

Energy Community Regulatory Board

Work Program 2016

PRESIDENT'S FOREWORD

Distinguished readers,

This year's Work Program of the Energy Community Regulatory Board (ECRB) comes at a time where my colleagues and I look forward to the tenth year of successful regulatory cooperation. During these years of activity ECRB has never departed from the target of promoting a competitive, efficient and sustainable regional energy market. The expertise knowledge of our members builds a bridge between the technical needs of the regulated industry and the interest of customers.

The success of our cooperative regulatory work in previous years has encouraged us to also in 2016 concentrate our activities on two main pillars, namely wholesale and retail gas and electricity markets. In the core of our related activities lies the aim to provide coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders, sharing regulatory knowledge and promote customer protection. Beyond that, ECRB is committed to strengthen its role as independent regional voice in context of strategic regional energy market development.

Our specific organizational structure - involving regulators from the Energy Community, the European Union and including representation of the Agency for Cooperation of Energy Regulators (ACER) in our discussions – will also in 2016 continue to provide central support to our mission of ensuring streamlining regulatory rules between the Energy Community and European Union. This is accompanied by strengthening ECRB cooperation with our international partners such as the ACER, the Council of European Energy Regulators and the Mediterranean Energy Regulators.

I cannot close without thanking all those who have so actively support the work of ECRB with their engagement and enthusiasm. 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.



Branislav Prelević, ECRB President

ABOUT ECRB

The **Energy Community Regulatory Board (ECRB)** operates based on the Energy Community Treaty. As an institution of the Energy Community¹ 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.

ECRB is the independent regional body of energy regulators in the Energy Community and beyond. ECRB's mission builds on three pillars: providing coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders and sharing regulatory knowledge and experience.

