

The background of the page is a photograph of a person's hands assembling a puzzle. The puzzle pieces are primarily blue, with one prominent green piece being placed into a gap. The puzzle is laid out on a light-colored surface. The overall theme is one of construction and completion.

Energy Community Regulatory Board

Work Programme 2014

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INTRODUCTION



Figure 1: The Energy Community

The **Energy Community Regulatory Board** (ECRB) operates based on Article 58 of the Energy Community Treaty. As an institution of the Energy Community¹ the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and makes recommendations in the case of cross-border disputes between regulators².

The **Energy Community** comprises EU and Albania, Bosnia and Herzegovina, Macedonia, Kosovo^{*3}, Moldova, Montenegro, Serbia and Ukraine. Armenia, Georgia, Turkey and Norway are Observer Countries.

The key **objective** of the cooperation of energy regulators within the ECRB is to support a harmonized development of regulatory rules in the Energy Community. Within the necessary range of national specificities, streamlining of regulatory measures and providing a stable regulatory market framework remains a key promoter for a number of core objectives of the Treaty – such as market integration, facilitation of investments, competition and security of supply. In the

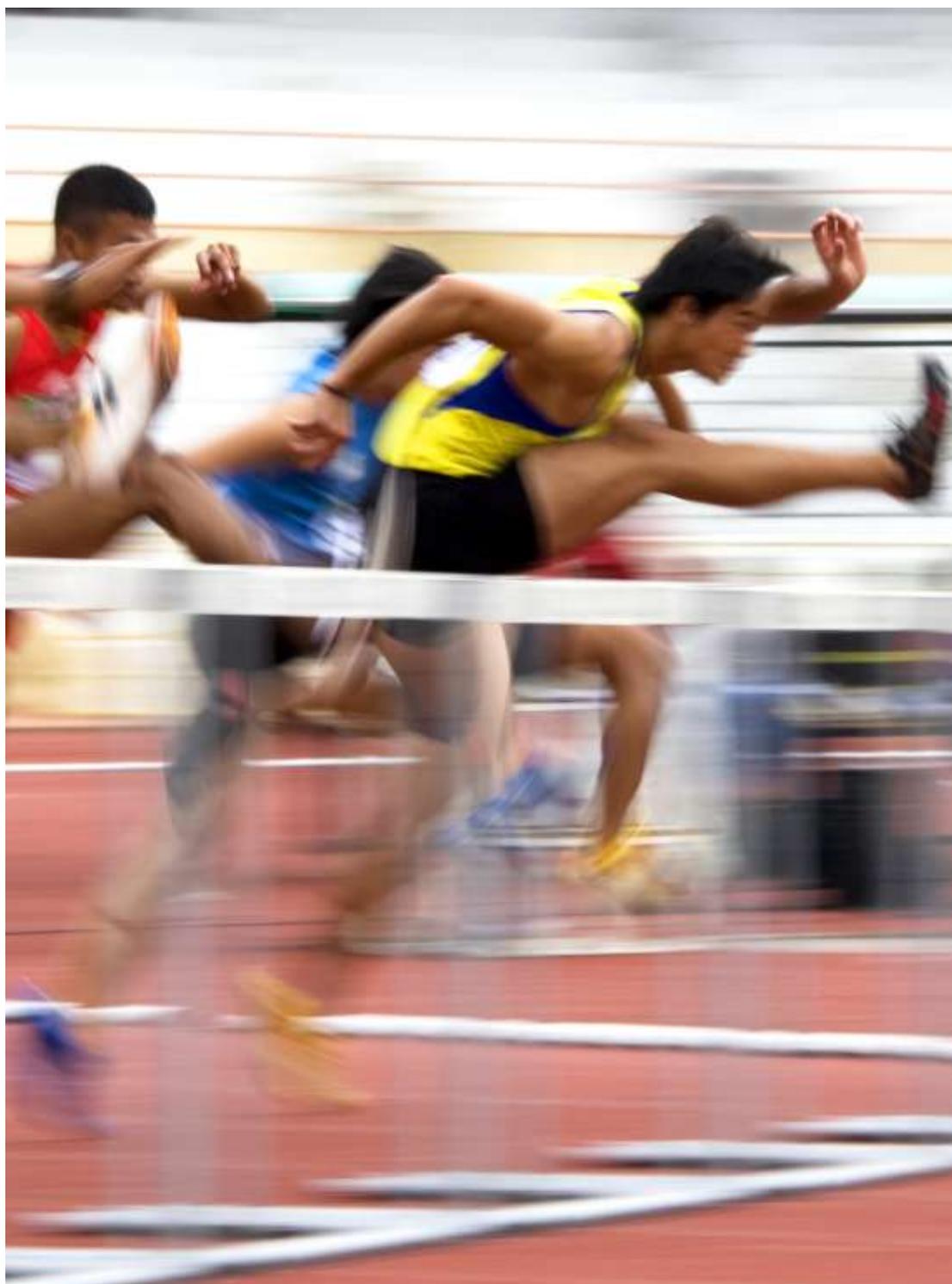
¹ www.energy-community.org.

² The work of the ECRB is supported by the ECRB Section at the Energy Community Secretariat.

³ Throughout this document the symbol * refers to the following statement: This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

light of this, the ECRB acts as coordination body of the national regulators for exchange of knowledge and development of common best practice solutions for implementing the Treaty in a harmonized way.

