

First draft
**Outline of the roadmaps on the electricity
market**

Energy Community Secretariat
8th Athens Forum

Version 3

Athens, 22nd June 2006

- Conclusions at the 17th PHLG meeting (Zagreb, 30-31 May 2006)

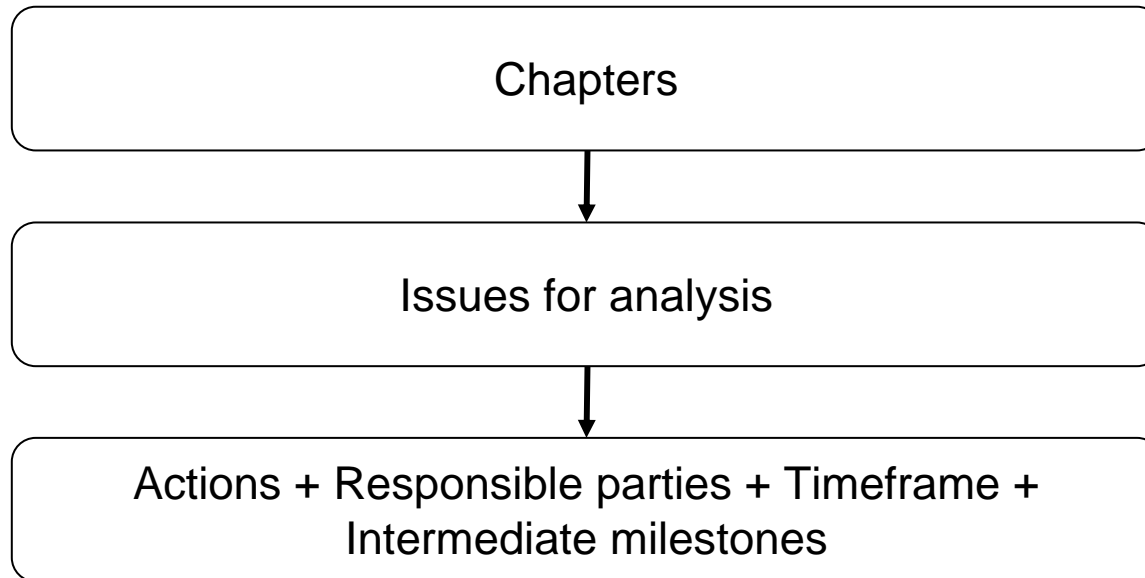
“The iECS, in consultation with the EC, shall draft the outline (structure) of the Road Maps for the next Athens Forum on 22 – 23 June 2006 with the aim to assist the Contracting Parties in preparing their road maps. The national roadmaps prepared by the Contracting Parties should then be transmitted to the iECS and the EC, with a view to be presented at the Ministerial Council meeting in November 2006. The EC stressed the importance of obtaining political consensus in the process of implementation of the Road Maps”.

