



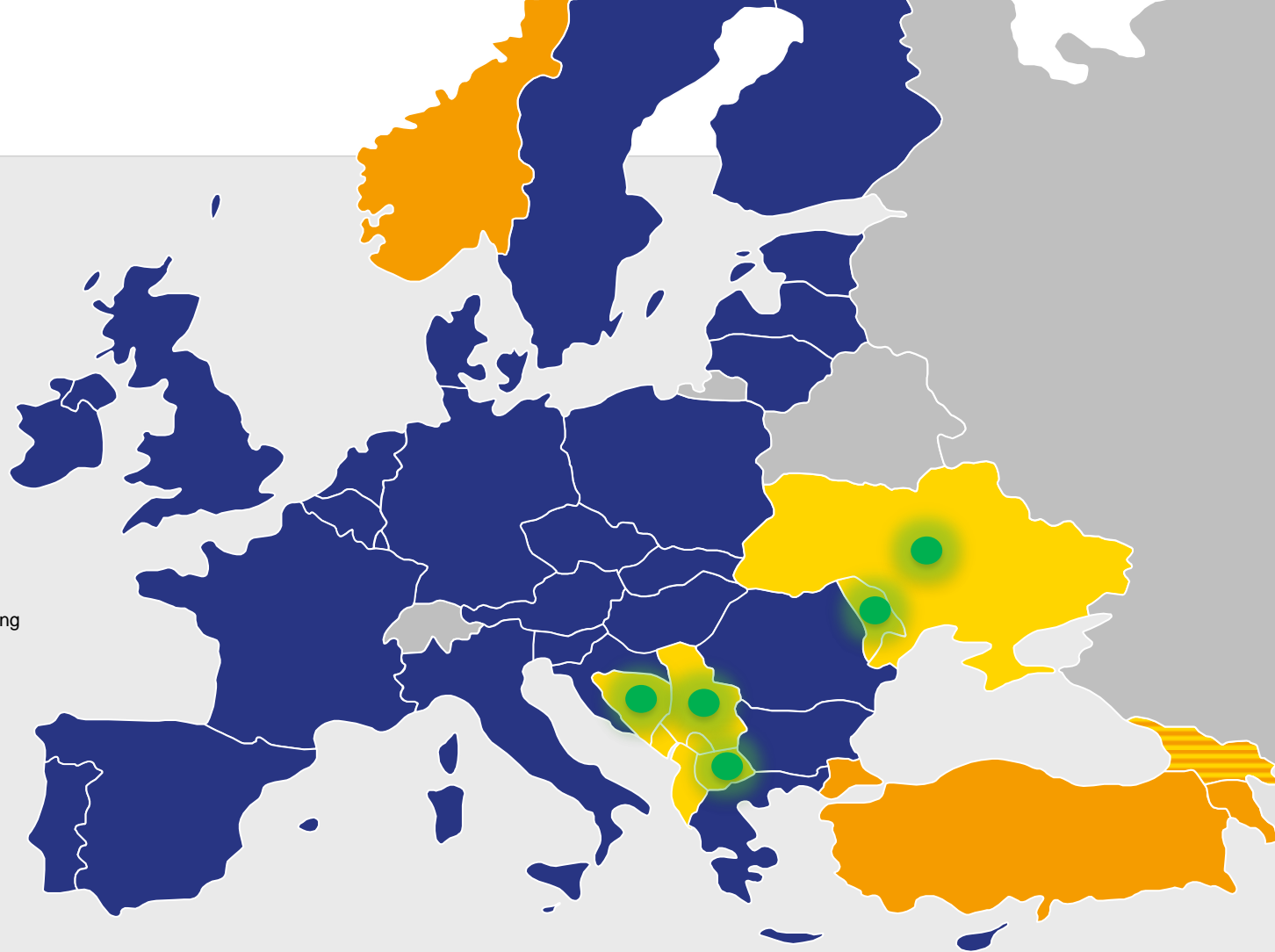
***Energy Community – gas sector developments:
status quo, progress and priorities for cooperation***

26th Regional Coordination Committee Meeting – GRI SSE

Bucharest, 11 December 2014

Energy Community

-  Contracting Parties with existing gas consumers
-  European Union
-  Contracting Parties
-  Candidate
-  Observers



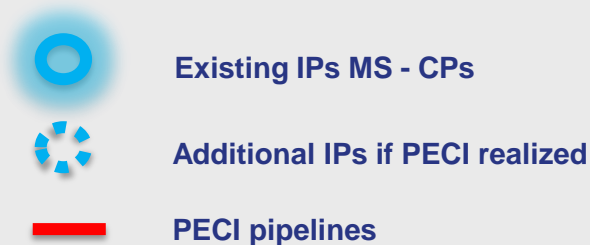
Common interconnections require for common rules

