

Energy Community Regulatory Board

Work Program 2019

PRESIDENT'S FOREWORD

Dear reader,

I am very proud to herewith present you the work program of the Energy Community Regulatory Board for the year 2019. For our regional regulatory cooperation 2019 will, first, mean another year of continuing our already well established activity formats in the areas of electricity, gas and customer protection: ECRB will prepare a next edition of annual monitoring reports on the development of the gas and electricity wholesale and retail markets in the Contracting Parties, including regulatory contributions to the annual market monitoring report of the Agency for the Cooperation of Energy Regulators. Monitoring focus will also remain on compliance with gas transparency requirements stemming from the Energy Community *acquis communautaire* ('acquis'). ECRB will further contribute again to the benchmarking survey of the Council of European Energy Regulators (CEER) on quality of electricity and gas supply services. Another carried on deliverable is the development of Opinions on preliminary national certification decisions and Opinions on draft network codes are only a few examples – ECRB duties that are enshrined in the acquis and procedural rules of the Energy Community.

2019 however also marks a year of new regulatory challenges: the implementation of Third Package delegated acts, so-called Network Codes, brings new monitoring competences for ECRB that have to be prepared in in order to meet delivery deadlines starting as of 2020. Also, the adoption of a "light version" of the Regulation on electricity wholesale market integrity and trade (REMIT) creates new tasks for ECRB – to address them properly, my regulatory colleagues and I decided to set up a dedicated new REMIT working group.

Finally, we are looking forward to further enrich and strengthen the cooperation formats with our international partners ACER, CEER and the Association of Mediterranean Energy Regulators (MEDREG) and also intensify collaboration with our regulatory colleagues from the Eastern Partnership and Eurasian countries.

Sincerely Yours,



Giorgi Pangani
ECRB President

ABOUT ECRB

The **Energy Community Regulatory Board (ECRB)** operates based on the Treaty establishing the Energy Community (hereinafter 'the Treaty'). It is composed of one representative of the energy regulator of each Contracting Party¹, while the European Union is represented by the European Commission, with the assistance of one regulator of each EU participants² and one representative of the Agency for the Cooperation of Energy Regulators (ACER). As an institution of the Energy Community³ 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 regulators.

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.

