



Electricity Market Developments in the Energy Community

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Where do we stand?



- **Interconnection capacity not problematic**
 - Contracting Parties have high interconnection levels in comparison to EU MS (minimum 60%)
- **1ary and 2ndary law reforms** accomplished (in 2)/ under way (all the rest Contracting Parties)
- **Berlin Process** gives additional impetus for effective regional measures related to:
 - DA markets and market coupling
 - Regional balancing
 - Forward capacities – SEE CAO

What has been achieved recently?



– 3 PXs in the Region

- $\text{SEEPEx}_{\text{RS}}$, $\text{CROPEX}_{\text{HR}}$, IBEX_{BG}
- creation of a reference price for the Region on the horizon

– Balancing
























































BA, ME and RS: progress made towards market-based balancing as good starting point for cross-border balancing cooperation, **MoU on Cross-border Balancing Cooperation in the WB6 Region**






– SEE CAO

- **AL, BA, GR, HR, ME, TK** participating in coordinated auctions. Not **SERBIA, FYROM and KOSOVO**

Where is more commitment needed?

Energy Soft Measures Implementation

Measure	Albania	Bosnia and Herzegovina	Kosovo*	FYR of Macedonia	Montenegro	Serbia
Primary Law(s)						
Complementary Legal Acts						
Organised Day-ahead Market						
National Balancing Market						
Regional Capacity Allocation						
Price Deregulation						
DSO Unbundling						
TSO Unbundling						
NRA Independence						
Implementation of Inter-TSO Agreements	/	/		/	/	

 Critical
  Significant delay
  Insufficient progress
  Pending
 Progress on track
  Significant progress
  Accomplished

Source: ECS WB 6 Report 01/2016

Bi-monthly ECS reporting

→ www.energy-community.org - areas of work

Further alignment with EU acquis needed

– **Completing the Third Package acquis**

- Implementation of Network Codes , priority CACM Regulation

– **Reforming the Treaty** – among others:

- reciprocal obligations for EU and EnC members on common borders
 - *example: switch-on-clause & Joint Acts as proposed in the draft gas SoS Regulation*
- direct applicability of Network Codes
- closing the legal gap for dispute resolution on EU / EnC borders
- improving enforcement

The ongoing integration of the EU and EnC electricity markets needs to be provided thorough legal certainty!



Thank you very much for your
attention!

Janez Kopač | Director ECS

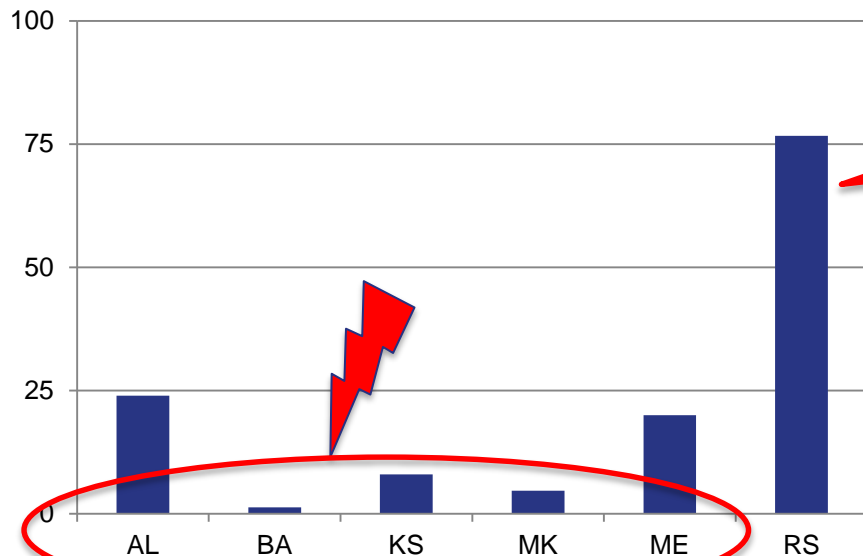
Background slides

1 – Level of interconnection

Country	Interconnection ratio
Albania	60%
Bosnia & Herzegovina	251%
FYR of Macedonia	270%
Kosovo*	178%
Moldova	2276%
Montenegro	654%
Ukraine	1000%

Values calculated based on 2014 data and based on the formula: *interconnecting capacities divided by total installed generation (net maximum electrical capacity of power plants)*

Spot Market Development (national only)



