



### Member Portrait

## INTERVIEW WITH VEACESLAV UNTILA, GENERAL DIRECTOR OF ANRE, MOLDOVA

In each issue of the ERRA Newsletter we present a member organisation through 4 current regulatory issues they are facing that can be relevant and informative for other ERRA members. In this issue of the newsletter we introduce the **National Energy Regulatory Agency of Moldova (ANRE)** through an interview with **Mr. Veaceslav Untila, General Director of ANRE**.



Mr. Veaceslav Untila  
General Director, ANRE, Moldova

**In November 2019, ANRE adopted the Natural Gas Network Code and the Regulation on access to the natural gas transmission networks and congestion management, in line with the EU provisions. What does this new regulatory framework mean to household and business end-user customers in Moldova?**

The adopted Natural Gas Network Code is another step forward in the process of aligning the country's regulatory framework to the EU standards. I hope that, as a result, we will be able to integrate the national

gas market deeper and faster with the EU gas markets.

The Regulation on access to the natural gas transmission networks and congestion management is largely viewed as a long-term measure for the local market. The purpose of this regulation is to ensure the availability of proper mechanisms, which can be used by the transmission system operators (TSO) to reduce the risk of system congestions and disruptions of services offered to the end users. The regulation also aims to ensure that the system operators will treat all system users equally when they submit the requests to access the transmission network.

Currently, the country's natural gas network has a large capacity that allows the transport of large quantities of natural gas and I believe that the new regulatory tools can enable a more effective usage of this infrastructure.

From the economic point of view, these newly adopted mechanisms will allow system operators a better management over the unused capacities and offer these capacities to other market participants. As a result, this will lower the number of artificially created congestions. Moreover, this regulation gives the system users the opportunity to opt-out of the over-contracted capacity, while providing more flexibility in managing their portfolios.

**New regulatory developments were noticed in the Moldovan electricity sector. How exactly can the new electricity network code help in facilitating cross-border flows with Romania and Ukraine and will this**

## IN THIS ISSUE

**ERRA MEMBER PORTRAIT**  
ANRE Moldova

**ERRA MEMBERS' NEWS**  
by 17 member organisations

### **development affect the country's security of supply?**

Ensuring a well-functioning electricity market and, in particular, the capacity allocation and system services associated with electricity supply is essential for the security of electricity supply, market competition and the citizen's welfare.

Coupling the national electricity market with the regional and eventually the European electricity market is crucial in order to ensure the energy supply security, healthy competition and fair energy prices for all consumers.

The cross-border capacity is not allocated at the Romanian border as it is not possible to synchronize the electricity systems of the two countries at the moment. It is different with regards to Ukraine. In order to benefit from the capacity interconnection, the potential importer/exporter of electricity must obtain the necessary rights from the Ukrainian TSO, which allocates the cross-border capacity unilaterally.

The interconnection capacity allocation is regulated by the provisions of the Regulation on access to the electricity transmission networks for cross-border exchanges and congestion management in the electricity system, approved by the Decision of the Administration Council of ANRE no. 424/2019, on

November 22, 2019. The Regulation sets fair rules for capacity allocation for the available interconnections between the electricity system of the Republic of Moldova and the electricity systems of the neighboring countries, in order to ensure that the cross-border exchanges of electricity are done under equal, transparent and non-discriminatory conditions for all market participants. The Regulation also sets rules regarding congestion management for interconnections, which allows a healthier competition on the national electricity market.

Once the agreements between the TSO from the Republic of Moldova and the TSOs from the neighboring countries are signed, the capacity allocation will be made together by the two TSOs, and not unilaterally as it is at the moment. This is a very important step when initiating the discussions on coupling the regional electricity markets.

On November 22, 2019, ANRE has also approved the Electricity Network Code – a very important document, which transposes 3 European network codes into the national legislation. The Code regulates the procedure of connecting new system users to the electricity networks, which include power stations, electricity systems, electric lines and modules, and consumption places that can provide system services to system operators.

The approval of the Electricity Network Code allows a state intervention in the electricity market, which can save significant costs for market participants. The main benefits of the regulatory intervention are:

- ensuring non-discriminatory access to electricity networks and thus promoting competition on the electricity market;

- new system users can bring an increased efficiency to the electricity system operation and development;
- ensuring and improving the transparency and reliability of the information shared, by generating an ongoing information flow between the main electricity market players;
- ensuring the security of long-term electricity supply.



Members of the Administration Council of ANRE

**ANRE representative has recently updated the ERRA Customer and Retail Markets Working Group during its meeting in December in Budapest regarding the procedure for granting compensation to consumers in case of low service quality performance of DSO. How did other customer protection measures improve in Moldova over the period of the last 12 months?**

During the last 12 months, secondary legislation forced DSOs to provide compensations for non-compliance with quality indicators, even if the notification is made by a phone call, a letter or an email. This mechanism simplifies the procedure of informing the DSO about the consumer request. At the moment, the DSOs are preparing the action plans on mechanisms of automatic compensation given to final consumers. The automatic compensation is scheduled to be operational at the beginning of 2021.

With regards to consumer rights and obligations, ANRE approved a consumer guide, that explains all

the procedures that need to be followed when connecting to the grid, signing a supply contract, receiving and paying bills etc. Also, ANRE has drafted informational flyers that will be offered to consumers in the next informational campaign.

**According to the Moldovan National Renewable Energy Action Plan (NREAP), the energy sector is set to reach a target of at least 10% of total electricity generation from renewable sources this year. How exactly does ANRE support this ambitious goal and what is the technology that presents the biggest potential in contributing to it?**

Around 75% of the total energy used in the Republic of Moldova is imported. The lack of a free energy market and alternative sources has a significant influence on energy sector competitiveness and thus for the national economy. The main reason that limits the diversification of electricity sources is the shortage of local production capacities and no physical interconnection with the European electricity system (ENTSO-E system).

To overcome the current challenges of the energy market the country has set the following priorities:

1. Promoting energy efficiency and the use of energy from renewable sources;
2. Ensuring the security of electricity supply;
3. Developing competitive energy markets.

The Republic of Moldova launched the process of harmonizing the national legislation for energy efficiency and renewable sources in 2007. The results are modest compared to the objectives set.

The share of energy produced from renewable sources is still quite low. During 2018, the total amount of electricity produced from renewable

sources was 51.66 GWh, or less than 2%, compared to the 10% target set for 2020. It is encouraging however, as the 51.66 GWh of electricity produced in 2018 is an increase of around 71.1% compared to 2017.

In 2016, the Moldovan Parliament has finalized the process of harmonizing the legislation on renewables by adopting the norms and principles of the European Directive no. 2009/28 / EC on promoting the use of energy from renewable sources. The regulations came into force in 2018.

As an emerging market with a weak competitive environment, the Republic of Moldova obviously needs investments. There are currently two combined support schemes used to promote investments and development of electricity production capacities from renewable sources: 1) feed-in

tariffs, determined and established by the regulator, and 2) fixed prices set following the tenders organized by the Government.

The producers that get the status of eligible producers will benefit from the tariffs/prices set for a period of 15 years, from the day the power plant launches its operations. Ensuring the status of eligible producers following an auction will result in lowest possible prices for electricity produced from renewables.

ANRE has approved the necessary secondary regulatory framework, including fixed tariffs for electricity produced from renewable sources with installed capacities of power plants below the capacity limit approved by the Government. By establishing clear guidelines to develop and diversify the production

and use of renewable energy in the Republic of Moldova ANRE has created a legal framework that allows using the full potential of renewable energy sources. The adopted regulatory framework meets the requirements of the national market as well as technical requirements of EU energy markets. ■

## ERRA MEMBERS' NEWS

Public Services Regulatory Commission (PSRC), <b>Armenia</b>	4
E-Control, <b>Austria</b>	5
<b>Azerbaijan</b> Energy Regulatory Agency (AERA)	5
<b>Bhutan</b> Electricity Authority (BEA)	6
Regulatory Commission for Energy in <b>Federation of Bosnia and Herzegovina</b> (FERK)	6
<b>Croatian</b> Energy Regulatory Commission (HERA)	7
Energy Regulatory Office (ERO), <b>Czech Republic</b>	7
<b>Georgian</b> National Energy and Water Supply Regulatory Commission (GNERC)	8
<b>Hungarian</b> Energy and Public Utility Regulatory Authority (HEA)	9
Public Utilities Commission (PUC), <b>Latvia</b>	9
National Energy Regulatory Council (NERC), <b>Lithuania</b>	10
Energy and Water Services Regulatory Commission (ERC), <b>North Macedonia</b>	12
<b>Peru's</b> Regulatory Agency for Investment in Energy and Mining (Osinermin)	13
<b>Romanian</b> Energy Regulatory Authority (ANRE)	14
Energy Agency of the <b>Republic of Serbia</b> (AERS)	15
Energy Market Regulatory Authority (EMRA), <b>Turkey</b>	15
National Association of Regulatory Utility Commissioners (NARUC), <b>USA</b>	16



# PSRC Armenia

## Recent Developments

– On September 10 of 2019 the **Public Services Regulatory Commission (PSRC)** initiated the process of revising the tariffs for large power stations, tariffs for service providers and distributor; and on December 25th of 2019 tariffs had been approved for generators, service providers and distribution of electricity. In result of this review, tariffs for end users had not been changed.