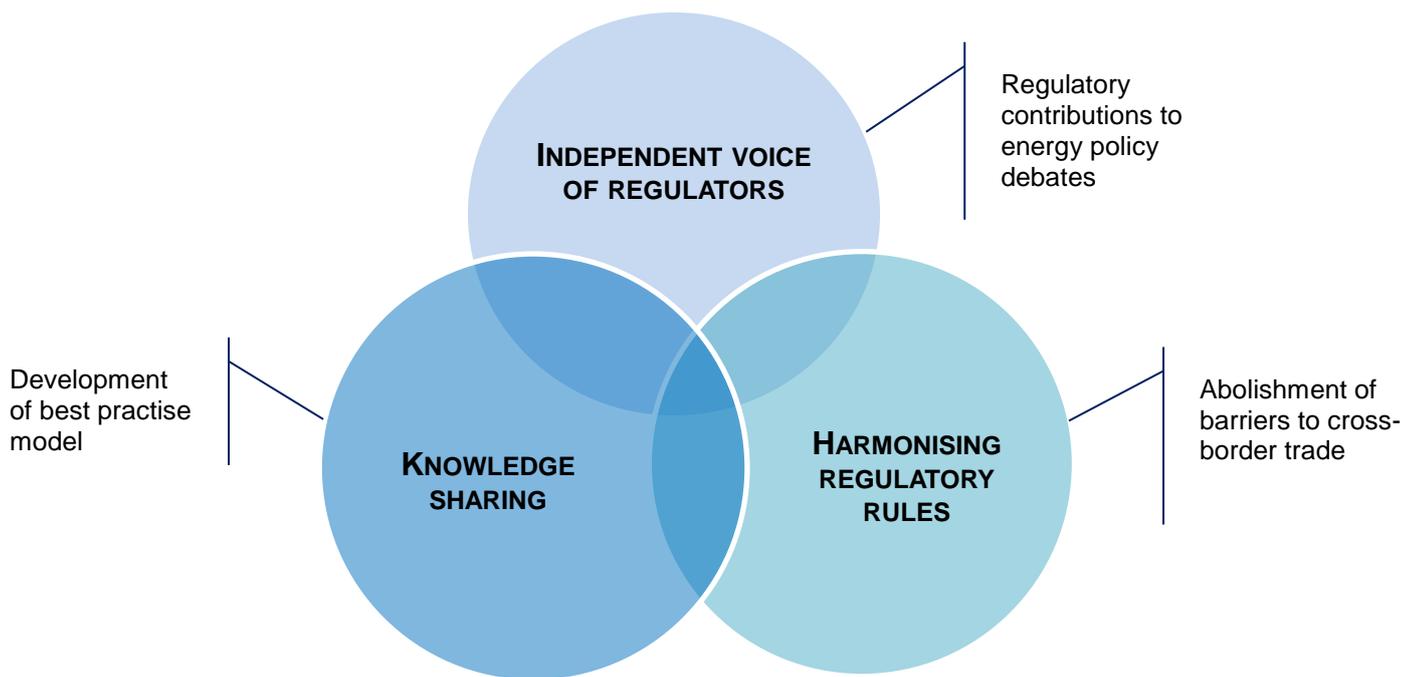


Figure 1: ECRB mission and objectives

¹ Albania, Bosnia and Herzegovina, Georgia, Kosovo*, FYR of Macedonia, Moldova, Montenegro, Serbia and Ukraine. [For the entire document * refers to: *This designation is without prejudice to positions on status, and in line with the United Nations Security Council Resolution 1244 and the international Court of Justice*].

² Austria, Bulgaria, the Czech Republic, Croatia, Cyprus, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, the Netherlands, Poland, Romania, Slovakia, Slovenia, Sweden and the United Kingdom.

³ www.energy-community.org.

2019 ACTIVITIES IN BRIEF

Activities related to **customer and retail markets** as well as **electricity and gas wholesale markets** form the backbone of ECRB. Following the adoption of Regulation 1227/2011 on wholesale energy market integrity and transparency (**REMIT**) by the Energy Community Ministerial Council in November 2018, a new fourth working group becomes part of ECRB activities to cover the new competences of ECRB under the REMIT Regulation.⁴ 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 four pillars of ECRB activities are organised in four corresponding working groups. Under this general set up, the *Customers and Retail Markets Working Group* covers retail market and customer protection 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. The *REMIT Working Group* deals with regulatory and ECRB duties stemming from the REMIT Regulation. **Cross-sectoral** ECRB activities, such as Opinions on preliminary certification decisions of Contracting Parties' national regulatory authorities (NRA) as well as international cooperation, are addressed on Board level.

The following illustration provides an overview of ECRB activities in 2019 and shows the relevant reporting structures.