Purpose

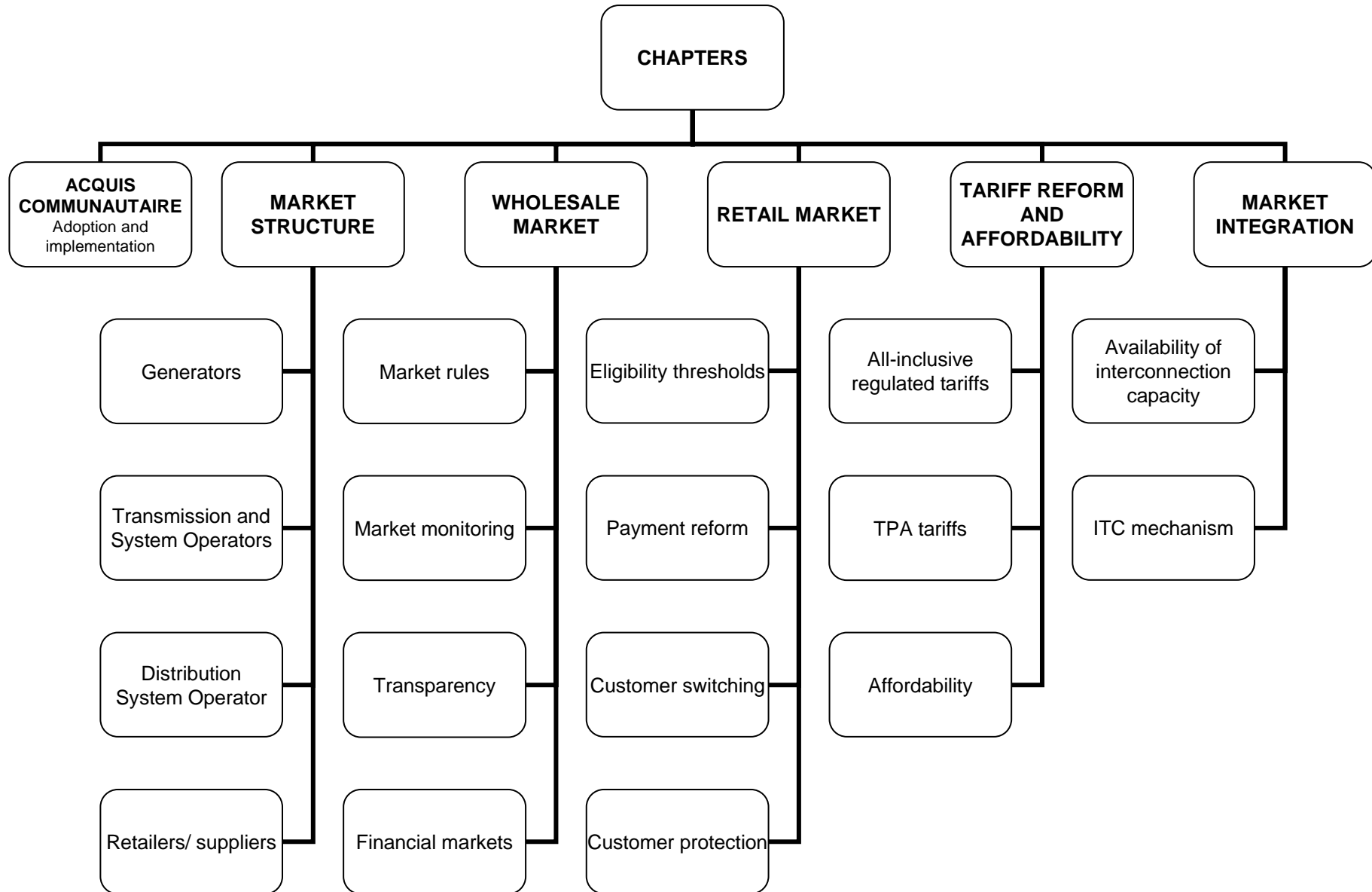
- To provide a tool that can bring commitment by the Parties to well defined actions.

Scope

- Adoption and implementation of the *acquis communautaire*
- Gradual opening of the electricity markets.
- Although the priority are national actions, the roadmap should also include the regional dimension when possible.
- The outline template is intended to be dynamic. It should have the flexibility to be amended and expanded to incorporate future needs.



Chapters



Issues for analysis

General rules (art. 3-5)

Public Service Obligations: a) Provisions on imposition on undertakings (security of supply; quality and price, environmental protection); b) Customer protection - Universal service provisions (SoLR, quality&price, connection & disconnection, billing, labelling, vulnerable customers, etc)

Security of supply monitoring: supply&demand balance; network issues; coverage peak demand measures; etc

Technical rules: connection power plants to grid; grid code; metering rules; etc

Generation (art. 6-7)

- Authorisation new capacity: Contents (safety&security system; protection public health; protection environment; land use&siting; etc); publicly available; provisions on refusal justification
- Tendering new capacity: criteria; appointment of responsible authority in charge of the process (regulator or TSO)

TSOs (art. 8-12)

- Appointment of the TSO
- Tasks: long term planning; SoS; managing flows
- Unbundling (legal; organizational and decision making): Code of conduct governance (participation structure undertaking; professional interests to ensure independency)
- Dispatching & Balancing: Dispatching criteria; maintenance network; balancing rules including settlement procedures

DSOs (art. 13-17)

- Appointment of the DSO
- Tasks
- Unbundling (legal; organizational and decision making): Code of conduct governance (participation structure undertaking; professional interests to ensure independency)
- Combined operator T&D?