CROSS - SECTORAL



Activity I – Market Monitoring

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. The relevance of regulatory market monitoring is not only recognized by the Energy Community *acquis communautaire*⁴ but has also already been in the centre of ECRB activities during the past years⁵.

Scope of Activities and Deliverables

The ECRB will assess the possibility to launch a pilot project of regional market monitoring compatible with the market monitoring activities of ACER⁶.

As first introductory activity which may result in some guidance on future activities related to market monitoring, a **Workshop** will be organised targeting the following topics (to be finally agreed by the EWG and GWG):

- market monitoring activities of ACER: legal basis, scope, status of monitoring activities, indicators, IT platform, assessment of monitoring results;
- market monitoring activities of national regulators: case study/ies on scope, indicators, assessment of monitoring results, corrective actions;

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Workshop				

⁴ <http://www.energy-community.org/pls/portal/docs/2178178.PDF>. Ref. Article 37 Electricity Directive 72/2009/EC, Art 41 Gas Directive 73/2009/EC.

⁵ Ref. Electricity Working Group project on Market Monitoring Guidelines; various market assessment reports (http://www.energy-community.org/portal/page/portal/ENC_HOME/DOCUMENTS?library.category=713).

⁶ Ref. ACER Market Monitoring Report 2013 http://www.acer.europa.eu/Official_documents/Publications/Pages/Publication.aspx. ACER does not develop responsibility for the Energy Community: Article 24 (1) lit f of the Decision D/2010/02/MC-EnC on the implementation of Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No 714/2009 and Regulation (EC) No 715/2009 and amending Articles 11 and 59 of the Energy Community Treaty foresees that references to the Agency for the Cooperation of Energy Regulators shall not be applicable; Decision D/2010/02/MC-EnC however allocates certain activities ACER assumes under the Third Energy Package to the ECRB.

Activity II – Regulatory Investment Incentives

The Energy Community Ministerial Council in October 2012 approved the Energy Strategy of the Energy Community⁷. As a follow up, a process of identifying Projects of Energy Community Interest (PECI) was initiated mirroring the European discussions on Projects of Common Interest (PCI). A final list of PECI was adopted by the Energy Community Ministerial Council at its 2013 meeting⁸. The role of regulators in promoting new investments, such as the PECI, is an essential pillar next to financial project support. In the light of this, the ECRB in June 2013 issued a recommendation to the Energy Community PHLG and Ministerial Council to “*consider adopting the provisions of Regulation (EC) 347/2013 on guidelines for trans-European energy infrastructure, which are instrumental in facilitating investments in the Energy Community*”, in particular targeting the regulatory investment incentives provided by Regulation (EC) 347/2013. The 11th Energy Community Ministerial Council agreed to initiate steps for adopting certain provisions of Regulation (EC) 347/2013⁹.

The ECRB, however, also recognized the need to address regulatory support to new investments before a future (potential) entry into force of Regulation (EC) 347/2013. Also, the 11th Ministerial Council “*underlined its expectation for regulatory tariff systems to financially stimulate new gas and electricity infrastructure projects, and PECI in particular, via development of adequate risk-return ratios*”. The Ministerial Council in this context in particular supported a series of regulatory incentives as suggested by ECRB Recommendation of June 2013.

Scope of Activities and Deliverables

With a view to provide a regulatory framework that is promoting and supporting the realisation of new investments, the ECRB will develop:

1. A “**toolbox**” on **regulatory investment incentives** that can be used by national regulators depending on national specificities. This “toolbox” may include the regulatory incentive mechanisms foreseen in Regulation (EC) 347/2013 but can also go beyond. The analysis shall also include an assessment of potential need for legislative adjustments that would allow regulators using the elements of the “toolbox”;
2. A **common methodology for project risk evaluation**.

The preparation of deliverables shall take into consideration the previous work of ECRB and related recommendations that ACER is expected to develop under Regulation (EC) 347/2013 (Article 13.5 (a) and (b) thereof). Taking into consideration the cross- sectoral nature of the work (covering both electricity and natural gas investments), the deliverables will be drafted by an ad-

⁷ <http://www.energy-community.org/pls/portal/docs/1810178.PDF>. For details on the Regional Energy Strategy's background and process, please consult: http://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/Regional_Energy_Strategy.

⁸ http://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/Investments/PECIs. This approach is in line with the recently adopted European Regulation on guidelines for trans-European energy infrastructure (OJ L 115 p 39 et seq of 25.4.2013) defining the priority corridors of trans- European energy infrastructure.

⁹ Ref. conclusion 18 (<http://www.energy-community.org/pls/portal/docs/2388178.PDF>).

hoc task force, nominated by the ECRB. In order to streamline ECRB findings with ACER activities, the ad-hoc TF may commence its work after ACER issues its recommendations in line with Article 13.5 of Regulation (EC) 347/2013.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Discussion Paper "Regulatory Incentives for new investment" including investment incentives toolbox and project risk evaluation methodology				

Activity III – Cooperation

When implementing the Energy Community *acquis*, streamlining with best practice experience gained on European level is not only recommended from an efficiency point of view but also when keeping in mind the goal of integrating regional markets. Alignment with European experience of course needs to take into account national and regional specificities of the Energy Community.

Scope of Activities and Deliverables

In general coordination of ECRB activities with European developments is guaranteed via the coordination function of the European Union, acting as Vice-Presidency of the ECRB and the representation of ACER in the ECRB¹⁰. In addition the Participating Countries to the Treaty are members of the Council of European Energy Regulators (CEER¹¹) and the ACER Regulatory Board. Exchange of experience is also supported by individual European regulators joining the ECRB Working Group meetings subject to their experience on specific agenda items.

