



Energy Community Regulatory Board

Annual Report 2015

ECRB IN BRIEF

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 (about us/institutions/regulatory board).

This report covers the activities of the ECRB for the period of 1 January to 31 December 2015. Some deliverables have been only published in early 2016.



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PRESIDENT'S STATEMENT

Ladies and Gentlemen,

It is my very pleasure to introduce the Annual Report on the activities of the Energy Community Regulatory Board (ECRB) in 2015. It has been another successful year of regulatory cooperation in electricity and gas market regulation and customer protection. A regionally coordinated approach is pre-requisite for the development of the Energy Community market(s). The analyses and recommendations ECRB developed this year again contributed to aligning regulatory measures and providing a stable regulatory market framework.

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 Group leaders 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 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

“The central role of regulators for successful establishment of competitive energy markets ends neither on technical level national level but also calls for active participation of regulators in energy policy discussions. The market and consumer related knowledge of regulators is a key ingredient for modelling energy markets in a meaningful way”

Branislav Prelević, ECRB President

Key Achievements 2015

In 2015 ECRB contributed to Energy Community policy discussions on various aspects of energy market regulation

- **Policy development:** position paper on the future role of ECRB and cooperation with the Agency for Cooperation of Energy Regulators
- **Investments:** recommendations on regulatory tools for incentivising investments
- **Independence of national regulators:** evaluation of regulatory independence and related barriers

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. ECRB in 2015 continued its already well-established cooperation with the Agency for the Cooperation of Energy Regulators (ACER), the Council of European Energy Regulators (CEER) and the Group of Mediterranean Regulators (MedReg). In 2015 cooperation with our international partners focussed on the following activities:

- **ACER:** deepening our cooperation with ACER has been supported by ACER opening its Gas Regional Initiative South South East to the Energy Community
- **CEER:** the 3rd joint ECRB / CEER workshop focussed on customer protection and retail markets
- **MedReg:** the 2nd ECRB / MedReg Roundtable focused on regulatory investment incentives

Market Monitoring

By joint efforts of its three Working Groups, ECRB prepared its first Market Monitoring Report on the Energy Community Contracting Parties' and Georgia's wholesale and retail gas and electricity markets. For the first time ECRB in this activity used the market indicators applied by ACER. Responsibilities between the Working Groups were shared as follows:

- **Customer & Retail Markets Working Group:** electricity and gas retail markets
- **Electricity Working Group:** electricity wholesale markets
- **Gas Working Group:** gas wholesale markets

WORKING FOR THE BENEFIT OF CUSTOMERS

“Market liberalisation cannot be a 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. The ECRB CRM Working Group understands its role as facilitator for developing solutions that meet the needs of customers.”

Edin Zametica, Chairman Customers & Retail Markets Working Group



Key Achievements 2015

In 2015 ECRB contributed to building a customer friendly regulatory framework in the Energy Market focussing on:

- **Alternative Dispute Resolution:** status review of the Contracting Parties, Italy and Georgia and recommendations
- **Quality of Supply:** 2nd Benchmarking Report on quality of electricity supply developed in cooperation with CEER
- **Retail market entry requirements:** review on the existing requirements for new suppliers' entry in retail markets
- **Retail market development:** assessment of the gas and electricity retail markets

FOCUS ELECTRICITY

“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. Streamlining our activities with neighbouring EU electricity markets becomes more and more important with the wholesale electricity markets of the Contracting Parties gaining speed.”

Nenad Stefanović | Salvatore Lanza, co-Chairmen Electricity Working Group



Key Achievements 2015

In 2015 ECRB contributed to enabling a harmonised regulatory electricity framework in the following areas:

- **SEE CAO:** ECRB recommendation on SEE CAO Auction Rules
- **Reporting:** quarterly reports on the development of the 8th Region as Annex to ACER's Quarterly Reporting on the Electricity Regional Initiatives
- **Electricity wholesale market development:** assessment of the electricity wholesale markets
- **Regional Action Plan for South East Europe:** updated version prepared in cooperation with the ENTSO-E Regional Group South East Europe

FOCUS GAS

“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.”