– In renewable energy sector, for licensing solar plants with capacity up to 5 MW had been set, new limit at total capacity of 200 MW (instead previous 100) for issued licenses for the period from November 2, 2018 to December 31, 2020 inclusive.

– At the end of 2019 by PSRC of RA amounts of contractual and available capacities of generators for 2020 submitted by generators for approval had been confirmed.

– On July 2019 between Water Committee of the Ministry of Territorial Administration and Infrastructure of RA and “Veolia Djur” CJSC №13 agreement on “Making Amendments to the Lease Contract” had been signed. As a result of this agreement and in order to keep tariffs for customers on the same level the change had been made in the license conditions of “Veolia Djur” CJSC where new basic volumes of retail water supply and basic tariffs were approved. By another change made in license conditions if the difference between the adjusted amount of the retail tariff calculated for any year and the actual operating price for the customers doesn't exceed 0.5%, then tariffs are set equal to actual tariffs. As a result of these changes tariffs of water supply, waste services for customers had not been changed..

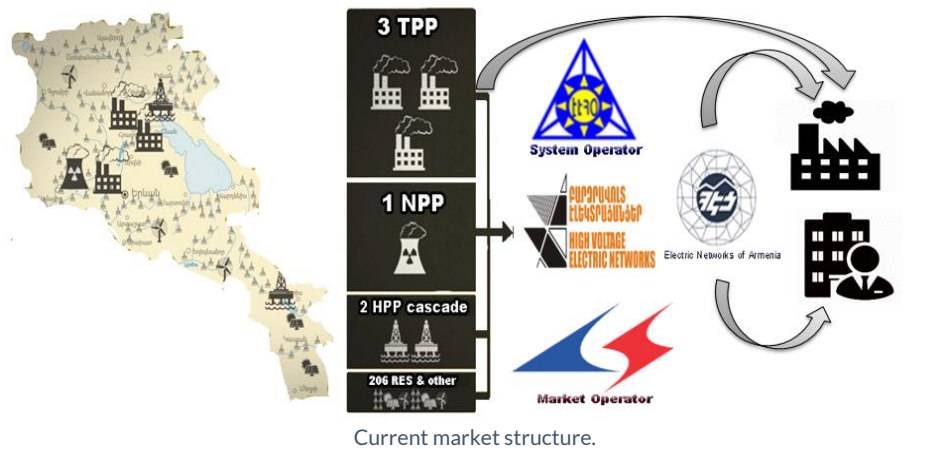
## Internal Projects

– In September, the PSRC organized a three-day workshop for civil society organizations and journalists who cover such spheres as economy and regulation of public services. During the workshop such topics were presented as energy system in Armenia, tariff formation mechanisms, energy market liberalization, tariff policy in water sector, market liberalization and other topics about latest news in energy and water sectors in RA. The PSRC is looking forward to organize this kind of workshops continuously because of its high interest from the participants.

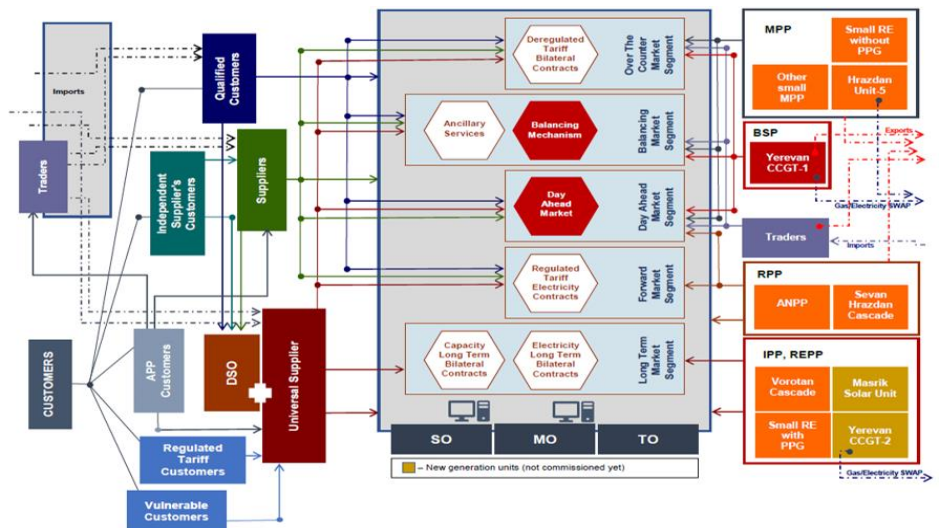
– In October representatives of PSRC took part in Armenia-Georgia sub-regional transmission planning project held in Tbilisi, Georgia.

## Significant Energy News

On December 25th of 2019, new trading rules for wholesale and retail electricity markets, as well as typical forms of contracts for wholesale and retail electricity markets, grid distribution rules and transmission grid rules have been approved by PSRC of RA. It is planned that the above motioned legal acts will enter into force on February 1, 2021, after the introduction and testing of the market management program in 2020. In the mentioned legal acts, there were described structures of wholesale and retail electricity markets, mechanisms of the entry and rules of activity of market participants, and the rights and responsibilities of participants. Specially for the first time, a mechanism of balancing responsibility will be implemented in Armenian electricity market. ■



Current market structure.



New market structure foreseen..

## E-Control Austria

### Recent Developments

In 2019, the Austrian government has approved a new energy and climate strategy (#mission2030), which should guide the long-term transformation of Austria's energy system to meet the challenge of climate change. In the framework of this strategy, Austria has committed itself to a very ambitious sectoral objective of a 100% renewable electricity system by 2030. In addition to this strategy the Austrian government just recently agreed to cut greenhouse gas emissions to net zero by 2040.

In autumn 2019 a revision of the law on renewables energy was foreseen but was neglected by the Austrian Parliament. The government is currently working on a new version.

### Internal Projects

E-Control is currently implementing two Twinning Projects in the Ukraine and Georgia. The project in the Ukraine "Strengthening capacity of the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) on the development of energy production from renewable energy sources, production and use of alternative fuels" will end in spring 2020, the project in Georgia "Development of Incentive Based Regulation for Service Quality and Regulatory Strategy to Support Roll-out of Smart Metering" will run until autumn 2020. In addition to that, E-Control has been rewarded with an additional project implementation in Georgia in winter 2020.

In May E-Control, will host the trilateral Consumer Workshop between CEER, ECRB and MEDREG.

### Significant Energy News

The switching rates in 2019 was the highest since the liberalization of the energy market in 2001. Around 345,200 electricity and gas consumers switched their suppliers.

In October 2019, E-Control published its yearly electricity disclosure report. According to the report, the share of green electricity subsidized through the support scheme decreased in 2018 for the first time since 2011. Austria traditionally has a high share of renewable energies in electricity generation. In 2018, the share of electricity produced from renewable sources (domestic generation) slightly decreased from 74% to 73%. ■

## AERA Azerbaijan

### Recent Developments

The tariff methodology, developed by cooperation of the **Azerbaijan Energy Regulatory Agency (AERA)** and "DNV GL Energy Advisory GmbH" has been distributed to electricity operators and updated based on inputs from the operators.