ECRB has developed relations with European energy regulatory coordination bodies, in particular with ACER, CEER and the Energy Regulators Regional Association (ERRA¹²). Strengthening cooperation with these institutions will continue to be a focus area.

¹⁰ According to Article 2 decision D/2011/O2/MC-EnC of the Energy Community (<http://www.energy-community.org/pls/portal/docs/1146182.PDF>) and decision 2011-022 of the Director of ACER on appointing an ACER representative to the ECRB.

¹¹ www.energy-regulators.eu.

¹² www.erranet.org.

CUSTOMERS & RETAIL MARKETS





Figure 2: Customers & Retail Markets Activities

Task Force I – Raising Consumer Awareness

Raising customers' awareness on their role and rights in a liberalized market is a pre-condition for their ability to participate in and benefit from competition. Retail market opening for household customers is on the agenda of the Contracting Parties as of 1 January 2015 the latest. The effective success of market liberalization relies on providing consumers with a transparent and customer friendly regulatory framework that provides for adequate protection of consumers' needs. In the light of this, particular regulatory emphasis should be given to informing retail customers on their rights and responsibilities in a liberalized market and strengthening customers' knowledge on the tools and mechanisms available to them in a competitive market.

Scope of Activities and Deliverables

The ECRB will support raising retail consumers' awareness on the upcoming retail market opening through the following workstreams:

1. **Workstream A –Public Campaign on Retail Market Opening**

This activity aims at developing tools (such as brochures, information material, workshop agenda templates or other communication and campaigning material) that can be used by national regulators for raising their national consumers' awareness and knowledge on opening of retail markets in the Contracting Parties.

2. Workstream B – ECRB / CEER Joint Workshop on Customer Issues

Following up the related activities in 2013, ECRB will also in 2014 jointly organize with CEER a Workshop on customer issues. The scope of this activity is exchange of knowledge between regulators of the Energy Community and European Union on topics of common interest in particular related to customer involvement and retail market opening¹³. Energy Community regulators can, in this context, benefit from experiences already made on European level related to customer relevant aspects of market opening and consumer protection.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Public campaign				
Joint ECRB / CEER Workshop				

Task Force II – Quality of Electricity Supply

Electricity quality regulation and monitoring is already on the ECRB's agenda since 2009¹⁴. Providing adequate standards in terms of electricity supply services is a central element of customer protection. Regulators take a leading role in ensuring related standards both via rule setting compliance and monitoring responsibilities. Monitoring and benchmarking of the so far reached elements is an important tool for measuring the effectiveness and compliance with the agreed standards.

Scope of Activities and Deliverables – NON PUBLIC

¹³ A detailed Workshop agenda shall be developed in cooperation with CEER.

¹⁴ ECRB, Quality of Electricity Service Standards and Incentives in Quality Regulation (2009).

Task Force III – Status Review of Retail Market Development

Design and operation of retail markets are important for overall electricity and natural gas markets performance. Knowledge about market performance, and stakeholder needs is a pre-condition for well designed and targeted regulatory regimes. In the light of upcoming opening of retail markets for household customers and in-depth analysis of the end-customer markets will contribute to the design of regulatory retail regimes that are tailored to customers' needs and address the specific requirements of household and small consumers best.

Scope of Activities and Deliverables

Taking into consideration the requirements of the 3rd Energy Package, the ECRB will review features and performance of relevant retail markets. The review will:

- Assess the electricity and gas retail markets in the Energy Community, with a special emphasis on barriers to their effective operation;
- Discuss the retail markets development status and provide recommendations on potential improvements.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Retail market status report				