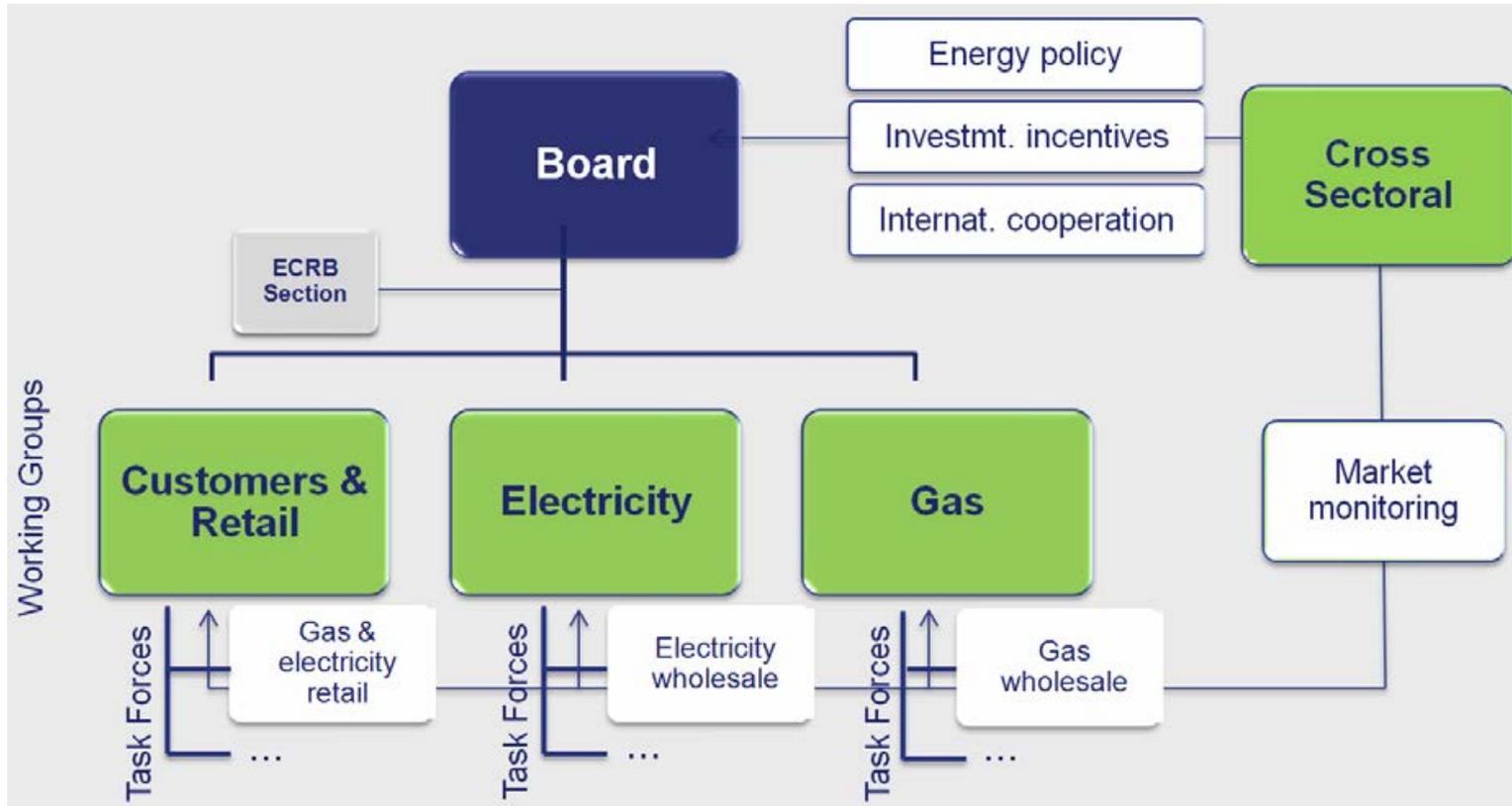
Nikola Vištica, Chairman Gas Working Group