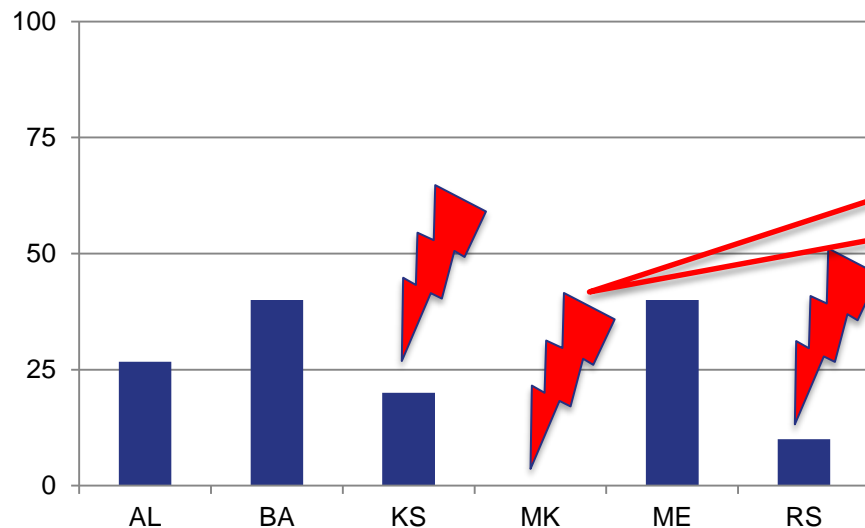
In many countries the legal & institutional fundamentals are missing for the development of spot markets

Only RS can be regarded as on track of implementation



Heterogenous developments will postpone market coupling in the Western Balkans

Regional Capacity Allocation



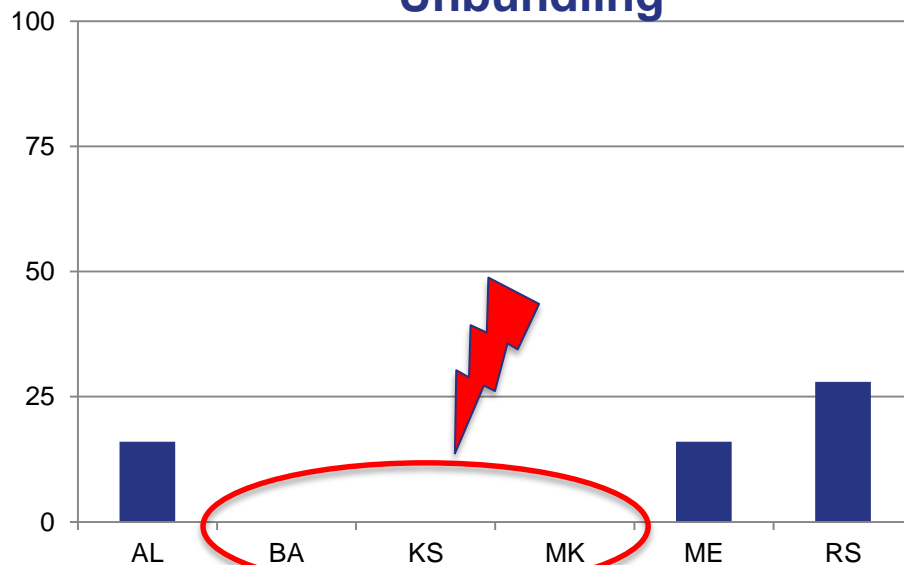
Both countries' TSOs have not implemented the promised agreements