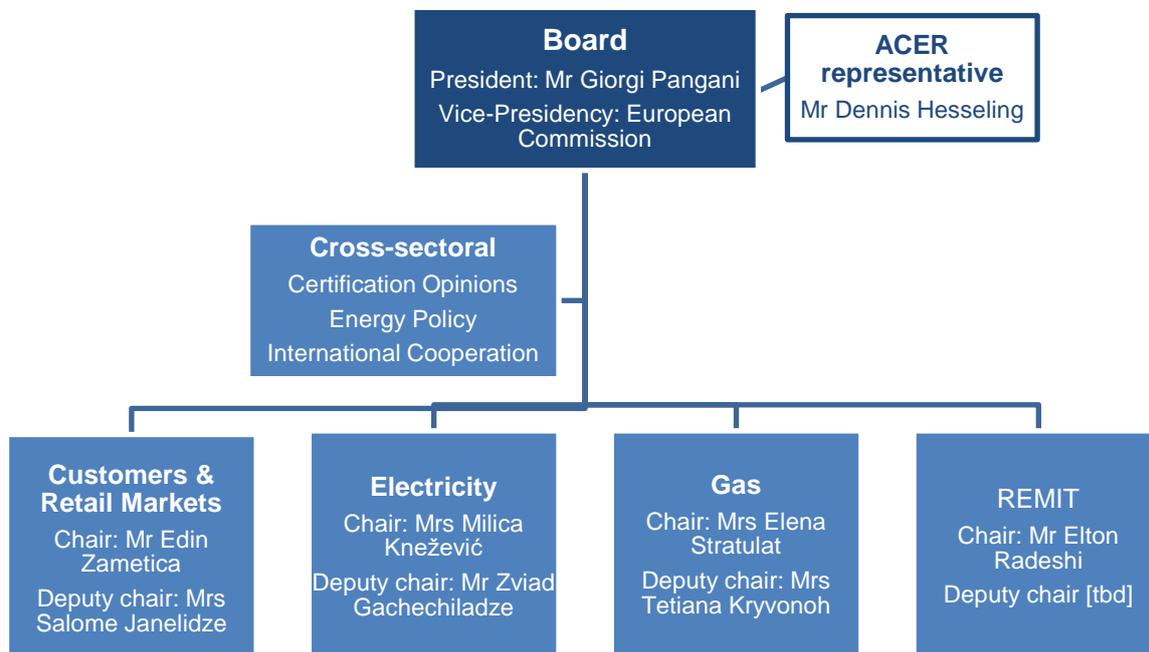


Figure 2: Overview of ECRB activities and structure in 2019

⁴ Version adapted for the Energy Community and adopted by Ministerial Council Decision 2018/10/MC-EnC.

CROSS - SECTORAL

1. Energy Policy

Task Force	Leader	Scope	Deliverable	Due
ECRB Opinions on preliminary decisions of Contracting Parties' NRA on TSO certifications	Coordinated by the ECRB President based on PA No 01.1/2015	<p>The Third Energy Package requires designation of national gas and electricity transmission operators (TSO). Articles 9(6) and 10(1) of Directive 2009/72/EC and Directive 2009/73/EC require certification of the relevant TSO by the national regulatory authority as pre-condition for a successful designation. The certification procedure aims at proofing the TSO's compliance with the unbundling requirements of the Gas and Electricity Directives.</p> <p>Pursuant to Article 3(1) of Regulation (EC) 714/2009 and Article 3(1) of Regulation (EC) 715/2009, the Energy Community Secretariat ('Secretariat') shall within a maximum of 4 months examine the notified draft decision of a Contracting Party's NRA in relation to certification of a gas or electricity TSO (as to its compatibility with Articles 9 and 10(2) of the Gas and Electricity Directives; the Secretariat has to consult ECRB that has to develop an Opinion on the preliminary certification decision.</p>	ECRB Opinion	Upon receipt
Reform of the Energy Community Treaty	Coordinated by the ECRB President	The reform of the Energy Community Treaty will be among the ECRB priorities in 2019. Providing coordinated regulatory input to aspects of regulatory relevance is in the interest of ECRB.		Upon consultation

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 Association of Mediterranean Energy Regulators (MEDREG) and the Energy Regulators Regional Association (ERRA). Specific cooperation formats are outlined in the programs of the individual working groups.

A new element of international cooperation will entail co-organisation of a workshop of energy regulatory bodies under the Eastern Partnership umbrella together with CEER and the European Commission. Also, ECRB is committed to enhance its cooperation with the regulatory bodies of Azerbaijan and Armenia. Further to this, ECRB will aim at strengthening its cooperation with the platform of Energy Community Distribution System Operators in the gas and electricity sector (ECDSO-E/G) on topics that are in the activity focus of both ECRB and ECDSO-E/-G such as quality of supply or cooperation between transmission and distribution system operators.