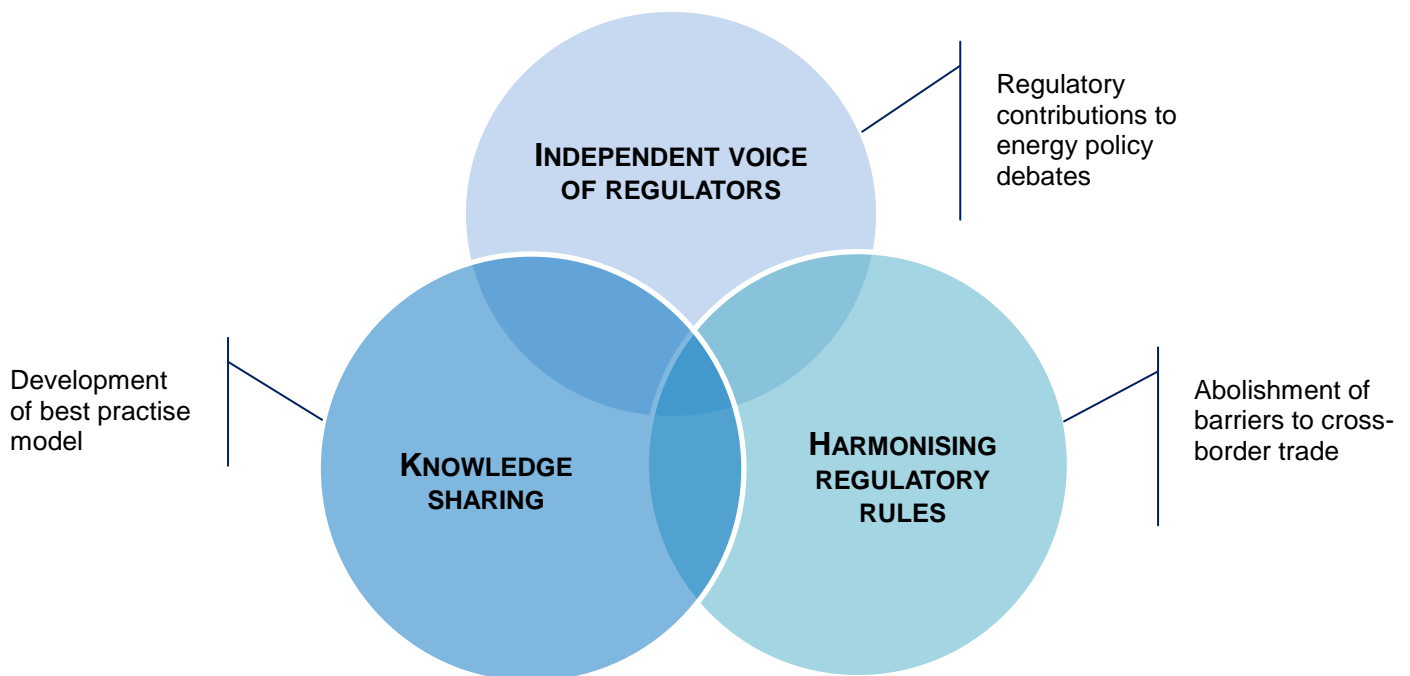


Figure 1: ECRB mission and objectives

¹ www.energy-community.org. The Energy Community comprises the EU and Albania, Bosnia and Herzegovina, Macedonia, Kosovo*, Moldova, Montenegro, Serbia and Ukraine. Armenia, Georgia, Turkey and Norway are Observer Countries. [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*].

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

2016 ACTIVITIES IN BRIEF

As in previous years, activities related to **customer issues**, **electricity** and **gas** form the backbone of the ECRB work also in 2016. This structure mirrors the core areas of regulatory tasks on national level and reflects the building blocks of necessary regulatory cooperation on regional level.

The three pillars of ECRB activities are organised through the relevant Working Groups. Under this general set up, the *Customer and Retail Market Group* covers retail market related aspects of the electricity and gas sectors while the *Electricity Working Group* and *Gas Working Group* focus on wholesale related aspects of the relevant sectors. Coherent discussion of cross-sectoral areas of work is supported by specific structural governance. Preparation of related deliverables is either performed via a dedicated Task Force or directly on Board level.

The following illustration provides an overview of ECRB activities in 2016 and shows the relevant reporting structures.