MK TSO is not cooperating regionally, which is aggravated by legal restrictions



KS, MK, and RS are on a critical implementation path

Transmission System Operator Unbundling



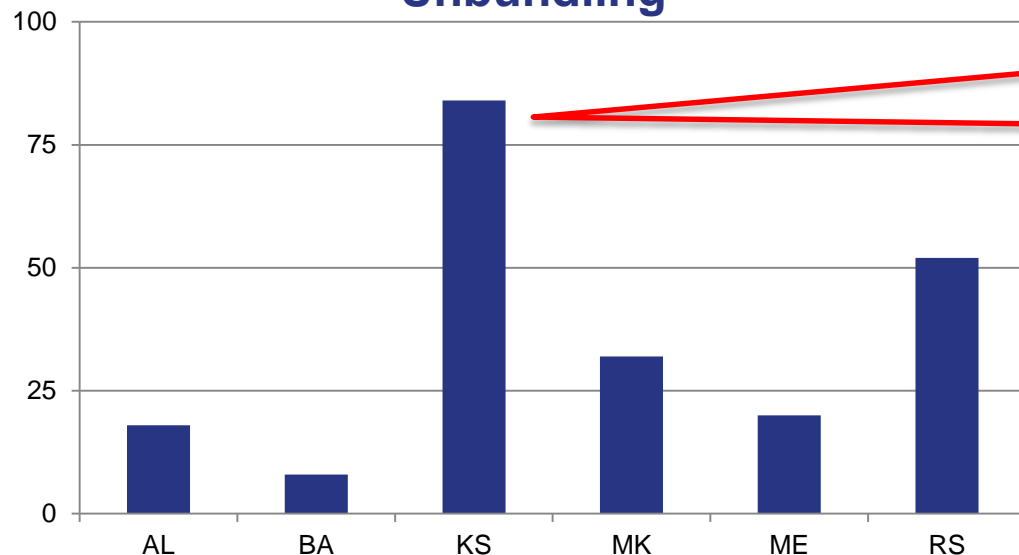
Requirements and deadlines for the TSO unbundling are missing in the Energy Law!



AL and RS

Implementation depends on the amendments to the laws governing the control over public enterprises

Distribution System Operator Unbundling



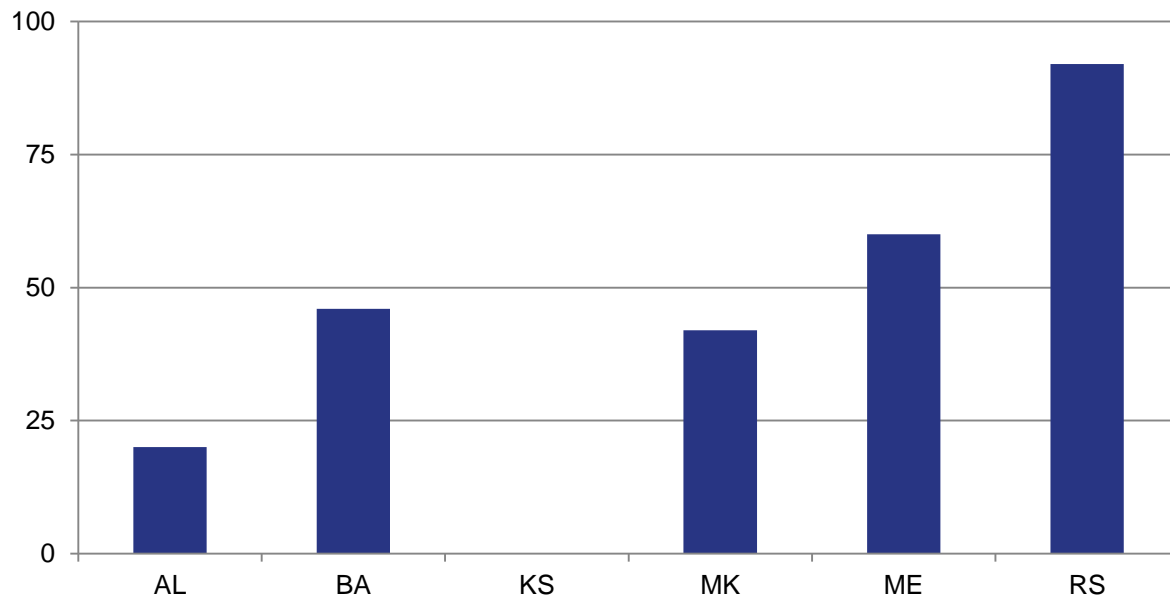
In KS
DSO unbundling
process completed;
the first compliance
report is to be
published



AL, BA, MK, ME and RS
Regulators shall use their
authorities to enforce legal
and functional unbundling

In most of the countries legal requirements are
in place, but the implementation is missing!