### Internal Projects

– Two workshops within the I phase of the project "Support for AERA activities" of EBRD in September and November 2019, held by DNV GL Energy Advisory GmbH

– Development of the final version of the Law "On Regulator in energy and public utility services sector"

– Agreement on realization of II phase of the above stated project between Ministry of Energy and EBRD with involvement of DNV GL Energy Advisory GmbH focused on 15-month basis. The project will be developed in three directions: Draft Regulatory Reporting Procedure und Forms;

- Legal support for the consideration and adoption of the draft Low "On Regulator in energy and public utility services fields".
- Preparation of the regulatory legal documents.
- Capacity building and on-site trainings.

– In November 2019 AERA organized a two-day workshop for journalists reporting on energy issues in Baku. The training was held within the Asian Development Bank's (ADB) Technical Assistance project "Developing a Power Sector Financial Recovery Plan". 24 participants representing 22 media outlets from Azerbaijan attended the training.

### Significant Energy News

– Order on the 'Measures on the Implementation of Pilot Projects in the Area of Renewables'

– The Order sets the ground for expanding the usage of renewable energy sources, as well as attracts private investments to this area.

– "Fuel Reserves Financing, Creation, Maintenance, Use, Volume And accounting treatment Rules".

The Rules shall establish:

- the rules for creation and use of reserve and/or accident fuel reserve at the thermal power plants, as well as during summer season and are applicable to energy supply enterprises and other legal entrepreneurs;
- the sequence of operations on analysis, evaluation and agreement of normatives on creation of reserve and/or accident fuel reserve, as well as the rules for preparing surveys on financing of creation of reserve and/or accident fuel reserve at the energy supply companies;
- the methods of intercommunication between energy supply companies, state and local executive bodies, enterprises, organizations during creation, registration, protection and financing of creation of reserve and/or accident fuel reserve by the energy supply companies.

– "Rules on Technical Exploitation of Electrical and Heat Installations";

- “Electrical appliances installation Rules”;
- “Technical Safety Rules for the exploitation of electrical and thermal appliances”.

Earlier, there were only general standards applicable in all Soviet countries. No obligatory rules in this field were adopted at the state level after the restoration of independence.

- “Operating Rules concerning preparation for the autumn-winter season in the fields of power and heat, as well as gas supply”;

The Rules will coordinate activities of local executive authorities, fuel-energy complexes and housing and utilities organizations regarding their preparation of local executive authorities, fuel-energy complexes (enterprises responsible for electricity, gas and heat supply) and housing and utilities facilities and infrastructure, state production, household, social infrastructure for autumn-winter heating season to ensure their sustainable activity during autumn-winter season. ■



## BEA Bhutan

### Recent Developments

Determined hydro power generation (Druk Green Power Corporation and Mangdechhu Hydropower Project Authority) cost of supply with effect from July 2019 for a period of three (3) years.

Determined end user (Bhutan Power Corporation limited) cost of supply with effect from July 2019 for a period of three (3) years.

Updated Guideline for Filing Tariff Application in 2019.

### Internal Projects

Conducted Public Hearing on tariff applications received from generation, distribution and transmission licenses on 30th April 2019.

Conducted various electricity safety awareness campaign targeting the students of Central School across the country to educate and disseminate the importance of electrical safety.

For the development of BEA Road Map 2030, the staff of the **Bhutan Electricity Authority (BEA)** attended a workshop on Balance Score Card to educate on the process for the road map development on 12th September 2019.

### Significant Energy News

BEA issued a license to 720MW Mangdechhu Hydropower Project Authority (MHPA) to operate and generate power.

720MW MHPA commissioned on July 2019. ■



## FERC Bosnia and Herzegovina

### Recent Developments

The **Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK)** has adopted amendments on the following secondary legislation: General Conditions for Electricity Supply; Rulebook on Obtaining Eligible Customer Supply and the Procedure for Supplier Switching; and Rulebook on Methodology for Calculation of Connection Charges and Defining Terms and Conditions for Connection to Distribution Network. All three amended rulebooks were adopted on FERK's session held on 31 October 2019.

JP EPHZHB, one of the two universal service providers on the territory of the FBiH, has submitted the universal price proposal for FERK's approval in late October 2019. The proposal was that universal service price for 2020 for this provider stays unchanged and FERK approved it on its session held on 31 October 2019.

### Internal Projects

FERK representatives participated in a Technical Workshop on Cybersecurity Tariff Guidelines held in Skopje, North Macedonia on 28-29 October 2019 with the scope of USAID/NARUC Europe & Eurasia Energy Sector Cybersecurity Initiative;

NARUC Regulatory Partnership Program, with the financial support of USAID, has organised Job Shadow on Public Outreach and Communications on 4-8 November 2019 in USA (Columbus, Ohio and Frankfort, Kentucky) for the representatives of 3 BIH regulatory commissions. FERK had its representative in this study tour. This study tour is considered very successful and fruitful.

FERK's representative was present on ERRA CRM WG Meeting held in Budapest on 5 December 2019.

Two new NARUC Programs – Regional Initiatives, funded by USAID, were launched at the beginning of this year and FERK has its representatives for both. Each initiative will have two technical workshops, namely:

- Enhancing Market Performance by Understanding the Value of Proposition for Market Coupling The first TW was held on 26-28 February in Vienna, Austria and second one is announced for June 2020.
- Improving Investment Planning Through the Implementation and Enforcement of Quality of Service Standards. The first TW will be held on 16-20 March in Zagreb, Croatia and the second one is planned for July this year. ■



## HERA Croatia

### Recent Developments

On September 16, 2019, the Board of Commissioners of the **Croatian Energy Regulatory Agency (HERA)** adopted:

- Amendments to the Network Rules for the Gas Distribution System,
- Amendments to the General Conditions of Gas Supply,
- Decision approving the Proposal to amend the Network Rules of the Transmission System.

The Board of Commissioners of HERA, at its meeting held on October 28, 2019, adopted the Decision appointing the energy entity HRVATSKA ELEKTROPRIVEDA Plc. as the wholesale gas market supplier for the period from April 1, 2020 to March 31, 2021.

The Board of Commissioners of HERA, at its 27th meeting held on December 17, 2019, adopted the Decision on the amount of tariff items for gas transmission for 2020 and 2021, the second regulatory period. Based on this Decision the average amount of tariff items for gas transmission in 2020, compared to 2019, will be 0.2% lower.

The Board of Commissioners of HERA, at its meeting held on 10 February 2020, adopted the Decision on the amount of tariff items for the public gas supply service for the period from 1 April to 31 December 2020 and for the period January 1 - March 31, 2021, according to which the final gas price for customers in the household category will decrease by an average of 1% from April 1, 2020.

### Significant Energy News

The Law on Amendments to the Gas Market Act was published in the Official Gazette No. 23/20, dated 3 March 2020 and entered into force on 4 March 2020.

The Energy Strategy of the Republic of Croatia until 2030 with a view to the year 2050, was published in the Official Gazette No. 25/20, dated 6 March 2020.

The Law on Amendments to the Energy Efficiency Act, which entered into force on 7 March 2020, was published in the Official Gazette No. 25/20, dated 6 March 2020. ■

## ERO Czech Republic

### Recent Developments

*September 2019* - New price decision for RES - Board of the **Energy Regulatory Office (ERO)** released the Price Decision for Renewable Energy Sources, which came into force at January 1, 2020.

*December 2019* - ERO released the report on Electro, Gas and Heat Industries in 3. Quarter of 2019. Compared to the third quarter of 2018 the production of electricity increased. In contrast its consumption and consumption of gas decreased. Slight year on year grow in heat production was recorded.

*February 2020* - ERO released the statistical data for Electricity and Gas Consumption in the last quarter of 2019. Abnormally high temperatures during the winter season resulted in year on year decrease in consumption of both electricity and gas.

### Internal Projects



*November 2019* - The second year of **Energy Olympics** for high school student teams was held in November 2019 in Prague. The event was

organized by Energetická gramotnost (Energy Literacy), with cooperation of ČEPS, Czech Technical University in Prague, ERO as a special adviser. More than 400 teams participated and the best team won financial reward and a possibility to be enrolled to the Czech Technical University in Prague.

*November 2019* - During the press conference **Members of the Board of ERO presented the Price Decision for gas and electricity in 2020**, where the regulated part of the price is set. Regulated part of the price of electricity increased due to large investments to transmission system and distribution systems. The rise of price of gas is under the level of inflation rate at all distribution areas except the Capital City of Prague.