•CUSTOMERS & RETAIL MARKETS

Chair: Mr Edin Zametica (SERC) – Deputy: Mrs Salome Janelidze (GNERC)

Task Force	Leader	Scope	Deliverable	Due
I. Retail Market Monitoring	Mr <i>Igor Telemek</i> (REGAGEN)	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. As of 2015 ECRB prepares Market Monitoring Reports assessing the functioning of gas and electricity retail markets. This complements the input provided by Contracting Parties' NRAs to the annual market monitoring report of ACER-CEER on retail market developments that is prepared in cooperation with the Energy Community Secretariat.	Market Monitoring Report on the functioning of gas and electricity retail markets in the Energy Community Contracting Parties that <ul style="list-style-type: none"> - Assesses the electricity and gas markets; - Identifies potential barriers; and - Discusses recommendations on potential improvements. 	12/2019
	Mr <i>Aca Vučković</i> (AERS)			
II. Consumer Protection	Mr <i>Florian Pichler</i> (E-Control)	Customer protection is a central duty of NRAs. This responsibility unites the regulatory activities of ECRB, CEER and MEDREG members. Cooperation of the three regional regulatory bodies in the customers and retail markets area builds on already well established common exchange of regulatory experience, among which a first trilateral workshop held in 2018. Related knowledge sharing will be continued in 2019 as a means of streamlining regulatory practice.	Trilateral workshop ECRB-CEER-MEDREG on customer aspects	June 2019

Task Force	Leader	Scope	Deliverable	Due
III. Quality of Supply	<p>Mrs <i>Anastasija Stefanovska Angelovski</i> (ERC)</p> <p>Mr. <i>Nikola Dubajić</i> (SERC)</p> <p>Mr <i>Radion Koval</i> (NEURC)</p>	<p>Safeguarding quality of electricity and gas supply standards forms a central element of regulatory customer protection. Related monitoring is therefore a core activity of NRAs. Following previous editions, ECRB will again join CEER in preparing a benchmarking report on quality of electricity and gas supply. Coordination with ECDSO-E on quality of supply indicators will be part of the Task Force activities.</p>	<p>Joint CEER-ECRB benchmarking report on quality of electricity and gas supply by providing data and analysis for the Contracting Parties.</p>	<p>First half 2020</p>
IV. Prosumers	<p>Mr <i>Petrit Haziri</i> (ERO)</p>	<p>Following the latest developments in technology, in particular the technology of renewable energy resources (Solar PV) and the great interest of consumers for the installation of this technology for the purpose of production-generation and self-consumption of electricity, it is necessary to develop a transparent and comprehensive legal and regulatory framework that defines the conditions for prosumers. This survey will aim to present and to assess the acceptable level of capacity that qualifies a 'prosumer' in the category of small generator, as well as the primary and secondary legislation in the Contracting Parties and provide guidance and recommendations for the necessary steps that have to be undertaken for support and treatment of prosumers connected to distribution networks.</p>	<p>Survey</p> <ul style="list-style-type: none"> - Assessing the upper level of 'prosumers' capacity qualifying them as small generators as well as the legal procedures developed in the Contracting Parties; - Identifying potential barriers; and - Discussing recommendations on potential improvements. 	<p>12/2019</p>
V. Power Losses	<p>CRM WG members</p>	<p>The level of losses directly impacts electricity network tariffs, reduction of power losses therefore is in the focus of regulatory activities also with a view to increase the efficiency of system operation. Contracting Parties' regulators will contribute to the 2nd CEER report on power losses that will benchmark the level of network losses in European and Energy Community countries and identify different national practices regarding the definition and calculation of such losses. Data provision for Contracting Parties will be coordinated via the ECRB CRM working group.</p>	<p>Report on power losses</p>	<p>12/2019</p>