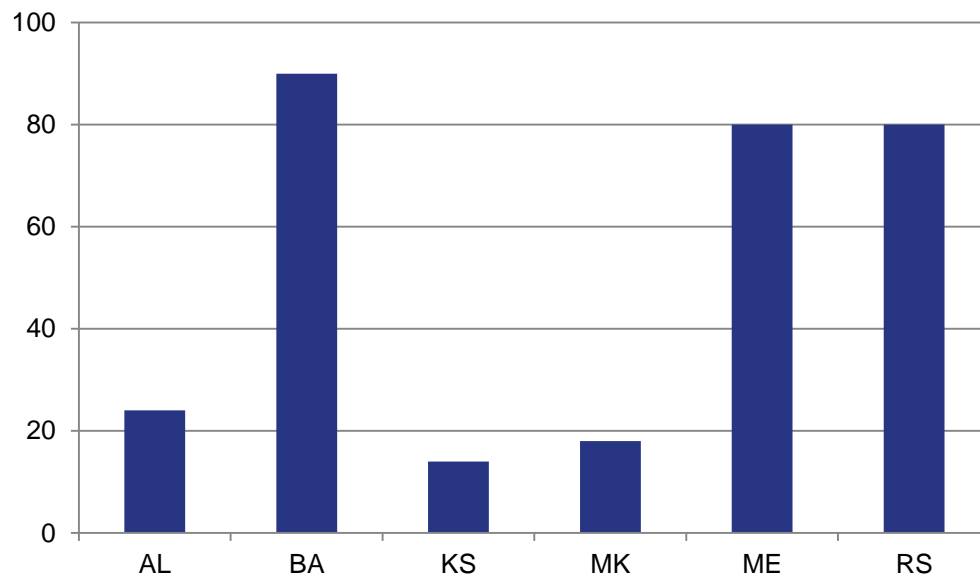
Price Deregulation



AL, BA, KS, MK
Regulated price of state-owned generation company shall be abolished

Cross-subsidization among different categories of customers impedes price deregulation

Balancing Market

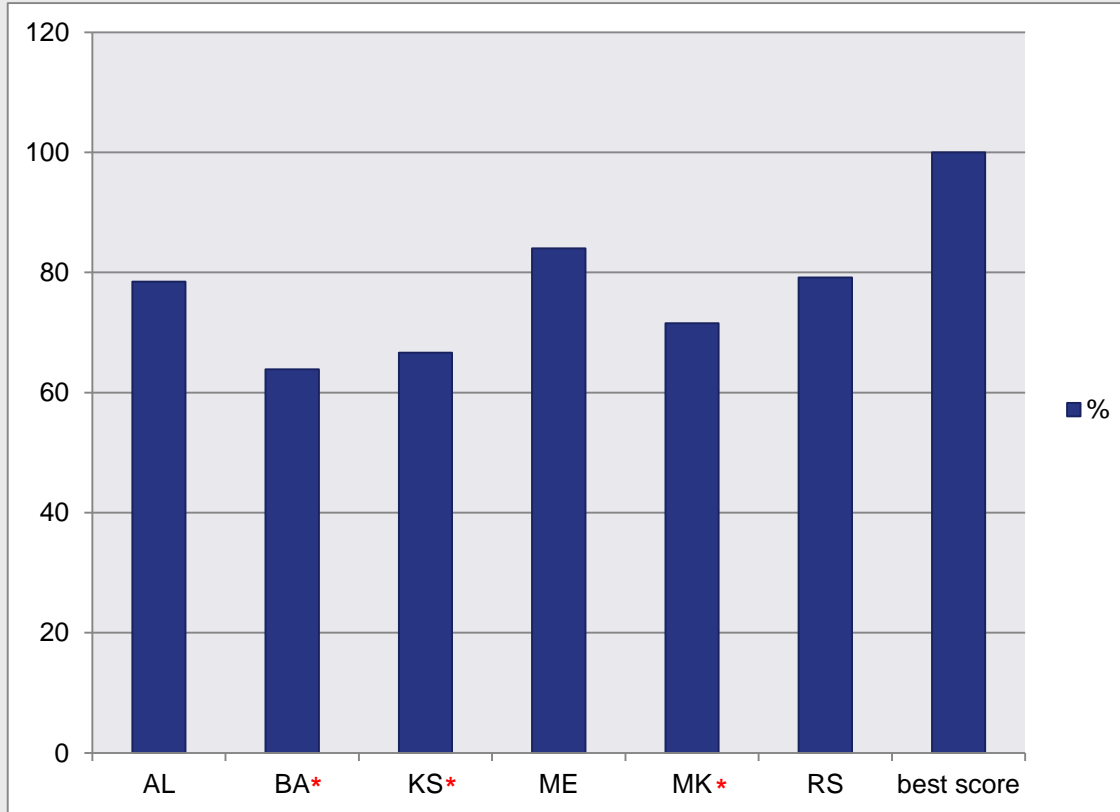


BA, ME and RS

Progress made towards market-based balancing is good starting point for the cross-border balancing cooperation

Balancing markets are still mainly regulated and nationally-oriented

Independence of National Regulators



* Legislation not adapted to 3rd package yet



Progress in improving regulatory independence is on track in all countries except BA

AL, ME, RS made legal reforms already | drafts exist in KS, MK