*December 5, 2019* - Federal Energy Regulatory Commission (**FERC**) Chairman Neil Chatterjee and the Chairman of the Energy Regulatory Office (ERO) of the Czech Republic, Stanislav Trávníček, met in Prague to exchange experiences and discuss challenges in cyber security and energy market operations, and increasing access to global liquefied natural gas supplies. The meeting was an opportunity for the regulators to share insights related to increasing competition in energy markets and improving access to energy sources. The regulators also discussed critical cyber security challenges and best practices.

*December 2019* - ERO organized **Roundtable on Consumers Issues in Energy Sector**. Representatives of Ministry of Industry and Trade, Czech Confederation of Commerce and Tourism, The Czech Trade Inspection

Authority and Czech National Disability Council participated at the Roundtable. The practical impact of Declaration on Consumer's Protection of participants of Electricity and Gas Markets were discussed. Memorandum of Mutual Cooperation with the Czech National Disability Council was signed.



February 2020 – The workshop on “Amendment of Energy Act – Stop the Energy Tricksters,” organized by ERO was opportunity for Members of the Board of ERO, Members of Parliament, Deputy Minister of Industry and Trade and representatives of Consumer's organizations to discuss possible measures against the tricksters and faster and more effective ways to clear the market from unfair practices in the energy sector. ■



## GNERC Georgia

### Recent Developments

The **Georgian National Energy and Water Supply Regulatory Commission (GNERC)** approved acts of secondary legislation. GNERC approved Investment Appraisal Rules in Electricity and Natural Gas Sectors and Energy Market Monitoring Rules. The main objective of the rules is to implement European standards in electricity, natural gas and water supply sectors.

The goals of Energy Market Monitoring Rules are to establish efficient mechanisms for competitive, free, transparent and fair trade on the energy market of Georgia, set tools for efficient regulation of network operators, facilitate market

integration on regional level and support state policy in energy sector. Energy Market Monitoring Rules define procedures for submitting the reports of utilities to the Commission, reporting forms, data processing standards, rules for development of electronic platforms of the companies, protecting the information confidentiality and avoiding the conflict of interests.

Investment Appraisal Rules in Electricity and Natural Gas Sectors define main principles and criteria for developing, submitting, evaluating, approving, monitoring and amending the investment plans and constituent investment projects at electricity, natural gas and water supply sectors. The scope of rules covers the licensees of electricity transmission, dispatch and distribution, licensees of natural gas transportation and distribution, licensees of water supply sector, and licensees of electricity generation under tariff regulation.

**GNERC updated tariffs in electricity sector.** In December, GNERC set the following tariffs for electricity generators:

- Khrami 1 HPP JSC – 10.837 tetri/kWh (tariff is valid from December 1, 2019 to December 31, 2021);
- Khrami 2 HPP JSC – 12.304 tetri/kWh (tariff is valid from December 1, 2019 to December 31, 2021).

GNERC set the following tariffs for guaranteed capacity sources that is valid from January 1, 2020 to December 31, 2020:

- Mtkvari Energy LLC – 77 330 GEL/day;
- Georgian International Energy Corporation LLC – 52 603 GEL/day;
- G-Power – 47 898 GEL/day;
- Gardabani TPP LLC – 404 2014 GEL/day.

GNERC set the following fixed tariffs for regulated HPPs:

- Enguri HPP 1.358 tetri/kWh
- Vardnili HPP 2.206 tetri/kWh

GNERC set an electricity transmission tariff for Georgian State Electrosystem (GSE) in the amount of 1.013 tetri/kWh.

**GNERC approved Regulatory Audit Rules** for Electricity, Natural Gas and Water Supply Sectors.

On the basis of the Rules, within the framework of the regulatory audit, it will be established how the company complies with the obligations imposed on it regarding the occurrence, justification, reasonability and relevant accounting of the costs for specific regulatory activities.

In the process of tariff regulation, the Commission envisages an audit report provided by the HPPs that justifies all costs made by the company. The report does not specify the reasonability of the incurred costs. Regulatory Audit Rules set principles for defining the relationship of a cost to specific regulatory activity and determining its reasonable amount.

### Internal Projects

**GNERC launches a new project of Media-Club.** The project covers the following topics: legal framework of electricity and natural gas sectors, a new Law of Georgia on Energy and Water Supply and the relevant amendments to regulations; harmonization of the 3rd energy package directives to Georgian legislation; functions and the role of power exchange in energy system. Trainings will be conducted by the Commission representatives and invited experts from different entities of energy sector. Also, it is planned to invite foreign experts to discuss implementation of European directives. The project will last four months and certificates will be issued at the end of the project.



## Significant Energy News

**Parliament of Georgia adopted Law on Energy and Water supply.** In December, 2019, the Parliament of Georgia adopted Law on Energy and Water supply. The Law will enable Georgia to develop a more independent, competitive and liquid market by unbundling and granting certification to transmission and distribution system operators. ■



## HEA Hungary

### Recent Developments

**National Energy and Climate Plan and Energy Strategy.** The National Energy and Climate Plan and the National Energy Strategy were approved by the Government in January 2020. The new Strategy sets Hungary's energy and climate policy priorities for 2030 with a 2040 outlook. A long-term, comprehensive national development strategy to achieve climate neutrality by 2050 will also be developed.

In March the **Hungarian Energy and Public Utility Regulatory Authority (HEA)** held stakeholder consultations on major changes in energy efficiency related to the new national plans.

### Internal Projects

**Night of Power Plants.** In October 2019, 42 power plants, district heating plants and thematic visitor centers opened for the public nationwide. Nearly 4000 visitors attended the event co-organized by HEA as part of its Social Responsibility Program. The aim of the project was to encourage consumers to use energy consciously and economically and to present how energy is produced.

**Interactive e-learning application for energy efficiency.** HEA is committed to energy efficiency and climate protection, and attaches great importance to raising energy awareness. A revamped energy efficiency website was launched in February 2020 and now includes an

interactive e-learning application that allows interested parties to learn to play energy saving practices and about the latest energy efficiency solutions.



## Significant Energy News

**HEA issued a new decree on sub-metering on January 2020 (1/2020. (I. 16.) MEKH).** Large energy consuming companies required to hire an energy adviser are now obliged to install sub-meters for electricity appliances and installations. Controlled metering and better data availability on energy consumption through sub-metering make it possible to identify energy saving potential and contributes to better implementation of energy efficiency policy measures. ■



## PUC Latvia

### Recent Developments

**Electricity DSO.** In October 2019 the **Public Utilities Commission (PUC)** has approved changes in the electricity distribution tariff calculation methodology. The main changes:

- revenue cap regulatory approach;
- tariffs for electricity producers (G-charge);
- efficiency coefficient;
- regulatory account:
  - change of the inflation rate applied,
  - change of the electricity price,
  - change of the transmission tariff.

In November 2019 new electricity DSO tariffs were approved for the largest electricity DSO (serves more than 99% of consumers in Latvia); they came into force January 1st, 2020. The regulatory period was set for 5 years and the efficiency factor of 2,57% to annual operating and maintenance

costs. The variable part of tariff was reduced for all consumers; the fixed part of tariff has remained the same. Tariffs for electricity producers will enter into force from 2021.

**Natural gas TSO.** In November 2019 PUC has approved new natural gas TSO tariffs, into force from January 1st, 2020. Tariffs were set using the revenue cap regulatory approach for the first time. The regulatory period is set for 33 months and the first tariff period was set for 9 months; so next time the tariff will change from October 1st, 2020 (moving to gas year). From 1st January 2020 equal entry tariffs with Finland and Estonia were introduced after establishing a single FinEstLat entry-exit tariff zone.

**Natural gas DSO.** New tariff values for natural gas DSO were set from January 1st, 2020. The tariff review was related to a higher natural gas consumption. The gas consumption has increased by 5% comparing to the forecasted gas consumption in the tariff evaluation process. Changes in tariffs were applied to all consumer groups. Changes in tariffs for each group depend on the consumption level of each group. Tariffs are increased for those groups where the consumption of natural gas is decreasing. The fixed charge has remained the same.