ELECTRICITY



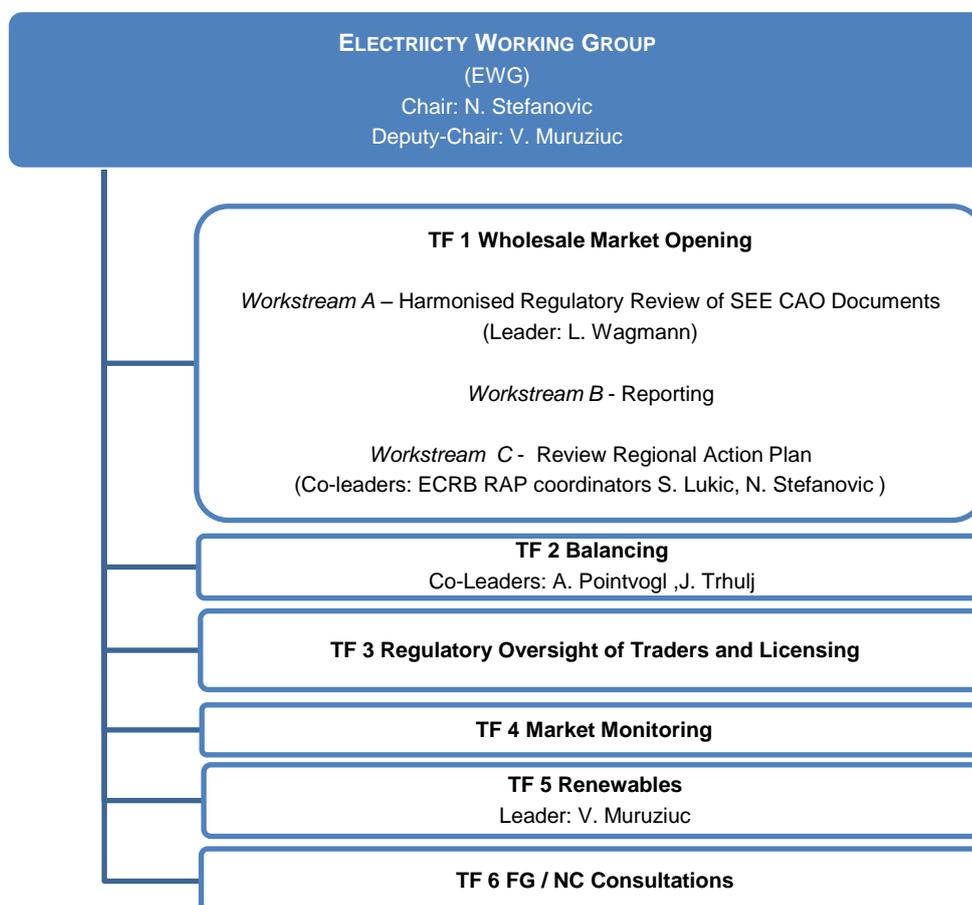


Figure 3: Electricity Activities

Task Force I – Wholesale Market Opening

Effective wholesale market opening (WMO) is a key pillar of and starting point for establishing a competitive regional electricity market in South East Europe and its integration with the European market. A harmonized regulatory approach is necessary for establishing a regional wholesale market. With the financial support of the World Bank, a consultancy study on WMO has been developed and finalized in 2010¹⁵. Based on the study's recommendations a Regional Action Plan (RAP) for electricity wholesale market opening in South East Europe has been jointly

¹⁵ www.energy-community.org (documents); with an amendment on Moldova and Ukraine published in December 2011.

developed by ECRB and ENTSO-E Regional Group SEE¹⁶ that aligns the study's results with the European Target Model for Electricity Market Integration. The RAP addresses:

- Harmonisation of methodologies/ procedures for capacity calculation
- Forward markets
- Day-ahead markets
- Intraday markets

Scope of Activities and Deliverables

With a view to support effective wholesale market opening in the 8th Region, the ECRB will focus on the following activities:

1. **Workstream A – Coordinated Regulatory Review of SEE CAO Related Documents:** the establishment of a Coordinated Auction Office in South East Europe (SEE CAO) is a key pillar of WMO in the 8th Region in terms of coordinated forward capacity allocations and congestion management. The effective operation of the SEE CAO will require regulatory approval of a number of documents. Having in mind that the concept of a regional project should require harmonised regulatory treatment across borders, the Energy Community Regulatory Board (ECRB) at its 11th meeting on 9 July 2009 related to regulatory approval of SEE CAO related documents decided that:
 - as long as an NTC approach is pursued, the ECRB will issue non-binding recommendations on SEE CAO related documents, even if not all TSOs participate in the SEE CAO in a first step;
 - NRAs shall maintain the right to formally approve the SEE CAO related documents on national level but shall take the ECRB recommendation into utmost account. If the national decision should deviate from the ECRB recommendation the ECRB, members shall justify the modification to the ECRB.

The ECRB will continue providing coordinated review of SEE CAO related documents¹⁷.

2. **Workstream B – Monitoring of the 8th Region Developments:** market monitoring is a core element of regulatory responsibilities. The ECRB will continue¹⁸ its quarterly reporting on the developments and implementation status of the RAP elements; this activity will be carried out in cooperation with ACER and published as annex to the quarterly ACER reports on the developments of the European Regional Electricity Initiative¹⁹.

¹⁶http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_DOCUMENTS/PUBLICATIONS/ELECTRICITY/2011/RAP_FINAL%20approved%20%20ECRB17%20_CLEAN__PUBLISHED%20VERSION%20incl%20ENTSO_E%20RG%20SEE%20logo.pdf.

¹⁷ Ref. ECRB recommendation on SEE CAO Auction Rules (<http://www.energy-community.org/pls/portal/docs/2716178.PDF>).

¹⁸ Previously published reports are available at: http://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/ELECTRICITY/Regional_Market/8th_Region.

¹⁹ http://www.acer.europa.eu/Electricity/Regional_initiatives/Pages/default.aspx.

3. **Workstream C – Review Regional Action Plan:** successful implementation of the SEE RAP faces substantial delay. The recent positive developments towards the establishment of a SEE CAO support confidence on the Region’s ability to deliver results towards regional wholesale market opening. Still, the deadlines foreseen in the SEE RAP require adjustment. This consideration is also backed-up by the discussions at the recent European Electricity Regulatory (Florence) Forum on the need to re-consider some elements of the implementation deadlines for the so-called “European Electricity Target Model” with which the SEE RAP is aligned. In the light of this, discussions within and between ECRB, ENTSO-E and PHLG on necessary adjustments related to the deadlines for implementing the SEE RAP need to be initiated orientating on the ongoing discussions on European level.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Workstream A				
Workstream B				
Workstream C				

Task Force II – Balancing Market Integration

Envisaged implementation of the Balancing and Load Frequency Control & Reserves Network Codes in the Region gives additional impetus to implementation of market based balancing mechanisms (where they do not exist) and balancing markets integration: linking the national markets to a regional and more dynamic market would develop strong impact on the load flow situation and might also positively affect grid stability. Furthermore, increased penetration of renewable energy creates additional challenges. In small markets with systems largely depending on one energy source – as prevailing in South East Europe – reserve requirements, as foreseen by the ENTSO-E²⁰ Handbook, are a relevant cost factor and an argument for an increased role of regional balancing. Within the 8th Region especially the Energy Community’s Contracting Parties’ balancing mechanisms are often not market based, lack functioning imbalance settlement procedures, and do not provide for cross-border procurement of balancing energy and reserves. In the majority of the Contracting Parties, the provision of Balancing Energy is not separated from the provision of balancing capacity.