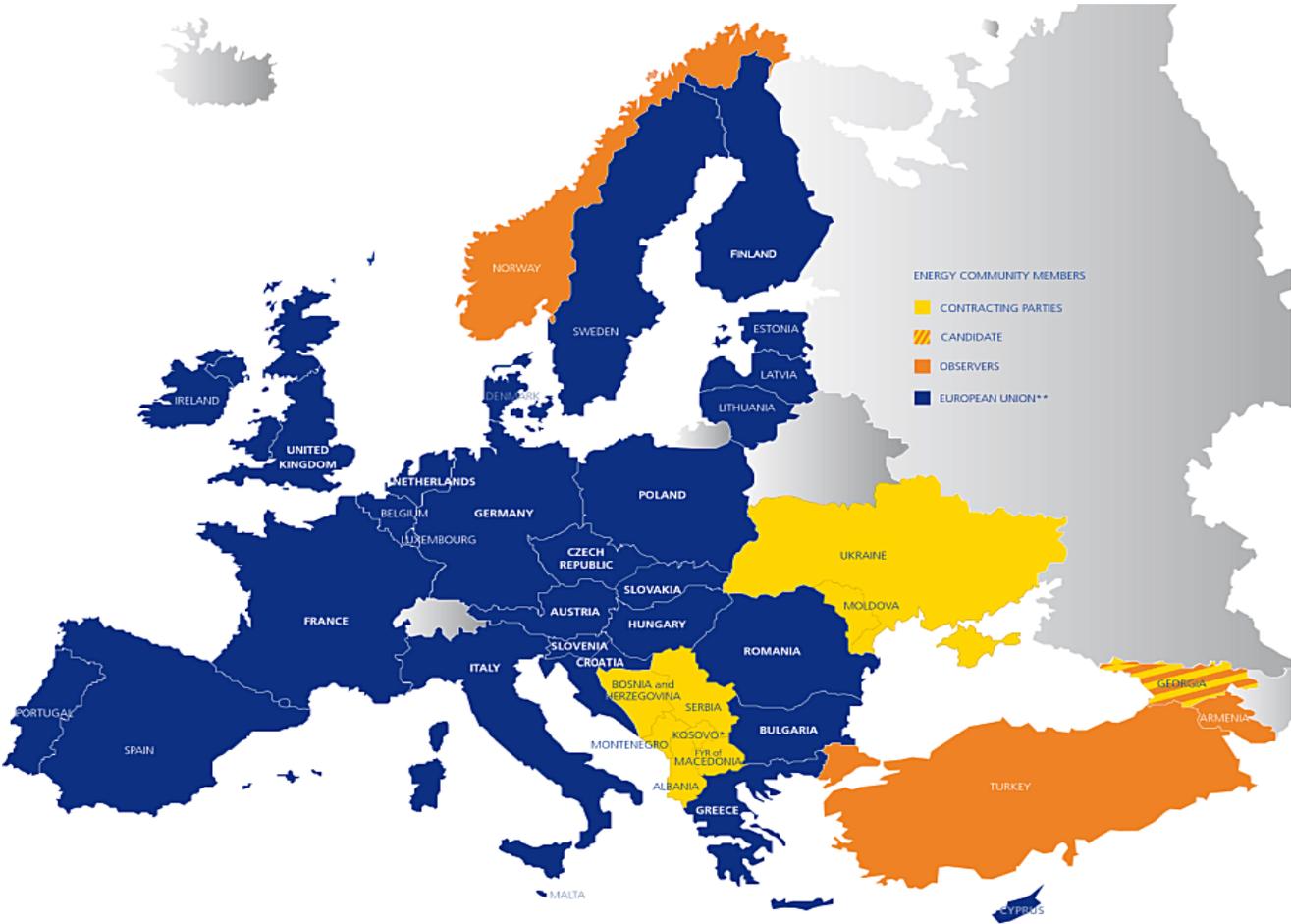
Key Achievements 2015

Our 2015 gas related activities focussed on the following activities:

- **Transparency:** review of the compliance with the transparency requirements of the Energy Community gas acquis
- **Gas wholesale market development:** assessment of the gas wholesale markets
- **Cross- border gas market integration:** contribution to a study on cross-border gas market integration in the Energy Community Contracting Parties and beyond, financed by the Energy Community Secretariat.



Overview of ECRB Activities 2015



The Energy Community