### Internal Projects

In October 2019 PUC has organized its annual meetings with stakeholders discussing the priorities for 2020. PUC has introduced some of stakeholders' suggestions into the strategic part of the PUC's annual Action plan.

Since September 2019 PUC has started to publish quarterly reports on electricity and natural gas sector in an interactive way. Users and market players thus are able to follow the up to date situation in the market: average gas and electricity prices, market shares, exports and imports etc. It reached a wide publicity in the mass media.

PUC has organized 9 public consultations, mainly on energy sector (gas and district heating), as well as on water management.

In December 2019 PUC has officially signed the memorandum "Consult first". It states that the first regulatory action is not to punish, but ensure that operators are aware of, understand and comply with their obligations. This memorandum reinforces the principle of "consult first" the PUC has already applied in the practice.

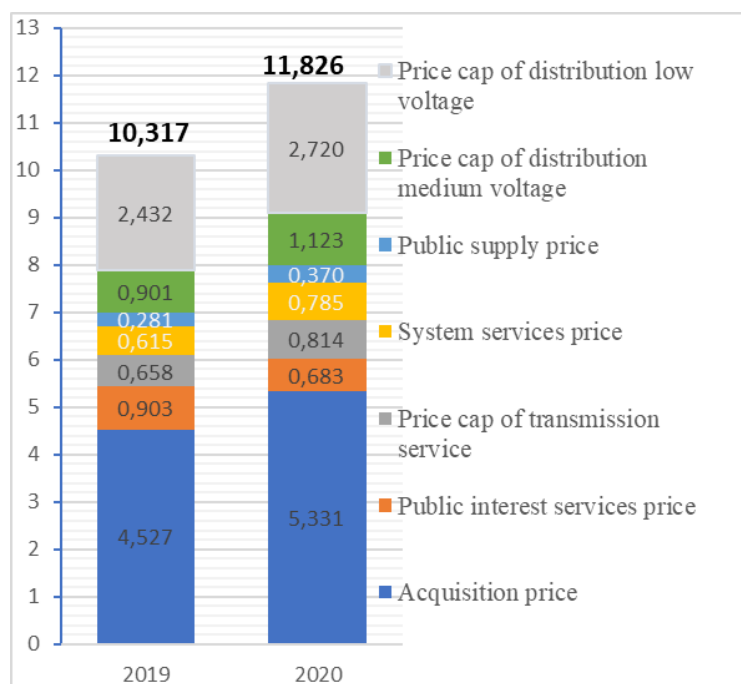
PUC has also been actively involved into the CEER work on the CEER Work programme 2020, approved in December. The programme involves activities and deliverables to introduce/share at the EU level. ■

## NERC Lithuania

### Recent Developments

**New tariffs for electricity applicable from 1st January, 2020.** The **National Energy Regulatory Council (NERC)** has approved electricity tariffs for household customers to be applied from 1st January, 2020. Although electricity tariffs for household customers could have been raised up to 29 percent, the NERC made decisions that cut costs for companies by almost 45 million Euro, which allowed to "mitigate" significant growth of tariffs to **average 14,7 percent**. This allowed Lithuanian consumers continue to be among the lowest paying for electricity in the European Union, according to Eurostat data (third place after Bulgaria and Hungary).

Higher electricity tariffs for household customers were mainly due to the higher costs to maintain and secure the electrical system (system services) (about 87 million Euro) and reduction in the amount of surplus returns from previous periods (2019 – 73 million Euro, 2020 – 42 million Euro).



Comparison of electricity tariffs for household customers (VAT excluded) in 2020 and in 2019

The electricity tariff increased from 13 ct/kWh (including VAT) to 14,9 ct/kWh (including VAT), i.e. 14,7 percent, for household customers who have chosen the most popular one-time payment plan "Standard" (about 82 percent of household electricity consumers). NERC encourages household consumers to be proactive and opt for an optimal payment plan that aligns with their consumption habits to reduce household electricity costs..

**From 1st January, 2020 tariffs of natural gas decreased for household consumers. Household consumers will pay on average 16,67-22,22 percent less for natural gas consumption** (the variable part of the tariff (per cubic meter) and the fixed part of the tariff (paid monthly, irrespective of gas consumption) – will not change. NERC decided to approve lower natural gas tariffs for household consumers due to the NERC decision

to reduce the natural gas distribution and security of supply prices and forecasting a 3,5% percent lower price for natural gas as product.

**NERC announced the winner of the auction for the allocation of quotas for the electricity from renewable sources.** On the 16th of January, 2020 NERC announced the **winner** (from the 7 bidders) **of the auction for the allocation of quotas for the promotion of electricity from renewable sources** – UAB Windfarm Akmenė One, which offered 0 Eur/MWh price premium (PP) to the market price and a **maximum annual amount** of electricity production – this participant will receive the entire 0.3 TWh incentive quota. 3 bidders offered a PP of 0 EUR/MWh to the market price (others 0.56, 1.81, 1.91 and 3.86 EUR/MWh (latter is the maximum possible PP) and submitted the revised bids. Since the offered lowest PP was the same by all

Group of household customers	Part of the tariff	2019 2 <sup>nd</sup> half	2020 1 <sup>st</sup> half	Variation, %
For users of 1 <sup>st</sup> subset Q ≤ 300 m <sup>3</sup>	fixed part of the tariff, EUR/mo.	0,56	0,56	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,66	0,55	-16,67
For users of 2 <sup>nd</sup> subset 300 < Q ≤ 20 thous. m <sup>3</sup>	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,46	0,36	-21,74
For users of 3 <sup>rd</sup> subset Q > 20 thous. m <sup>3</sup>	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,45	0,35	-22,22

Comparison of natural gas tariffs for household customers (VAT included) in 2020 1st half and in 2019 2nd half

participants, the participant who offered the highest annual amount of electricity production was announced as the winner of the auction. According to the Law on Energy from Renewable Sources, the operator must accept, transmit and/or distribute on a priority basis the total amount of electricity offered by the winner of the auction for 12 years from the start of electricity generation.

**Component of natural gas supply security has decreased since 1st January, 2020.** From 1st January, 2020 the component of natural gas supply security (security component) has decreased by 38,55% which will allow natural gas consumers to save **EUR 36,1 million per year**. NERC having regard to the State guarantee granted to the Nordic Investment Bank regarding the loan for refinancing of the security component of AB Klaipėdos Nafta and the EUR 134,145 million loan extended over the life of the asset (up to year 2044)), as well as a 25,56% reduction in depreciation costs for LNG re-gasification activities, a reduction of 61,18% in return on investment and 51,93% in lower operating costs (OPEX), has set **EUR 343,71 MWh/day/year security component**. As a result of refinancing, natural gas tariffs for household customers remain unchanged, as tariffs were set in November, 2019 already taking into account the assumption for the loan for refinancing, thus decreasing by about 17 percent for consumers who use natural gas for cooking and about

22 percent for consumers who use natural gas for heating of premises. The coordinated decisions of State institutions – Seimas, Government, Ministry of Finance, Ministry of Energy, NERC – in terms of ensuring Lithuania's energy security and creating competitive conditions in the natural gas import market will bring maximum benefits to both business and household consumers.