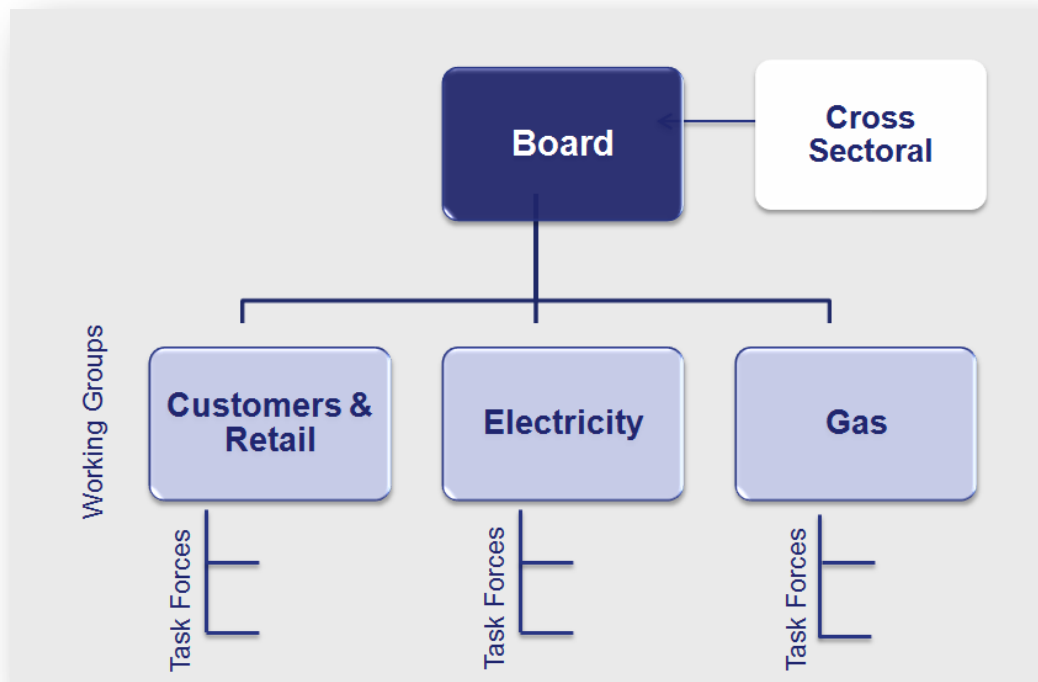


Figure 2: Overview of ECRB activities in 2016

CROSS - SECTORAL

1. Energy Policy

ECRB understands its mission as responsibility to provide coordinated regulatory input to questions of strategic regional energy market development. To this extent, ECRB promotes a regional equivalent to independent national regulators: 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. The technical, market and consumer related knowledge of regulators are key ingredients for modeling energy markets in a meaningful way. ECRB understands its role as regional regulatory body also as mandate to represent regulatory positions in regional energy policy discussions. ECRB activities related to questions of strategic regional energy market development are function of initiation of related discussions on political level. ECRB is committed to continue contributing to upcoming energy policy discussions in 2016.

Task Force	Leader	Scope	Deliverable	Due
Regulatory input to WB6 and CESEC	<i>Mrs Anicic</i> (REGAGEN)	With the Western Balkans 6 (WB6 ³) and Central and South Eastern Europe Gas Connectivity (CESEC ⁴) Initiatives two important regional initiatives have developed in the gas and electricity sector of the Contracting Parties. Next to infrastructure development / reinforcement both initiatives also put emphasis on gas and electricity market reforms. The Energy Community Secretariat has already entered into discussions with stakeholders of the Contracting Parties on concrete reform measures. This, most evidently, also refers to elements of the regulated system.	Coordinated positions on WB6 and CESEC related documents / proposals / measures that are of regulatory relevance and, in particular, have regional character	Upon request or on own initiative

³ https://www.energy-community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/WB6 and <http://europeanwesternbalkans.com>.

⁴ <http://ec.europa.eu/energy/en/topics/infrastructure/central-and-south-eastern-europe-gas-connectivity>.

2. International Cooperation

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. ECRB is committed to continue and strengthen the well established streams of cooperation with the Agency for Cooperation of Energy Regulators (ACER), the Council of European Energy Regulators (CEER), the Mediterranean Regulators (MedReg) and the Energy Regulators Regional Association (ERRA)⁵.

⁵ Cf also the related activities under the Customer & Retail Markets - / Electricity – and Gas Working Group.

CUSTOMERS & RETAIL MARKETS

chair: *Mr Zametica* (SERC)

Task Force	Leader	Scope	Deliverable	Due	Comment
I. Quality of Supply	<i>Mr Žutobradić</i> (HERA)	Providing adequate standards in terms of supply services is a central element of customer protection. Regulators take a leading role in ensuring related standards both via rule setting and compliance supervision. Monitoring and benchmarking is an important tool for measuring the effectiveness and compliance with the agreed standards.	Joint CEER-ECRB “Benchmarking Report on Quality of Supply” providing an analysis for the Energy Community electricity sector. ⁶	04/2016 ⁷	Finalization of 2014 / 2015 activity in cooperation with CEER
II. Retail Market Entry Barriers	<i>Mr Škopelja</i> (REGAGEN)	Simple as possible rules for new retailers' entry into national markets are essential for competitive retail markets. In particular having in mind the technical complexity of energy markets, publication of regulatory rules and the market design alone may not necessarily adequately facilitate market entry of new retailers. Promotion of retail market opening should be supported by means of tailor made communication.	Overview of the requirements for new retailers to enter national retail markets in the Energy Community accompanied by a template brochure providing guidance for new suppliers related to market entry requirements, useful contacts etc ⁸ .	04/2016	Finalization of 2015 activity

⁶ The first joint Benchmarking Report has been published in 2009.