²⁰ www.entsoe.eu.

Scope of Activities and Deliverables

During the Joint ENTSO-E & Energy Community Workshop on 3rd Package Network Codes, held in Vienna on 4 November 2013²¹, representatives of the ECRB Electricity Working Group (EWG), ENTSO-E's Regional Group Southeast Europe (RG SEE), and the Energy Community Secretariat endorsed the launching of an Regional Balancing Initiative aiming to implement balancing market integration in line with the Balancing Network Code in the 8th Region.

This task will be discharged jointly by ENTSO-E RG SEE and ECRB EWG through the so-called "Regional Balancing Initiative". While the general objective of the task is balancing markets integration in line with the Balancing Network Code, due to the complexity and multi-year character of the project the precise scope of work and work organization will be defined in separate Terms of Reference agreed between ENTSO-E RG SEE and ECRB EWG. Coordination of regulatory activities shall be done via the ECRB EWG; coordination of technical activities shall be done via the ENTSO-E RG SEE. The Energy Community Secretariat shall act as platform for facilitating and streamlining the discussion process.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
ToR for the balancing market integration				
Providing regulatory input to the work packages of the Regional Balancing Market Initiative				

Task Force III – Regulatory Oversight of Traders' Activities

A harmonized approach for wholesale trading licenses remains a key parameter for the facilitation of new market entries and cross border trading. At the same time fair and non-discriminatory competition requires a certain level of transparency and regulatory oversight. In the light of this, the ECRB already in 2009 developed a proposal for a harmonized system of wholesale licensing in the 8th Region²². Having in mind discussions on European level on the same topic, the ECRB decided to adjust the 2009 to the final results on European level. The EU discussions finally concluded with the introduction of REMIT²³. REMIT does not overlap with the recommendations of the 2009 ECRB recommendation paper. However, REMIT sets the rules for the registration of

²¹ The documents of this meeting, including a summary of the workshop, are available at: http://www.energy-community.org/portal/page/portal/ENC_HOME/CALENDAR/Other_Meetings/2013/4_Nov

²² http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_DOCUMENTS/ECRB%20PAPERS/ELECTRICITY/2009/Harmonised%20Licensing_2009.pdf.

²³ Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT), 8 December 2011. REMIT introduces a sector-specific framework for the monitoring of wholesale energy markets, with the objective of detecting and deterring market manipulation but does not target harmonization of wholesale trade licenses.

wholesale traders with headquarters and active in the EU, as well as for those traders with headquarters outside of, but active within the EU, which opens up issues of streamlining the registration and monitoring processes.

Scope of Activities and Deliverables

With respect to regulatory oversight of traders' activities the ECRB will focus on:

1. Development of measures ensuring a level playing field for traders while guaranteeing fair market conduct that would allow for tracking of traders activities substituting wholesale trade licensing. The ECRB will propose related measures to the PHLG and MC complemented with fade out of wholesale trade licensing in each jurisdiction.
2. Develop proposals on streamlining with European developments and discussion related to the rules and procedures of REMIT.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Tracking of traders activities substituting wholesale trade licensing				
Proposals on streamlining with procedures of REMIT				

Task Force IV – Market Monitoring

The SEE Market Monitoring project was initiated following an invitation from the 8th Athens Forum in June 2006 to establish a Market Monitoring Pilot Plan. The Pilot Plan became effective in December 2006 with the financial support of USAID and engagement of the consultant Potomac Economics. The project defines a set of common market monitoring indicators that – after the finalization of the project – are expected to be commonly applied by the Energy Community regulators. The Market Monitoring Guidelines, monitoring database and a web interface for exercising the monitoring activity will be finalized with the assistance of Potomac Economics.

Scope of Activities and Deliverables

The ECRB activities will focus on:

1. Providing input to Potomac Economic for finalization of the Market Monitoring Guidelines and development of a market monitoring database and a web interface for exercising the monitoring activities. In this context particular attention will also have to be drawn to avoiding overlapping and/or contradiction with ACER's market monitoring activities and REMIT.

2. Participation in a monitoring trial run of the web interface with a monthly rolling lead responsibility for one regulator.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Market Monitoring Guidelines				
Report on the market monitoring trial run				

Task Force V – Renewables

European experience shows that the enforced implementation of power production from renewable energy sources (RES) can develop significant impact on the models for regulating electricity systems. An analysis of the ECRB in 2011²⁴ identified that a broad variety of rules related to RES exists in the Contracting Parties. Especially, the powers of regulators are not equally stipulated, with some having in-depth approval and definition rights and others not being involved in the RES sector at all. Against the background of only a number of regulators being involved in RES related rule setting at all, the Task Force shall in principle act as platform for an exchange of regulatory experience between EU Member States and Energy Community Contracting Parties level in the RES area with a view to identify EU best practice models the Energy Community can learn from.