### Internal Projects

**NERC hosted traditional Baltic energy forum events.**



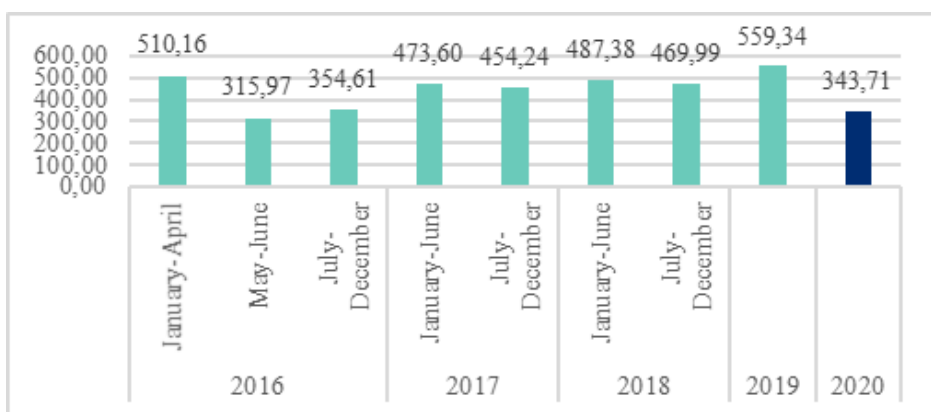
On 12-13 November, 2019, NERC hosted the **10<sup>th</sup> Baltic Gas Market Forum, Baltic District Heating Forum and 27<sup>th</sup> Baltic Electricity Market Forum**. The **10<sup>th</sup> Baltic Gas Market Forum** was designed to cover the latest gas sector regulatory and infrastructure developments and the sector future challenges. The traditional updates on behalf of regulators and operators were enriched by the perspective on behalf of the European Commission addressing a wider pan-European perspective and initiatives for the adjustment of the regulatory gas framework in the near future. The views on behalf of the Council of European Energy Regulators (CEER),

presented by the colleague from Dutch regulator, and the views by the colleague from French regulator further looked at the challenges of operators' cost efficiency benchmark and evolving role of natural gas and other types of gases focusing on integration of biogas into natural gas networks. The **27<sup>th</sup> Baltic Electricity Market Forum** focused on the implementation of network codes, updates on Nominated Electricity Market Operators' activities, as well as the discussions on the future electricity market design. The colleague from the European Union Agency for the Cooperation of Energy Regulators (ACER) presented the latest edition of the Market Monitoring Report for Electricity wholesale markets and the colleague from Austrian regulator intervened on the challenges of the Clean Energy Package implementation focusing on self-consumption and energy communities. The **Baltic District Heating Forum** was dedicated to the initiatives promoting innovations and competition in the sector and attended by Baltic region's regulators, stakeholders, as well as guest from Czech regulator.

### Significant Energy News

**The gradual phasing out of regulated electricity prices for households foreseen from 2021.** In December, 2019 the Government approved a draft amendment of the Law on Electricity presented by the Ministry of Energy, which, in accordance with Lithuania's obligations to the EU, would eliminate the regulation of retail electricity prices for household customers, thus switching to competition based retail electricity supply market, allowing for the selection of electricity consumption plans and electricity suppliers that best meet the interests and needs of the household consumer.

The transition from regulated to competitive electricity supply would be implemented in stages, starting



Component of natural gas supply security



from 1st January 2021 with deregulation of final electricity prices for most electricity-consuming consumers (more than 5,000 kWh per year) as well as for all household customers connected to medium voltage electricity networks and to the relevant communities and community organizations and associations (8,4% of all consumers (about 140 thousand). In the second phase (from 1st January 2022) – for household consumers whose factual electricity consumption will be more than 1000 kWh per year (about 46% or 760 thousand respectively), and from 1st January 2023 for those customers who consume less than 1,000 kWh per year (as well about 46% or 760 thousand). This will also apply for the vulnerable consumers who will have to select an independent supplier as well. The gradual phasing out of regulated prices will be implemented in parallel with massive roll out of smart meters in country. ■



## ERC North Macedonia

### Recent Developments

– In November 2019 the **Energy and Water Services Regulatory Commission (ERC)** successfully launched the first **price comparison tool** on the Macedonian retail electricity market [Switch.mk](http://Switch.mk), developed with technical support provided by USAID and NARUC. The PCT is primarily intended for small consumers and households, with aim to assist them in choosing electricity supplier. Search engine enables customers to compare available offers by retail electricity suppliers, as well as to get clear, comprehensive and up-to-date information on electricity prices, supply contract duration, invoicing and other services related to electricity supply. Most of the commercial offers are targeting small consumers and, in that segment,

current average price difference (highest to lowest) is 31%.

– Regarding the **natural gas market** it is important to mention that ERC actively participates in the Commission established by the Government of the Republic of North Macedonia for the preparation of a public call and tender documentation for the award of a public-private partnership for financing, designing, construction, managing, maintaining and developing the new **natural gas** distribution system on the territory of the Republic of North Macedonia, announced in early February 2020.

– New tariffs for distribution and transmission of natural gas were adopted at the end of December 2019. During 2019 the quantities of natural gas transported to the Republic of North Macedonia amounted to 295 mil.m<sup>3</sup> and represents a record year since the start of use of the transmission system.

– The implementation of the **Balancing Rules** began on 1st of January 2020. These Rules are introduced for the first time as a transparent and market-oriented way of procurement system services by the transmission system operator, as well as a methodology that establishes in a transparent and non-discriminatory way the price for balancing of the nominated and realized quantities of electricity market participants. It also regulates the financial settlements, as well as the rights of the balancing service providers and the balance responsible parties. With the Rules all market participants, including regulated companies, are balance responsible. Rules give open door to TSO to participate on the regional balancing market.

– Furthermore, during 2019, the Energy and Water Regulatory Commission continued to oversee the work of **water service** providers. This is the second year of the 2018-2020 regulated period for the areas of over 10,000 equivalent inhabitants and

through monitoring the implementation of Business plans and tariff adjustment plans, which in accordance with the provisions of the Law are carried out by submitting Annual Reports on the performance of water providers. For water service providers in areas less than 10,000 equivalent inhabitants, 2019 represents the first year of the 2019-2021 regulated period. In the course of 2019, the Energy and Water Regulatory Commission started monitoring the application of tariffs by categories of users, as a result of the adopted Decisions for determination of tariffs for water services. These tariffs by categories of users were determined by the water service providers with the consent of the founder of the water service provider, confirmed in the Municipal Councils, depending on the area in which the water service is provided.

### Internal Projects

– At the end of October 2019, ERC was co-host of the third **Technical Workshop: Cybersecurity Tariff Guidelines** organized/sponsored by NARUC/USAID, as part of Europe and Eurasia Cybersecurity Partnership. Within this project, ERC drafted the first Cybersecurity Strategy for the Electricity Sector in North Macedonia which is expected to be finalized and adopted in the first half of 2020.

– ERC continued with the process of development and upgrade of the **market monitoring software** MM-Central in cooperation with the Faculty of Electrical Engineering and Information Technologies, with introducing new functionality features and options for more advanced data analysis. Additionally, ERC started new project for development of more advanced web platform for data collection.

– 1<sup>st</sup> **Workshop** on the third phase of the project Know-how Exchange Programme (KEP) “CEI – Central European Initiative Support for Strengthening Energy Regulatory

Authorities in the Western Balkan took place in Sofia, Bulgaria on 21<sup>st</sup> of February 2020. Energy Regulatory Commission is part of the two regional projects of USAID/NARUC on “Enhancing Market Performance by understanding the Value Position for Market Coupling” and “Improving Investment Planning Through the Implementation and Enforcement of Quality of Service Standards” that will be implemented in 2020.

- ERC continued with the process of development and upgrade of the market monitoring software MM-Central in cooperation with the Faculty of Electrical Engineering and Information Technologies, with introducing new functionality features and options for more advanced data analysis. Additionally, ERC started new project for development of more advanced web platform for data collection.

### **Significant Energy News**

- The Parliament of the Republic of North Macedonia has adopted the **new law on the Energy Efficiency** on the 10-th of February 2020. Among other things, the Energy efficiency law contains provisions on energy efficiency during transmission, distribution and energy supply. The operators of the transmission and distribution systems for electricity and natural gas, as well as the operator of the thermal energy distribution system, are obliged to make a technical and economic estimate for all costs and benefits for the market, as well as to increase the energy efficiency from the introduction of advanced energy systems, metering systems and smart grid.

- ERC, through tariffs for transmission and distribution, to the extent technically feasible and economically viable in relation to potential energy conservation, shall provide for the installation of multi-functional meters and smart metering systems for electricity, heat, natural gas and energy consumers that reflects their

real energy consumption and provides a real time usage information, as other measures prepare operators for distribution and supply systems energy consumption in relation to energy efficiency in metering, billing and information saves consumers.

- Also, the operators of the transmission and distribution systems for electricity and natural gas, as well as the operator of the thermal energy distribution system, in accordance with the obligations of the Energy Law, in planning the development of the relevant systems for the area they are operating, are obliged to make an assessment of the reduction of losses and the potential for improvement of energy efficiency in their systems.

