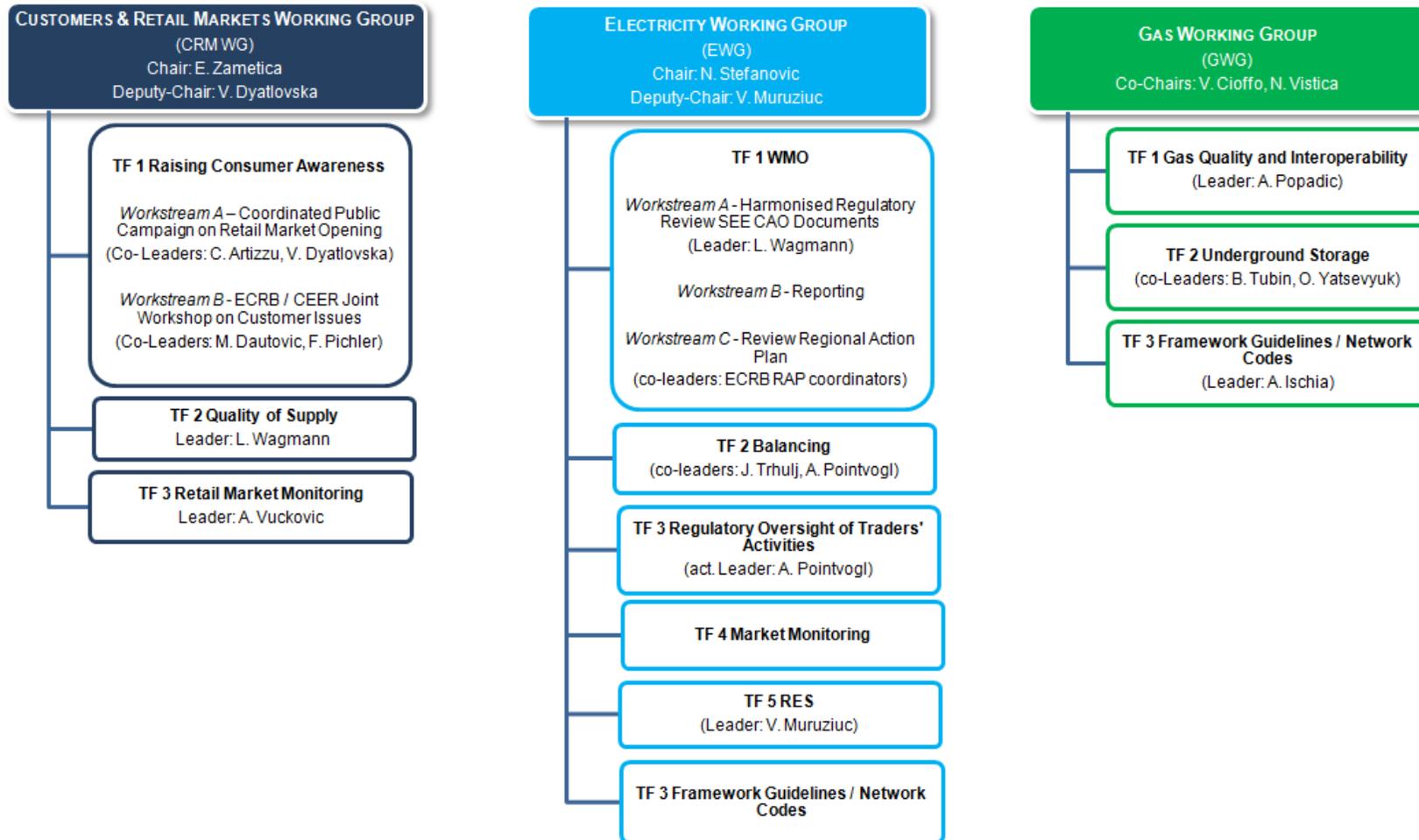
Vincenzo Cioffo and Nikola Vištica, co-Chairmen Gas Working Group

### Key Achievements 2014

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Our 2014 gas related activities focussed on the regulatory requirements for the realization of a broader gas infrastructure concept in the Energy Community:

- **Gas storage, entry exit and balancing:** knowledge transfer has been provided via dedicated training sessions
- **Interoperability:** assessment of gas quality standards in the Energy Community<sup>3</sup>.
- **Policy development:** recommendation on the treatment of interconnectors and interconnection points between the Energy Community Contracting Parties and EU Member States and related implementation of Third Package Network Codes<sup>3</sup>.
- **Third Energy Package related Network Codes:** coordinated review of public consultations on Third Package related Framework Guidelines and Network Codes in the gas sector.



Overview of ECRB Activities 2014