⁷ Depending on CEER schedule.

⁸ For use on national regulator's websites (or similar).

Task Force	Leader	Scope	Deliverable	Due	Comment
III. Alternative Dispute Resolution (ADR)	<i>Mr. Artizzu</i> (AEEGSI)	ADR represents an efficient, fast and low-cost tool to solve disputes between consumers and suppliers. Implementation of best suitable settlement solutions should build on a comparison of the existing ADR schemes in place.	Survey comparing the ADR schemes in place, with a view to identify best practices.	04/2016	Finalization of 2015 activity
	<i>Mrs. Janelidze</i> (GNERC)	Enabling customers to make most efficient use of ADR mechanisms requires providing them with easy accessible and targeted information on available ADR tools.	Best practice guidelines for complaint case classification and recording, making use of existing European best practice.		
	Working Group	Meaningful and serious handling of customer complaints is not only essential for customer protection but also an instrument for improving market performance and an important tool to improve regulation where it is needed. The number and nature of customer complaints are among the most important indicators of customers' satisfaction with retail market functioning. Comparison of complaint cases and their processing requires commonly accepted classification of complaints.	Template brochure informing customers on available ADR tools. ⁹	12/2016	
			Sharing experience of EU regulators on ADR related to: (1) NRA responsibility for ADR; (2) ombudsman responsibility for ADR; (3) joint NRA – ombudsman responsibility for ADR.	CRM WG meeting 2016	

⁹ For use on national regulator's website (or similar).

Task Force	Leader	Scope	Deliverable	Due	Comment
IV. Retail Market Functioning	Working Group	Indicators for measuring retail market functioning provide a meaningful tool for analysis of potential shortcomings and the need for regulatory measures supporting retail market efficiency.	Building knowledge on CEER retail market functioning indicators via a targeted presentation of EU experience at one Working Group meeting.	CRM WG meeting 2016	
	<i>Mr. Martinoski</i> (ERC)	With retail market opening having started in the Energy Community, the development of related indicators will support systematic oversight of retail market functioning. Utmost possible use of concepts already developed on European level ¹⁰ should be made.	Screening of CEER's retail market functioning indicators related to their applicability in the Energy Community and, subject to identified need for Energy Community specific adaptation, development of tailor made Energy Community retail market functioning indicators.	12/2016	
V. Customer Awareness	Working Group	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. The effective success of market liberalization relies on 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.	Workshop on customer issues targeting 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 opening.	12/2016	In cooperation with European partners

¹⁰ Retail market functioning indicators developed by CEER (2015).

ELECTRICITY

co-chairs: *Mr Stefanović* (AERS), *Mr Lanza* (AEEGSI)

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Opening	<i>Mr Lanza</i> (AEEGSI)	<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.</p> <p>With a view to supporting effective wholesale market opening, activities will focus on regulatory support to and monitoring of the implementation of the SEE Regional Action Plan¹¹.</p>	<p>Components of SEE RAP monitoring:</p> <ol style="list-style-type: none"> Quarterly Bulletin surveying major electricity sector developments and presenting the results in the quarterly bulletin. Bi-annual Tetris table on capacity allocation surveying implemented cross-border capacity allocation mechanisms¹². Bi-annual SEE RAP progress monitoring report reviewing the SEE RAP implementation progress in visual form of different maps. Harmonized regulatory review of SEE CAO rules: ad-hoc commenting or preparing harmonized and joint proposals for ECRB approval. Contribution to ACER reporting on regional electricity market developments: this activity will be carried out in cooperation with ACER and published as annex to the ACER reports on the developments of the Regional Electricity Initiative. Transparency monitoring compliance with the transparency requirements of Regulations (EC) 714/2009 and 543/2013 	<p>Quarterly</p> <p>Bi-annually</p> <p>Bi-annually</p> <p>upon delivery</p> <p>Bi-annually¹³</p> <p>12/2016</p>

¹¹ The so-called *Regional Action Plan for Electricity Wholesale Market Opening in South East Europe* (SEE RAP; jointly developed by ECRB and ENTSO-E Regional Group SEE) provides the key pillars of electricity wholesale market opening in line with the European Target Model for Electricity Market Integration, namely: (a) harmonization of methodologies/ procedures for capacity calculation; (b) forward capacities; (c) day-ahead markets; and (d) intraday markets.