1. Same legal basis

- Third Energy Package (1 Jan. 2015)
- Network Codes

2. Same operational / regulatory practices

- Common IPs – same operational rules
- Harmonised energy market rules
- Equal treatment (reciprocity)





- 1. Transposition of the Third Energy Package**
 - By 1 Jan. 2015
 - Implementation in line with the MC's decisions
- 2. Adoption of Network Codes**
- 3. Regulation 994/2010 (extension of the EnC *acquis*)**
- 4. Treatment of common IPs between the EU Member States and the EnC Contracting Parties**
- 5. Dispute settlement cases**
- 6. Security of supply stress tests (winter 2014/15)**
- 7. Energy Community for the future**



- **Draft laws reviewed by the EnCS:**
 - Bosnia and Herzegovina (electricity – all levels)
 - Kosovo* (electricity, gas)
 - FYR of Macedonia (electricity, gas)
 - Montenegro (electricity, gas)
 - Serbia (electricity, gas)
- **Draft laws prepared by the EnCS:**
 - Albania (electricity, gas)
 - Bosnia and Herzegovina (gas – State level)
 - Moldova (electricity, gas)
 - Ukraine (electricity, gas)

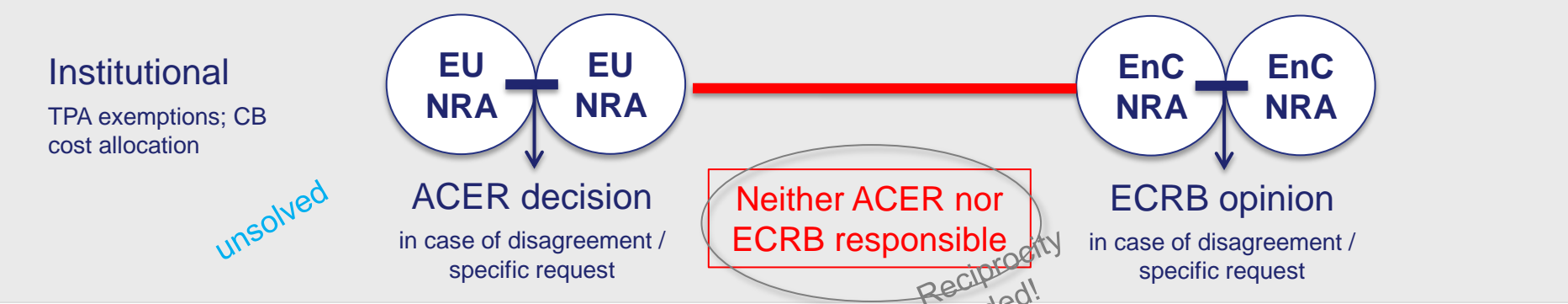
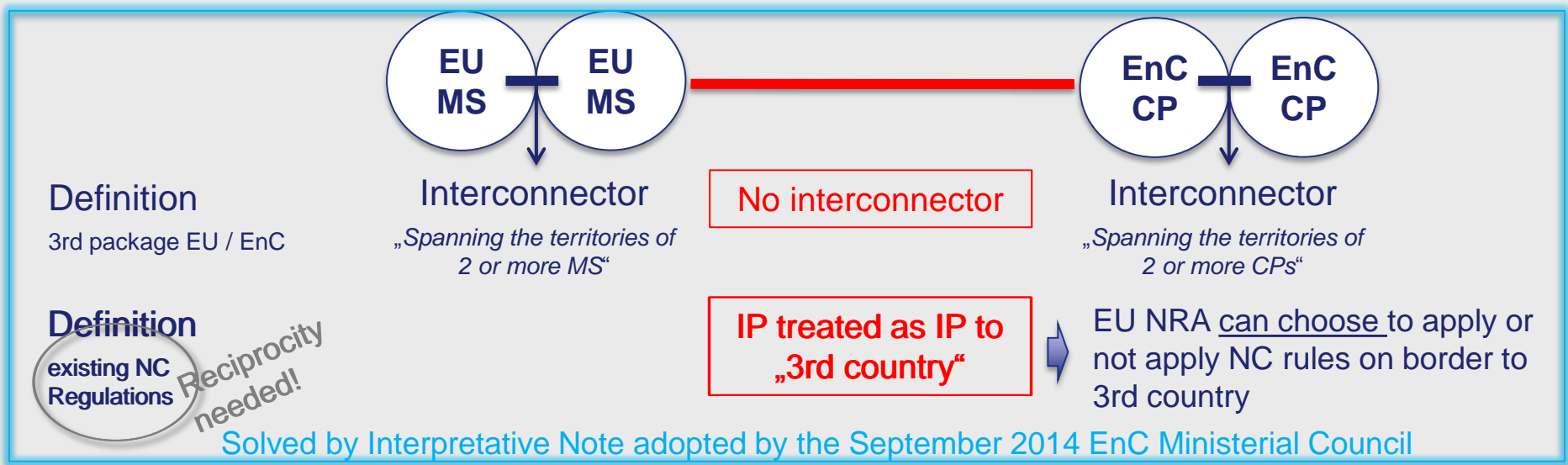