- In the reporting period, the electricity market operator, MEMO DOOEL Skopje, which is a separate legal entity established by the electricity transmission system operator, was unbundled as an independent legal entity. On 25 September 2019, the Energy Regulatory Commission issued a license to the National Electricity Market Operator - MEMO DOOEL Skopje to perform energy activity organization and management of the electricity market. They have started its activity on October 1, 2019, also they have applied to be nominated as organized electricity market operator. ■



## **Osinermin Peru**

### **Recent Developments**

- The regulator was included in the Multisectoral Commission for the Power Sector Reform, contributing with regulatory proposals to guarantee the sustainability and development of the sector in activities such as generation, transmission, distribution and commercialization. Some of the considerations raised by **Peru's Regulatory Agency for**

### **Investment in Energy and Mining (Osinermin):**

- Acknowledgment of firm capacity of the generation plants that use renewable energy to sell power supply.
- Update the rate of the Electric Concessions Law.
- Elimination of the natural gas statements on prices. The National Committee of Economic Operation of the National Integrated System- COES- the Peruvian ISO will be responsible of calculating the price on a weekly base, considering the natural gas contracts (take or pay, carry forward, and make up) and the optimization of them in the Medium Term Planning.

- Osinermin also contributed with technical opinions to the Law that promotes the National System of Land and Subsurface-use Planning and Management, considering the oversight of the facilities of the operators of natural gas, fuel and power sectors.

- The inspection programme with drones was launched. The initiative prioritize infrastructure with higher risks or difficult access with high definition and georeferenced tools. The programme for the power sector was awarded by citizens as the best government programme for inspection and compliance.

- After 8 years of administrating the Fund for Energy Social Inclusion (FISE) 2012-2020, the regulator transferred the FISE to the Ministry of Energy and Mines in February 2020. The FISE finances programs to narrow energy gaps, allowing vulnerable families to access electricity and natural gas with a significant reduction in costs. This programme has been internationally awarded and some of its landmarks under Osinermin administration were:

- 8 million households benefited with the LPG Discount Voucher Program; representing approximately 9 million people, 30% of the population of Peru.
- 9 million households benefited from the Residential Electricity Rate Compensation Mechanism: approximately 70% of residential electricity consumers.
- More than 495,000 domiciliary natural gas installations. More consumers have been connected the past 3 years than in the entire period from 2004 to 2016.
- 5473 vehicle conversions to natural gas, reducing carbon print.
- 177 609 photovoltaic panels installed in rural areas, bringing electricity for the first time. Consequently, about 2,300 medical posts can now refrigerate and keep vaccines and medicines in good condition, as well as hundreds of rural schools have now better conditions for teaching.

### Internal Projects

- Two relevant books were issued to encourage the national discussion on electromobility and energy transition; the latter, focused on the integration of renewable energies in the Peruvian energy matrix

- [on electromobility](#) (available in Spanish)
- [on energy transition](#) (available in Spanish)

- The regulator got a national certification for intercultural best practices, for issuing content for consumers in Quechua and Aymara, two of the most spoken languages in Peru, in addition to Spanish. To reinforce this commitment of energy inclusion measures, Osinergmin also launched information materials in Braille.

- Osinergmin signed a Memorandum of Understanding with the Florence

School of Regulation to professionalize its staff and with the Residential Public Utilities of Colombia to exchange best practices to supervise and audit the power and hydrocarbon markets.

- Some of the international meetings hosted in Peru were: the 10<sup>th</sup> anniversary meeting of the International Confederation of Energy Regulators (ICER), the 1<sup>st</sup> Preparatory Meeting of the VIII World Forum on Energy Regulation and the V Global Forum on Energy "Energy transition and monitoring of new technologies".

### Significant Energy News

- Osinergmin is in a current restructuring process analysis as set forth in the National Decree PCM-023-2020.

- The Decree is based on a series of events triggered after an unfortunate accident of a LPG tank truck (January 2020) questioning the inspection functions of the regulator. Nevertheless, the evidence has shown that this event encompasses different sectors and entities of the state.

- As of today, the regulator has an acting Chair until a national contest to select a new Chair is issued. ■



## **ANRE Romania**

### Recent Developments

- On **November 11, 2019** the **Romanian Energy Regulatory Authority (ANRE)** approved the documents required to launch on November 19, 2019 the local project LIP 15 for coupling the intraday electricity market. Thus, Romania adopts the single European solution for coupling intraday markets, in accordance with the provisions of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing guidelines on capacity allocation and congestion management.

Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Slovenia are also part of the project.

By extending the functioning of the intra-day market at regional level and adopting the single European solution, it is expected to increase the liquidity of the intra-day market, ensuring a lower market share and more accurate balancing of participants, better use of production capacity and resources, optimal use of cross-border capacity for electricity transmission and, last but not least, as an indirect consequence, to increase the security of supply of consumers in Romania.

- Starting with **September 2019**, ANRE carried out analyses on the existing generation capacities in order to identify the differences between the installed power and the available one, in order to evaluate the existing electricity generation capacities in the country as accurately as possible.

- On **January 9, 2020**, it was published in Official Gazette Government Emergency Ordinance (GEO) no. 1/2020, which amends GEO 114/2018. The main provisions of the new GEO refer to the waiver of regulated prices for natural gas and electricity in the middle and the end of 2020. Also, the rate of return on investments in these sectors will be set by ANRE, in accordance with the provisions existing prior to the publication of GEO 114/2018. In addition, the 2% tax applied on the turnover of the companies in the energy sector is eliminated and the new tax will be established, annually by ANRE.

### Internal Projects

- The Cooperation and Assistance Program between ANRE of the Republic of Moldova and ANRE from Romania was signed on **September 26, 2019**. The program aims to develop and intensify bilateral cooperation on multiple levels, in order to acquire best practices in regulating the energy sector, as well as the implementation



of European and international standards in the following areas of responsibility: electricity, natural gas, thermo-energy, licensing, monitoring and control of licensed activities, legal and consumer protection issues, energy surveillance, information technology (IT), international cooperation and communication.

The collaboration between the two public authorities will include regular meetings between the management and support teams, the exchange of experience and the provision of support in the field of elaboration and amendment of the national regulatory framework in the energy field through the experience of Romania as a member state of the European Union, joint projects, attracting available European funds, study visits, trainings for employees, participation in conferences, meetings, seminars or other events organized with the support of international partners.

On February 20, 2020, Mr. Veaceslav Untila, the director general of the National Agency for Energy Regulation of the Republic of Moldova paid a working visit to ANRE, where he was received by a delegation headed by Mr. Dumitru Chiriță, the president of ANRE.

During the visit, the stage of implementing the objectives set out in the Cooperation and Assistance Program between ANRE Moldova and ANRE Romania signed on Chisinau on 26.09.2019, was reviewed.

At the same time, several topics were addressed regarding the consultancy activity that ANRE Romania provides to the colleagues in Moldova.

The parties expressed their satisfaction with the way in which the collaboration between experts took place between September 2019 and January 2020 and agreed on the issues that will be addressed in the next period regarding the implementation of best practices applied by ANRE

Romania when developing the regulatory framework.

The participants expressed their willingness to intensify their collaboration in order to implement the provisions of the Clean Energy Package, as well as in the areas of electricity and natural gas technical and market regulations, in particular regarding the monitoring aspects and control of licensed activities.

– On **November 7, 2019**, ANRE, together with the ESCOROM Association of Energy Services Companies in Romania, organized a seminar dedicated to financing ESCO-type projects through energy performance contracts, and on **November 29, 2019**, ANRE started the Campaign “Energy saving” among students. The purpose of the campaign is to stimulate the interest of the little ones to improve the quality of life, by applying simple and accessible energy saving solutions.

### Significant Energy News

According to the provisions of GEO no. 1/2020, the activity on energy efficiency was taken over by the Ministry of Economy, Energy and Business Environment from ANRE. ■



## AERS Serbia

### Recent Developments

– Upon the request of energy entities JP EPS Beograd, EMS a.d. Beograd and the Distribution System Operator “EPS Distribucija” d.o.o. Beograd, on the session held on 31/10/2019, the Council of the Energy Agency of the Republic of Serbia has approved decisions on electricity transmission tariffs (+3.9%), electricity distribution tariffs (+2%) and guaranteed supply prices (+3.9%).