¹² Such as the allocation modality (split 50:50; joint auctions, SEE CAO, other), information on TSO / Auction Office contact for submission of requests for capacity etc.

¹³ Schedule depending on ACER.

Task Force	Leader	Scope	Deliverable	Due	Comment
II. Balancing Market Integration	<i>Mr Malidžan</i> (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. In the majority of the Contracting Parties, the provision of balancing energy is not separated from the provision of balancing capacity. 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.	1. Survey on the existing imbalance settlement models in the Energy Community; 2. Follow-up on the study "Impact Assessment of Regional Balancing Integration in the Southeast European Electricity Market"	04/2016 12/2016	Finalization of 2015 activity
III. Wholesale Market Monitoring	<i>Mr Gachechiladze</i> and <i>Mr Sumbadze</i> (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. Market Monitoring Report on wholesale electricity markets mirroring the reporting of ACER assessing the electricity markets in the Energy Community, identifying potential barriers; and discussing recommendations on potential improvements. 2. SEE Market Monitoring Guidelines ¹⁴ : regional MM Administrator rotation scheme and identification of trouble shoot need	04/2016 12/2016	Finalization of 2015 activity 2016 report

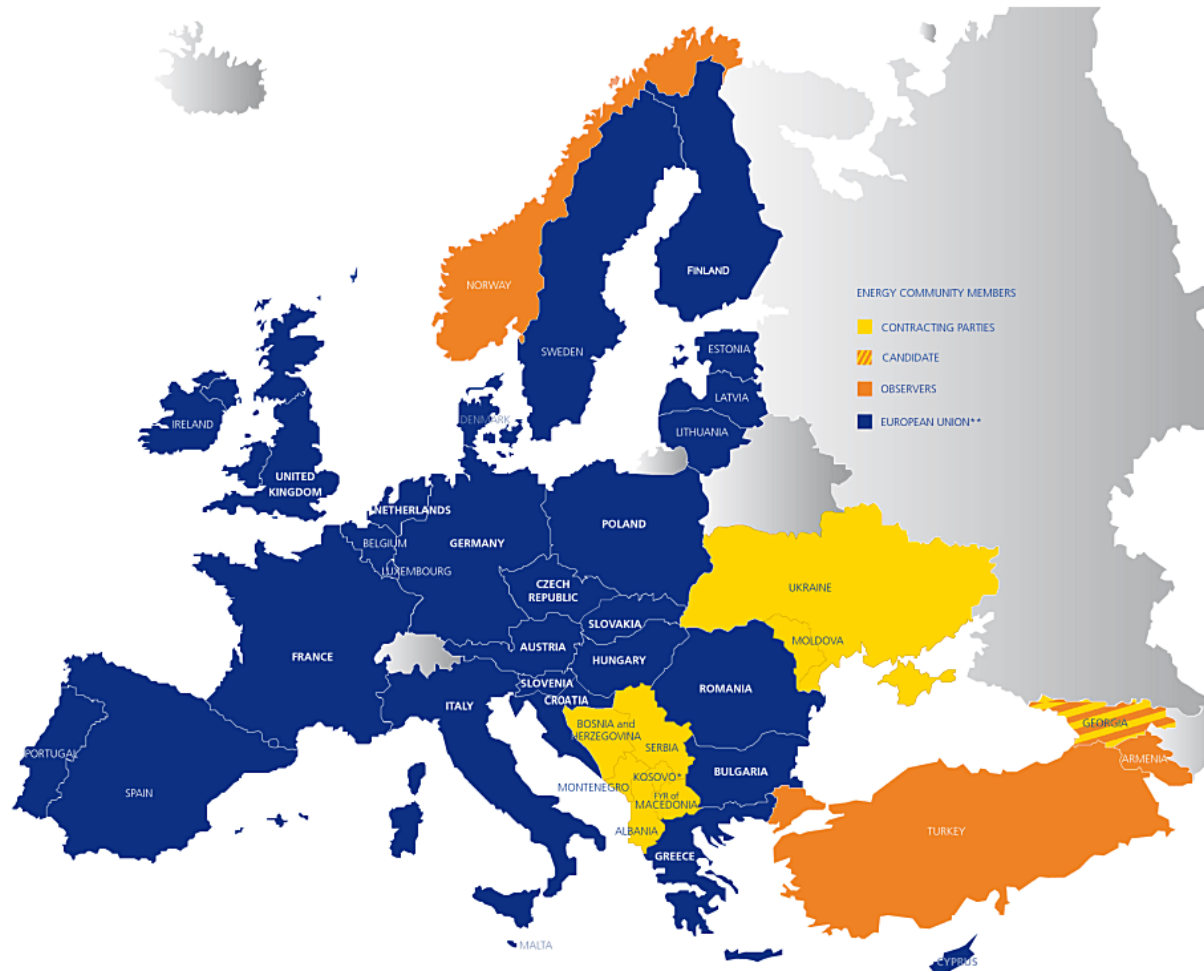
¹⁴ With consultancy support financed by USAID, ECRB in 2014 published Market Monitoring Guidelines (MMG) that focus on electricity cross-border trade and, in particular, the calculation and use of cross-border capacities. The MMG aim at increasing transparency of the electricity markets and strengthen 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.