Unbundling & Transparency accounts (art. 18-19)

- Access to accounts by authorised authority
- Undertakings to prepare, submit and audit annual accounts
- Separate accounts network activities to avoid cross-subsidies
- Separate accounts sales to eligible and non eligible customers

Organisation of access to the system (art. 20-23)

- Third party access: Published TPA tariffs and cost reflective methodologies; provisions reasoning of refusal to access
- Market opening: calendar; reciprocity
- Direct lines
- Regulatory authorities

Final provisions (art. 24-32)

- Safeguard measures: Existence?
- Monitoring imports
- Reporting
- etc

Generators

- Market concentration
- Vertical Foreclosure
- Accounting unbundling and Accounting standards

Transmission and System operators

- Transmission Grid Code and detailed business processes
- Balancing
- Security of supply provisions
- Legal and managerial unbundling
- Metering and control systems

Distribution System operators

- Distribution Grid Code and detailed business processes
- Legal and managerial unbundling
- Metering and control systems
- Distribution companies consolidation

Retailers

- Market concentration
- Vertical Foreclosure
- Existence of wholesale supplier and its effects on competition
- Accounting unbundling and Accounting standards

Market rules

- Main elements to be covered
- Energy procurement: Bilateral trade, spot, Power Purchase Agreements
- Regional compatibility between national market rules

Licensing

Transparency

- Required data to be published and responsible parties

Market monitoring

Financial markets

Eligibility thresholds

- Gradual opening of the retail market

Payment reform

- Collection rates and non technical/ commercial losses
- Metering and IT systems

Customer switching procedures

All-inclusive regulated tariffs

- Intermediate steps towards cost reflective tariffs
- Subsidies schemes to cover losses in the system

TPA tariffs

Affordability

- Vulnerable customers

Availability of interconnection capacity

- Market based capacity allocation mechanism: short term between borders and medium term flow based mechanism?
- Transparency
- Existence of Already allocated capacity
- Existence of import and export monopolies
- Market based congestion management mechanisms
- Use of the congestion rents – Transparency in the TSO accounts

ITC mechanism

- Existence of import/ export tariffs?
- Schedule for the merge of the two ITC funds or compensation for loop flows between EU and ECSEE regions
- Rules for contributions to the fund
- TSO independency to the fund?

Actions

Example for illustration purposes

Action	Responsible party	Level (Regional/ sub- regional/ national)	Timeframe	Legal basis for the action	Intermediate milestones?	Ref. studies
Develop and adopt coordinated market based mechanisms at each border	Relevant Regulators and TSOs	Sub-regional (parties on both sides of a border)	Before Jan 2008	Regulation 1228/2003 and EC Congestion Management Guidelines	1. 2. 3.	
AAC holders to bid for capacity and to pay the average price.	Regulators to ensure that provisions are in place	National	Before Jan 2007	Transitional measure as AAC are not allowed by an European Court of Justice Decision		
Assess ACC	Regulators to ensure adoption of provisions	National	Before Jan 2007	European Court of Justice Decision		
Abolish import/ export monopolies	Regulators to ensure adoption of provisions	National	Before Jan 2007	Antitrust provisions – Competition acquis		
Establish a TSO auction office for the future regional flow based mechanism	Regulators and TSOs	Regional	Before Jan 2008			
Ensure use of congestion rents according to the EC Congestion Management Guidelines	Regulators	National	Before Jan 2007	Regulation 1228/2003 and EC Congestion Management Guidelines		

- The ECS will send the roadmap outline to all the participants
- 2 weeks for comments by the participants
- Roadmaps are tailor made by the parties with the assistance of the ECS.
- The roadmaps are presented at the Ministerial Council meeting in November 2006