ELECTRICITY

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

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Opening and Integration	<u>Deliverables 1-6</u> Mr <i>Salvatore Lanza</i> (ARERA)	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.	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
	<u>Deliverable 7</u> Mr <i>Sasa Lukić</i> (SERC)		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	<i>Finalization of 2018 activity (Q1)</i>
			7. Report on state of intraday markets in the Contracting Parties and intraday cross-border allocation	<i>Finalization of 2018 activity (Q1)</i>

Task Force	Leader	Scope	Deliverable	Due
II. Balancing	<u>Deliverables 1-3</u> Mr Igor Malidžan (REGAGEN) <u>Deliverables 4</u> (ARERA)	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.	<ol style="list-style-type: none"> Report on balancing market development plans in the Contracting Parties⁵ Analysis of the imbalance price formation in the CPs and report on imbalance prices. Coordinated regulatory input to the Cross-border Balancing (CbB) Program Steering Committee (PSC) of the Western Balkans 6 Initiative. Regular updates on actual EU wholesale market Integration processes related to Electricity Balancing Regulation 	<p><i>Finalization of 2018 activity</i> (Q1)</p> <p><i>Finalization of 2018 activity</i> (Q1)</p> <p>Upon project development</p> <p>Regular at EWG meetings</p>
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.	<ol style="list-style-type: none"> SEE Market Monitoring Guidelines:⁶ regional MM Administrator rotation scheme and identification of trouble shoot need SEE Market Monitoring bi-annual reports based on SEEAMMS Data 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 	<p>Quarterly</p> <p>Bi-annually</p> <p>12/2019</p>

⁵ Follow-up report of 2017 activity.

⁶ 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
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

Task Force	Leader	Scope	Deliverable	Due
I. Wholesale Market Monitoring	Mrs Elena Stratulat (ANRE)	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.	Monitoring report on the development of gas wholesale markets in the Contracting Parties	12/2019
			Input to ACER's Market Monitoring Report on aspects of gas wholesale markets in the Contracting Parties	Subject to ACER timeline
II. Transparency	Mrs Elena Stratulat (ANRE)	Transparency monitoring will be performed split into two deliverables: (1) a compliance assessment with the transparency requirements of the Energy Community <i>acquis communautaire</i> that will cover the Energy Community countries and (2) a comparison transparency achievements and lessons to learn that will be jointly performed with MedReg.	1. Report on compliance with the transparency requirements of the gas <i>acquis communautaire</i> in the Contracting Parties	12/2019
			2. Joint ECRB-MedReg transparency report	12/2019
III. CMP Network Code Implementation	Ms Tetiana Kryvonoh (NEURC)	According to chapter 2.2.1 of the gas congestion management guideline ⁷ ECRB shall publish by 1 June of every year, commencing with the year 2020, a monitoring report on congestion at interconnection points with respect to firm capacity products sold in the preceding year, taking into consideration to the extent possible capacity trading on the secondary market and the use of interruptible capacity.	Questionnaire	Q3 2019
			Report on Congestions	06/2020

⁷ Amended Annex I to Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks, as amended at EU level by Commission Decision (EU) 2012/490 of 24 August 2012 and Commission Decision (EU) 2015/715 of 30 April 2015 - adapted and adopted for the Energy Community Contracting Parties by PHLG Decision No 2018/01/PHLG-EnC of 12.01.2018.