Task Force	Leader	Scope	Deliverable	Due
I. Interoperability	<i>Mr Popadic</i> (AERS)	Interoperability of interconnected gas networks is a key requirement for undisturbed cross border flows. Regulation (EC) 2015/703 on interoperability and data exchange¹⁵ sets interoperability standards for EU gas networks. Coherent application in the Energy Community is essential for ensuring interoperability.	Survey on Contracting Parties' compliance with Regulation (EC) 2015/703 on interoperability and data exchange.	12/2016
II. Regulatory treatment of losses	<i>Mrs. Branka Tubin-Mitrovic</i> (AERS) and <i>Mr. Ivane Pirveli</i> (GNERC)	Acknowledgement of technical and/or commercial losses in national grid/storage tariffication is central in particular in countries where comparably high levels of technical/commercial losses occur. Learning from other countries' experience shall contribute to reaching a harmonized regulatory approach.	Status survey on regulatory treatment of natural gas technical and/or commercial losses on gas infrastructure (transportation/distribution/storage)	12/2016
III. Tarification	Working Group	Sharing experience of EU regulators related to features and lessons learned in applying regulatory accounts ("Regulierungskonto") – example Austria		GWG meeting 2016

¹⁵ Not applicable in the Energy Community yet.

Task Force	Leader	Scope	Deliverable	Due
IV. GRI SSE Pilot Projects	Working Group	<p>Following up on its related activities started in 2014 the Gas Working Group will continue coordinating GRI SSE¹⁶ pilot projects. This will also include a follow up of the Energy Community Secretariat’s study on gas market integration.</p> <p>The GRI process represents a well designed tool for meaningful participation of EnC NRAs in ACER: it allows for identification of practical pilot projects between EU and EnC MSs that target the abolishment of barriers to cross border trade and facilitates implementation of the Third Package related Network Code / Guideline Regulations.</p>	<ol style="list-style-type: none"> 1. Transparency 2. Early implementation of Network Codes 3. Gas market integration options in GRI SSE 	12/2016

¹⁶ The Gas Regional Initiative (GRI) is governed by ACER (http://www.acer.europa.eu/Gas/Regional_%20Intiatives/South_South-East_GRI/Pages/default.aspx).



Energy Community