1. Capacity allocation / congestion management

- Adapted drafts prepared by the EnCS and sent to the EC
- Discussed at joint EnCS – ENTSOG Workshop
- Discussions to be continued in the 1st half of 2015

2. Balancing

- Joint EnCS – ENTSOG Workshop held in Nov. 2014
- Adapted draft initially prepared by the EnCS





- **Serbia**
 - Failure to comply with the TSO unbundling requirements under the Second Energy Package
- **Bosnia and Herzegovina**
 - Failure to designate the NRA in charge
 - Failure of implementing legal & functional unbundling (Second Energy Package)
 - Failure to regulate the TPA in line with the *acquis*
 - Failure to approve & publish regulated tariffs
 - Failure to grant eligibility to non-household customers



- **Ukraine**

- The EnCS calls to rectify contracts between *Gazprom* and *Naftogaz* for 2009-2019 (sale-purchase & transit of natural gas) due to assumed breaches of regulatory requirements (TSO's functions, NRA's role, etc.) and competition law (market concentration, destination clause, pricing, etc.)
- Liquidation of the NERC (NRA)

- **Moldova**

- Amendments to the Law on Natural Gas excluding transit of natural gas from the general regulation of transmission
- Postponed functional unbundling of TSOs and DSOs
- Independence of ANRE (NRA) – “incompatibility” clause



- **Stress tests performed by the EnC**
 - Under coordination by the EnCS, the Contracting Parties performed stress tests very diligently
 - Stress test results reconfirmed that the Contracting Parties are the most vulnerable part of Europe
- **Recommendations of the EnCS**
 - The EnC to adopt the EU legislative framework for security of gas supply in order to achieve harmonisation at regulatory and operational levels (Reg. 994/2010)
 - MS to coordinate/cooperate with CPs → winter 2014/15
 - EU grants for infrastructure projects (PEICs)
 - Inclusion of the Contracting Parties in the regional cooperation groups/initiatives together with the neighbouring EU Member States

- *EC expressed general support - stressed need for EnC reinforcement to ensure the application of the acquis - final position after consultation with MS*
- **Permanent High Level Group** generally expressed satisfaction and expectation for wide support at the MC

PHLG
 endorsed a roadmap
 ("PA") on process
 and timelines to
 realize HLRG
 proposals

MC
 HLRG report –
discussion
 PA - adoption

[*] Secretariat to
 develop analytical
 paper on realization
 of HLRG
 recommendations

[*]
 Public
 cons₂

PHLG [*]
 identify measures

MC [*]
 Measures for
 consideration and
 adoption



- Proposal 4.1: “EnC institutions **should be better and more efficiently linked** with the institutions set up within the EU internal market under the Third Energy Package”
 - “In particular, the CP NRAs should be represented in ACER”
 - “Participation of CP NRAs in ACER should be developed **more explicitly than envisaged in Regulation (EC) No 713/2009 which refers to the participation of regulatory bodies of any third countries applying EU energy law.** Moreover, an option for a meaningful participation in ACER will raise the attractiveness of the Energy Community vis-a-vis those countries who are not yet members”
- Proposal 4.9: “In the light of progressive integration of markets, the membership of **CP NRAs in ECRB should be gradually phased out and replaced by CP NRAs’ membership in ACER,** while keeping the ECRB for energy regulators from Associated Members”



- **Sharing EU's best practices in the implementation of the Third Energy Package**
- **Assistance in strengthening the independence and functional capabilities of NRAs of the CPs**
- **Enhanced implementation of new interconnection projects (technical and financial assistance)**
- **Equal treatment *vis-à-vis* the Contracting Parties**
- **Harmonised regulatory and operational practices**
- **Regional approach in solving security of supply**
- **Cooperative involvement of the CPs**

The background is a composite image of the Earth from space, showing the Western Hemisphere. Overlaid on the satellite-style image are numerous glowing blue lines that represent energy transmission paths. These lines are curved and interconnected, creating a complex network across the continents of North and South America. The lines have a soft, ethereal glow and some points where they intersect or terminate, suggesting nodes in a network.

*Thank you
for your attention!*

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