Scope of Activities and Deliverables

The ECRB will discuss the elements stemming from the introduction of power production from RES with impact on the regulatory rules and provide a platform for exchange of regulatory experience on EU and Energy Community level in this respect.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Case study				

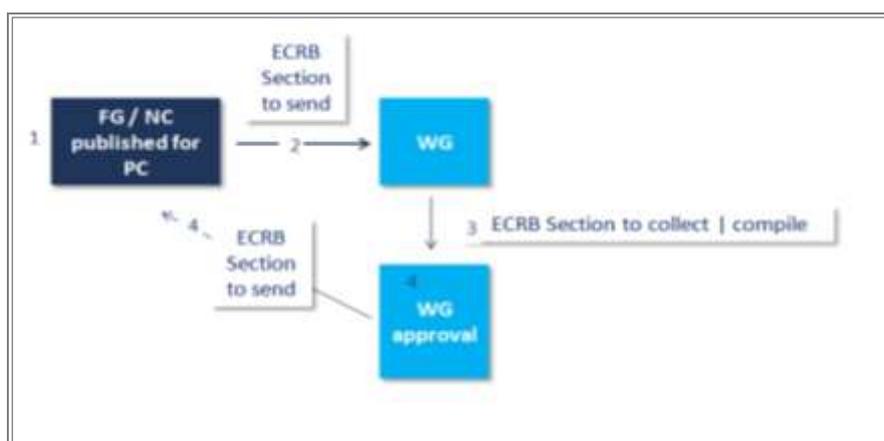
²⁴ www.energy-community.org - documents.

Task Force VI – Network Codes / Framework Guidelines

The decision of the Energy Community Ministerial Council on implementing the 3rd Package of EU IEM legislation in the Energy Community legal framework²⁵ also calls for implementation of the European Network Codes²⁶. Accordingly, the Energy Community Permanent High Level Group and the ECRB have developed procedures for a related adoption process²⁷. In addition to this, providing input to the process of developing Framework Guidelines and Network Codes is envisaged with a view of ensuring proper reflection of the specificities of the Energy Community.

Scope of Activities and Deliverables

1. Providing input to public consultations on European Framework Guidelines and Network Codes according to the procedures explained in the following graph:



Graph 1: Review procedures

2. Providing opinion on EC proposals on NC adoption in line with the Procedural Act 01/2012 PHLG- EnC of the Permanent High Level Group of the Energy Community of 21 June 2012 laying down the rules governing the adoption of Guidelines and Network Codes in the Energy Community

²⁵Decision D/2011/O2/MC-EnC (<http://www.energy-community.org/pls/portal/docs/1146182.PDF>).

²⁶ Conclusions of the 9th Energy Community Ministerial Council (<http://www.energy-community.org/pls/portal/docs/1162177.PDF>).

²⁷ PHLG Procedural Act No. 01/2012 PHLG-EnC of the Permanent High Level Group of the Energy Community of 21 June 2012 laying down the rules governing the adoption of Guidelines and Network Codes in the Energy Community (<http://www.energy-community.org/pls/portal/docs/1162177.PDF>); ECRB Procedural Act 02/2012 (http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_ABOUT/RULES/PA%202012-02_Network%20Codes_approved.pdf).

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
NC / FG public consultations	<i>Subject to NC / FG public consultations</i>			
Providing opinion on EC proposals on NC adoption	<i>Subject to NC proposals submission to the PHLG by the EC</i>			

Other Topics of Discussion

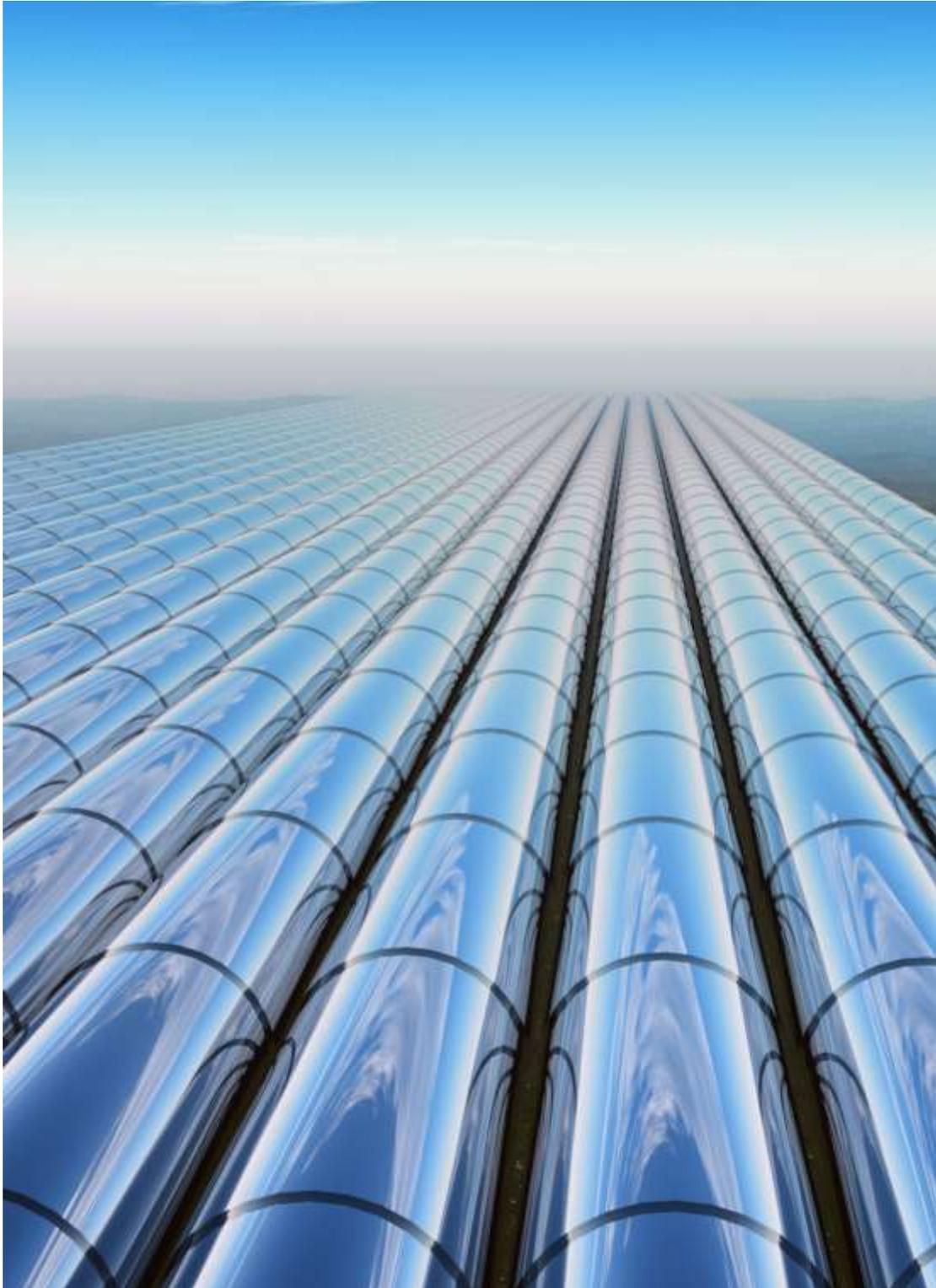
With a view to increase knowledge on certain aspects of electricity market regulation and exchange related experience, the ECRB Electricity Working Group will include lecture and discussion sessions in its regular meeting agenda targeting expertise sharing by experienced regulators, system operators and other stakeholders on specific topics of interest such as but not limited to:

- ITC
- Cross Border Cost Allocation

Scope of Activities and Deliverables

The ECRB Electricity Working Group will include lecture and discussion sessions in its regular meeting agenda on one or more topics of special interest.

GAS



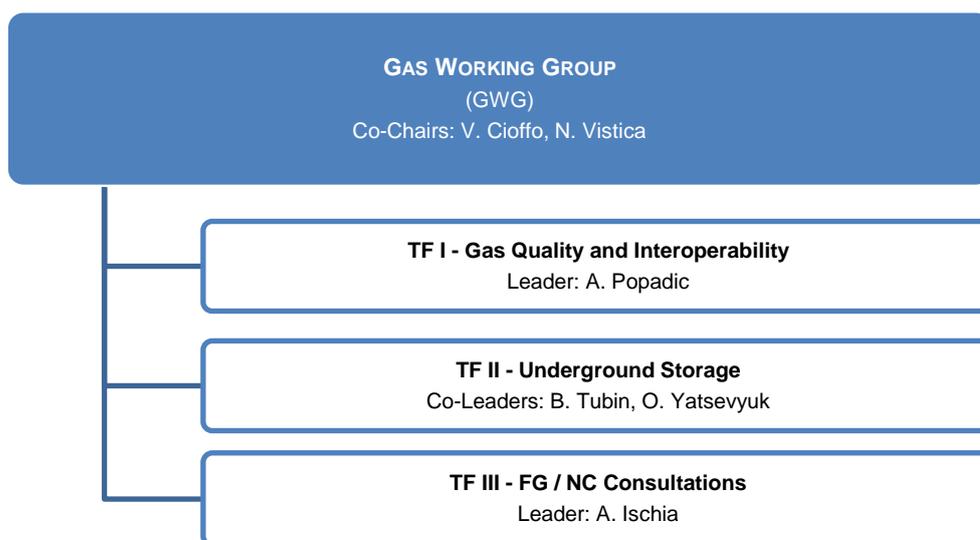


Figure 4: Gas - Activities Overview

Task Force I – Gas Quality and Interoperability

Interoperability is essential both within the Energy Community and in relation to interconnected European gas systems. Furthermore the Energy Community countries form part of or have potential for being linked to the so-called “Southern Corridor” aiming to bring new gas sources from the Caspian region to the demand markets. With the realization of new pipelines and LNG, also gas from this new production source will for the first time flow to the Region. In the context of regulation this requires evaluation in particular in terms of interoperability but also beyond.

Scope of Activities and Deliverables

With respect to the regulatory treatment of interoperability the ECRB will focus on the following elements:

1. **Assessment paper** on potential areas of necessary considerations for the regulatory framework related to gas quality. The analysis will target the in-time identification of potential adjustments of the regulatory design and identify recommendations for a coordinated approach across borders.
 - The assessment will, in a first step, focus on gas quality and analyse the compatibility of the gas quality standards applied in the Energy Community markets with the European standards of CEN²⁸ and the ENTSO-G Interoperability Network Code with a view to identify potential operational mismatching and outline possible alignment measures.
 - In the context of gas quality the ECRB will also provide input to the public consultation of CEN on harmonised gas quality standards with the aim to reflect the situation of the Energy Community gas markets in the final CEN code.
2. **In a second step** the ECRB will discuss other potential areas of necessary considerations for the regulatory framework related to interoperability and gas quality concerning also new gas sources in the Region and especially regarding the Gas Ring infrastructures.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Discussion paper on Gas quality – CEN standards	<i>Depending on CEN public consultation</i>			
Discussion paper on interoperability regarding the Gas Ring and other infrastructures in the Region				

Task Force II – Underground Storage

Regulatory treatment of gas storage is not only an essential element of gas market design but also plays a central role in terms of security of supply. Gas storage facilities and/or potential for their development do not exist in all Energy Community countries. For those markets with existing or envisaged underground storages, the exchange of experience and knowledge with other regulators is key, in particular having in mind that the European and Energy Community acquis – different to network regulation – provides different possibilities for regulation of gas storage and leaves certain elements to the discretion but also argumentation of regulators.