Task Force	Leader	Scope	Deliverable	Due
<p>IV. Transmission and Distribution System Coordination</p>	<p>Mrs <i>Branka Tubin</i> (AERS)</p>	<p>Coordination between transmission and distribution system operators gains more and more relevance, specifically also for the process of market opening and network code development both on transmission and distribution level including interaction between the two systems. The task force will assess relevant topic in this context such as coordination of transmission and distribution network development; coordination of maintenance; quality of natural gas on transmission and distribution level; the model for allocation of quantities on intersection points between transmission and distribution systems as well as potential effects of allocation models applied on balancing; and exchange of information. Coordination with ECDSO-E on TSO-DSO cooperation will be part of the Task Force activities.</p>	<p>Analytical paper on common topics of transmission and distribution network codes</p>	<p>12/2019</p>

REMIT AND CYBER SECURITY

Chair: Mr Elton Radeshi – Deputy: [tbd]]

Task Force	Leader	Scope	Deliverable	Due
I. Procedural Aspects	Mr. <i>Sinan Duyar</i> (EPDK) Mrs <i>Marija Vujović</i> (REGAGEN)	Article 16(4) of REMIT Regulation 1227/2011 entitles ECRB to request information from NRAs and, ultimately, coordinate an investigatory group consisting of representatives of relevant national regulatory where it considers that a possible breach of the REMIT Regulation. The execution of this duty shall commence with the expiry of the deadline for implementation of the REMIT Regulation in the Contracting Parties in July 2020. Performing investigatory coordination will require ECRB to develop related procedures and means of communication but also to put in place adequate confidentiality standards. All deliverables should be as much as possible aligned with related EU praxis.	ECRB Procedural Act defining 1. ECRB procedures and templates to be used for reporting suspicious behaviour or breaches to NRAs and reporting of NRAs to ECRB, including potential other means for ECRB to identify breaches of the REMIT Regulation 2. Procedures for ECRB to act according to Article 16(4) REMIT Regulation, including communication channels and templates 3. Confidentiality requirements 4. ECRB procedures for harmonised regulatory guidance related to REMIT issues	06/2020
II. Registration and IT Needs	Mr. <i>Alija Mujcinagić</i> (SERC)	A template for registration of market participants with NRAs as well as efficient tools for establishing and keeping a central ECRB register of market participants as both required under Article 9 of the REMIT Regulation need to be developed. Registration with NRAs will be an obligation as of July 2020. All deliverables should be as much as possible aligned with related EU praxis.	1. Template for registration of market participants with NRAs 2. Recommendations for establishment and operation of a central ECRB register, including communication flows from NRAs to ECRB including the assessment of IT requirements for automatized collection of data for central register.	06/2020 06/2020
III. Proper Implementation	Mr <i>Martin Martinoski</i> (ERC)	Knowledge building for NRAs will be essential to enable effective implementation and enforcement of the REMIT Regulation. Also, communication and ad-hoc or regular meetings with the ACER REMIT team should be considered.	Evaluate specific knowledge building needs of NRAs on REMIT related regulatory aspects and propose suitable formats.	Continuous

IV. Cyber Security	Mr. <i>Nikoloz Sumbadze</i> (GNERC)	<p>With enhancing digitalisation of the energy sector cyber security became a central element of energy market policy. Challenges for energy regulators relate to prudent assessment of cost-coverage for cyber security measures undertaken by system operators, protection of strategic infrastructure and specific cyber security requirements in context with implementation of of REMIT Regulation 1227/2011. Following the example of and borrowing from best-practice experience gained on EU level by CEER and ACER, ECRB will focus on developing knowledge building and recommendations for the Energy Community regulators in this field. Results will also feed in as regulatory input to the newly established Energy Community Cyber Security Coordination Group. All deliverables should be as much as possible aligned with related EU praxis.</p>	<ol style="list-style-type: none"> 1. Recommendations for the Energy Community Contracting Parties' regulators related to cyber security as regards the role and responsibilities in the context of cyber security 2. Recommendations for the Energy Community Contracting Parties' regulators related to cyber security in context with implementation of REMIT Regulation 1227/2011 3. Knowledge sharing with and borrowing from experience gained on CEER and ACER level 4. Provide input to the Energy Community Cyber Security Coordination Group 	<p>06/2020</p> <p>06/2020</p> <p>Continuous</p> <p>Upon request</p>
---------------------------	--	--	--	---