– In line with the Energy Law (“Official Gazette of RS”, No. 145/14), on January 23, 2020, the Council of the **Energy Agency of the Republic of Serbia (AERS)** has adopted a Decision

on 2020 Power System and Ancillary Services Charges. This Decision sets charges of capacity reserve for system services, i.e. secondary and tertiary control which are necessary for the provision of secure, reliable and stable operations of the power system, i.e. for frequency regulation and exchange capacity, as well as ancillary services for the regulation of voltage and reactive power and the price of black start.

– On the session of February 21, 2020, the Council of the Energy Agency of the Republic of Serbia has adopted a Decision on the issuance of the certificate to GASTRANS LLC as to an independent natural gas transmission operator. Basically, this Decision represents a confirmation of the Preliminary AERS Decision which was adopted on August 15, 2019 and the same obligation is imposed to GASTRANS LLC, i.e. to submit certificates of occupancy or to register ownership rights over natural gas transmission system facilities and the evidence confirming that the company operates and manages the constructed transmission system independently 6 months since the beginning of operational work at the latest. ■



## EMRA Turkey

### Recent Developments

**February, 2020 – Amendment to the Electricity Market Law.** Second legislation have been established by the **Energy Market Regulatory Authority (EMRA)** to allow electricity generation projects which have more than one resources.

**February, 2020 – Physically Settled Power Futures Market.** At the moment EPIAŞ operates day-ahead and intraday power markets as well as natural gas spot market. In addition to these markets, legislation on the Physically Settled Power Futures Market (PSPFM) has been established

by EMRA in February 2020. PSPFM will enable market participants to hedge their positions in order to protect themselves from market price risks and anticipate futures price expectations (price discovery). Moreover, it will provide price signal for investors and indirectly support long-term security of supply.

#### **January, 2020 - Amendment to the related principals and procedures.**

Organized Natural Gas Wholesale Market Operation Code, which has been in force as of 1 September 2018, was amended. With this amendment, Balance of Week, Weekends and Working Days Next Week contracts were introduced to the organized market. The new products will be available as of June 2020, and will be the basis of Weekly Reference Price, providing another benchmark for gas prices in the Turkish gas market.

**December, 2019 - Online Application (Digitalization).** Since December 1, 2019, license-holders, who want to realize transactions regarding prelicense and license applications and amendments, have been obliged to apply to EMRA on digital platform.

**December, 2019 - Eligibility Limit announced.** As of 2020, all consumers with consumption greater than 1400 kWh per year or directly connected to the transmission system or an organized industrial zone have the right to choose their supplier and the theoretical market opening ratio is 96,8%.

**November, 2019 - Announcement of final list of the projects that will benefit from Renewable Energy Support Mechanism.** Applications were received in October 2019. The final list for the year 2020 was published in November. 21.113 MW<sub>e</sub> of installed capacity is accepted for YEKDEM.

**September, 2019 - Amendment to related principals and procedures.** "The Regulation on Determination of Spot Pipeline Import Methods and

Quantities" has come into force. With the implementation of this regulation, it can be possible to bring natural gas with yearly, quarterly and monthly agreements and along with the flexibility provided by the organized spot gas market, the increase in cross-border trade ensured by the new regulation will be beneficial for Turkey's aim to be a regional natural gas trade center.

#### **Tariffs**

4<sup>th</sup> Regulatory period of 5 years for electricity distribution and incumbent retail companies will start from the beginning of 2021. As a matter of the fact that couple months left for the new period, EMRA started to gather all financial and network data of the regulated companies. Meanwhile, revisions of legislation are in progress.

6<sup>th</sup> Regulatory period of Electricity transmission tariffs will also start with 2021. TEİAS is running the transmission system as a government-owned monopoly. TEİAS tariff method expected to be similar with its current period.

In December 2019, Natural gas transmission tariffs were published for the period of 2020-2022. The prices are increased approximately 60%.

#### **Internal Projects**

EMRA is beneficiary for European funded Instrument for Pre-accession (IPA) project. The subject of the project is Technical Assistance for Improvement of Performance-Based Tariff Regulation of EMRA for Turkish Energy Markets through Introducing an Enhanced Monitoring System. Tariff personnel of EMRA organized 2 site visits and several workshops within the scope of Improvement of Performance based Tariff Setting for Transmission and Distribution System Operations at Turkish Electricity and Natural Gas Markets. They also made an in-depth study of the UK's RIO model.

#### **Significant Energy News**

– Considering the new pipeline projects as well as the rapidly increasing spot LNG trade in Turkey, utilization of spot pipeline gas as a strategic instrument for the cross-border trade is essential for improving the status of Turkey in international natural gas markets. Within this scope, "The Regulation on Determination of Spot Pipeline Import Methods and Quantities" has come into force in September, 2019. The first Spot Import Capacity Auctions for yearly, quarterly and monthly capacity products were introduced to the Turkish Natural Gas Market in January 2020 by this regulation. The new capacity mechanism is expected to encourage new suppliers and result in greater source and price diversity. Importers holding long-term contracts preserve their share in import interconnection points and the remaining capacity is allocated to spot market. Along with the flexibility provided by the organized spot gas market, the increase in cross-border trade ensured by the new regulation will be beneficial for Turkey's aim to be a regional natural gas trade center.

– With the Presidential Decree published on Official Gazette of 3 March 2020, the President of the Energy Market Regulatory Board, Mr. Mustafa Yılmaz reappointed as President for four years period. ■



#### **NARUC USA**

#### **Recent Developments**

**PURPA regulations** (September 29, 2019) – The U.S. Federal Energy Regulatory Commission FERC finally issued a rulemaking proposing to modernize PURPA regulations. The **National Association of Regulatory Utility Commissioners (NARUC)** filed comments based on a 2016 [resolution](#) and 2018 [whitepaper](#) proposed to modernize its regulations governing small power producers and

cogenerators under the Public Utility Regulatory Policies Act of 1978 (PURPA) to better address consumer concerns and market changes in the energy landscape in recent decades.

**Resolution on FCC Proposal to Allow Unlicensed Operations in the 6 GHz Spectrum Band** (November 19, 2019)

- The FCC is proposing to allow unlicensed operations in spectrum allocated to energy (and other) utilities for crucial SCADA systems and communications based on an untried technology that could impact communications and undermine reliability. NARUC filed comments in the proceedings and expects a decision sometime this quarter.

**Resolution Recommending State Commissions Act to Adopt and Implement Distributed Energy Resource Standard IEEE 1547-2018** (February 12, 2020)

- Standardization of interfaces will typically facilitate interconnection of diverse resources. This resolution suggests States adopt an Institute for Electrical and Electronics Engineer published

voluntary standard that sets parameters for how Distributed Energy Resources interface with electric distribution systems.

**Resolution Supporting Federal Legislation to Fully Refund Interstate Pipeline Customers** (February 12, 2020)

- This resolution supports revision of a federal act so as to allow customer refunds to be retroactive to the time an investigation of an existing rate is being investigated.

**"Natural Gas Distribution Infrastructure Replacement and Modernization: A Review of State Programs"**

-The U.S. Department of Energy-NARUC Natural Gas Infrastructure Modernization Partnership produced this informational handbook summarizing state programs currently in use. Download it [here](#).

**"A Comprehensive Survey of Coal Ash Law and Commercialization: Its Environmental Risks, Disposal Regulation, and Beneficial Use Markets"**

- This white paper

summarizes a major regulation, Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals From Electric Utilities; Final Rule issued by the U.S. Environmental Protection Agency (EPA) on April 17, 2015, on coal ash disposal and remediation of disposal sites, which has significant implications to states. Download it [here](#).

**"Recent Changes to U.S. Coal Plant Operations and Current Compensation Practices"**

- A new white paper commissioned by the National Association of Regulatory Utility Commissioners examines the impacts of changes in the electricity generation mix on operating coal-fired power plants. Download it [here](#).

**"Electric Vehicles: Key Trends, Issues, and Considerations for State Regulators"**

- NARUC has released a new issue brief on electric vehicles and the important role of public utility commissions. Download it [here](#). ■

The Energy Regulators Regional Association (ERRA) is an inter-institutional non-profit organisation unified by the shared goal of its regulatory members to improve energy regulation. ERRA's focus is to bring together effective energy regulators with the necessary autonomy and authority to make positive change. ERRA is widely seen as an example of a highly successful regional association and is recognized as an important international institution in facilitating the advancement of regulatory policy.

**FOLLOW US**



[secretariat@erranet.org](mailto:secretariat@erranet.org)