Scope of Activities and Deliverables

With a view to share experience and knowledge on regulatory treatment of gas storage the ECRB will hold a workshop, addressing the following aspects:

- Third Energy Package requirements

²⁸ www.cen.eu.

- Criteria for gas storage qualification (regulated / not-regulated TPA / no TPA) including special cases such as storage used for production / system operation
- Case study: technical / commercial rules for gas storage – TPA, capacity allocation, congestion management
- Case study: gas storage price control – principles, models
- Case study: storage system operator compliance monitoring

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Workshop				

Task Force III – Network Codes / Framework Guidelines

The decision of the Energy Community Ministerial Council on implementing the 3rd Package of EU IEM legislation in the Energy Community legal framework²⁹ also calls for implementation of the European Network Codes³⁰. Accordingly, the Energy Community Permanent High Level Group and the ECRB have developed procedures for a related adoption process³¹. In addition to this, providing input to the process of developing Framework Guidelines and Network Codes is envisaged with a view of ensuring proper reflection of the specificities of the Energy Community.

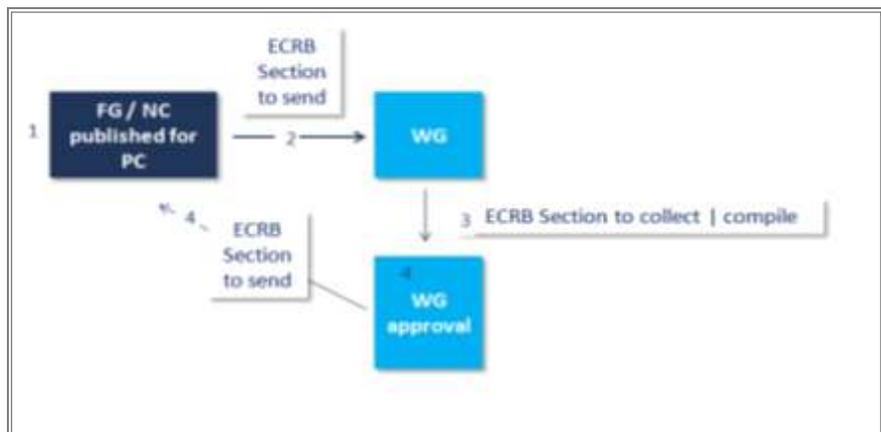
Scope of Activities and Deliverables

1. Providing input to public consultations on European Framework Guidelines and Network Codes according to the procedures explained in the following graph:

²⁹Decision D/2011/O2/MC-EnC (<http://www.energy-community.org/pls/portal/docs/1146182.PDF>).

³⁰Conclusions of the 9th Energy Community Ministerial Council (<http://www.energy-community.org/pls/portal/docs/1162177.PDF>).

³¹PHLG Procedural Act No. 01/2012 PHLG-EnC of the Permanent High Level Group of the Energy Community of 21 June 2012 laying down the rules governing the adoption of Guidelines and Network Codes in the Energy Community (<http://www.energy-community.org/pls/portal/docs/1162177.PDF>); ECRB Procedural Act 02/2012 (http://www.ecrb.eu/portal/page/portal/ECRB_HOME/ECRB_ABOUT/RULES/PA%202012-02_Network%20Codes_approved.pdf).



Graph 2: Review procedures

2. Providing opinion on EC proposals on NC adoption in line with the Procedural Act 01/2012 PHLG- EnC of the Permanent High Level Group of the Energy Community of 21 June 2012 laying down the rules governing the adoption of Guidelines and Network Codes in the Energy Community

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
NC / FG public consultations	<i>Subject to NC / FG public consultations</i>			
Providing opinion on EC proposals on NC adoption	<i>Subject to NC proposals submission to the PHLG by the EC</i>			

Other Topics of Discussion

With a view to increase knowledge on certain aspects of gas market regulation and exchange related experience, the ECRB Gas Working Group will include lecture and discussion sessions in its regular meeting agenda targeting expertise sharing by experienced regulators, system operators and other stakeholders on specific topics of interest such as but not limited to: Load profiling

- Effects of entry-exit regimes
- Balancing
- Transit contracts (ACER analysis³²)

³²

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Report_Inquiry_on_Transit_Contracts_9_April_2013.pdf.

- Commercial / contractual aspects of gas trading: supply / transport / storage contracts; EFET Gas Master Agreement; gas pricing mechanisms including contract re-negotiation; risk sharing in the value chain between trader / suppliers and end-users; capacity / quantity flexibilities; regulatory risk
- LNG: technological processes; tariffication

Scope of Activities and Deliverables

The ECRB Gas Working Group will include lecture and discussion sessions in its regular meeting agenda on one or more topics of special interest.

Deliverable	Time Schedule (2014)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
lecture and discussion sessions	GWG-1	GWG-2		GWG-3