

ERRA MEMBERS' NEWSLETTER

ENERGY REGULATORS REGIONAL ASSOCIATION (ERRA)

2020/2



INTERVIEW WITH EDWIN QUINTANILLA, MANAGER OF ENERGY SUPERVISION, OSINERGHMIN, PERU

In each issue of the ERRA Newsletter we present a member organization through current regulatory issues they are facing that can be relevant and informative for other ERRA members. In this issue of the newsletter we introduce **Peru's Regulatory Agency for Investment in Energy and Mining (Osinerghmin)** through an interview regarding the ongoing reforms in domestic LPG market with Mr. Edwin Quintanilla, Manager of Energy Supervision.



Mr. Edwin Quintanilla
Manager of Energy Supervision
Peru's Regulatory Agency for Investment in
Energy and Mining (Osinerghmin)

Mr. Quintanilla, Peru's energy sector is undergoing some important changes these days. In this interview we would like to ask you about the pending LPG market reform. What are the main challenges for the LPG market in Peru and why is the reform so important?

For the last 20 years, the LPG demand in Peru has grown by 418%. However, the storage capacity has only increased by 2% in Lima and Callao¹, which puts the continuous supply of this hydrocarbon at national level at risk.

Additionally, according to the statistics of the General Fire Department, 2020 is the year with the highest number of LPG leaks registered in the last decade (8691 leaks), which has a direct impact on the safety and well-being of the population.

As a supervisory body to the sector, this is a serious concern to us. This is why we decided to go beyond the attributions we have established by law. In this sense, we made an international research to exchange experiences with other countries and carried out a technical analysis, which resulted in seven proposals to improve the LPG market. The fundamental focus is on the search for competitiveness and safety of people, supply and infrastructure. We have already presented the proposals to the Ministry of Energy and Mines and shared them with stakeholders by means of a virtual technical event and a media strategy.

What international practices is Osinerghmin considering in the context of this landmark reform?

We consulted countries that face similar challenges as we do in terms of the size and maturity of the market, safety regulations, inter-institutional arrangements, and cultural practices- especially those associated with informality.

IN THIS ISSUE

ERRA MEMBER PORTRAIT
Osinerghmin Peru

ERRA MEMBERS' NEWS
by 21 member organisations

In Latin America we have been in contact with Brazil, Chile, Colombia, Costa Rica, Mexico and Uruguay, with whom we have regular bilateral conversations. We also used the framework of the Ibero-American Association of Energy Regulatory Entities (ARIAE). In the case of ERRA, we contacted the Turkish Energy Markets Regulatory Authority, as the use of LPG has grown a lot for vehicular use both.

Despite the language difference, in South America we have many similarities with Eastern Europe and the Caucasus region as all of us have experienced political transition processes that make us face common challenges. We also reached out to India and Ghana as we were interested in coming up with innovative solutions.

It is interesting to note that the point of the greatest agreement among all the countries we have spoken to, has been the importance of promoting energy education for consumers to become agents of change. This is the only feature that will allow us to have the certainty about robustness and security of energy markets in the long term.

¹ Callao is seaside city on the Pacific Ocean in the Lima metropolitan area. Callao is Peru's chief seaport and home to its main international airport. An estimate of 50% of the demand of LPG comes from Callao.



An Osinergmin technician inspecting LPG tanks

In the LPG reform summary report by Osinergmin you state that there is no competition on the supply side and that there are needs for more storage capacity. Is the government of Peru planning any incentive scheme for new LPG storage undertakings and if yes, what would it base on?

As I already mentioned, the LPG market in Peru has not grown at the same rate as its storage capacity; this represents a huge challenge. Therefore, our reform proposal includes the expansion of storage capacity at the wholesale level – the idea is to have inventories that promote competition while also strengthening Peru’s energy security by means of an independent operator. It is essential that the new storage infrastructure is built in the central, eastern and southern areas of the country, decentralizing the current concentration in Lima, our capital.

In this regard, we have approached the Corporation for Strategic Reserves of Petroleum Products of Spain (CORES) to learn about their experience in terms of energy security. Although Spain’s context is different, as they must comply with the regulatory framework of the International Energy Agency (IEA) and the European Union (EU) in terms of inventories, this Corporation is managed under a public-private alliance that provides a more flexible scheme. This means giving CORES a state institutional framework and at the same time the operational capacity of the industry.

We were also satisfied to learn about the added value that CORES generates in terms of statistical reports – all agents are obliged to update data by law. Another positive

feature is that its executive board is of exclusively technical profile, which is guaranteed by its internal governance scheme.

One of the listed solutions for a more modern and safer LPG retail market in Peru is a, so called, “Safety kit”. Does Osinergmin or the government consider any additional education programs for the wider public in this respect?

Indeed, Osinergmin proposes the launch of a program to replace Fisher-type regulators in LPG cylinders with a 20 mm regulator and suitable hoses, that will be a part of the Safety kit. The goal is to reduce the number of leaks and accidents.

This change should be accompanied by an intense educational campaign for families, to learn about the active role they play in the proper use of these new solutions in order to guarantee their safety. ■

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.



ERE Albania

Recent Developments

– The U.S. Embassy Tirana congratulates the **Albanian Energy Regulatory Authority (ERE)** for the approval of Albania's first-ever cybersecurity regulation for the electricity sector. This new regulation, crafted with support by USAID – US Agency for International Development the U.S. National Association of Regulatory Utility Commissioners energy regulatory experts from the state of Connecticut and the Agency for the Cooperation of Energy Regulators, is the first of its kind in Southeast Europe and will serve as a model for other countries in the region and around the world.

– ERE Albania Annual Report 2019 was approved (English version available in the upcoming days).

– New Staff Structure.

– With the issue of Council of Minister Decision no. 609, dated 11.09.2019 "On defining the procedures to appoint the Market Operator representatives" are now fulfilled the legal conditions to open the process of establishing the operation of the Albanian Power Exchange and it is initiated the procedure to appoint the exchange shareholders and the providers of this service having experience on this activity.

– OSHEE company unbundling became effective.

– The process of establishing the Albanian power exchange and some market couplings projects, like the market coupling between Albania and Kosovo.

– The New Connection Agreement between Albanian TSO, Kosovo KOSTT and ENTSOE, which was voted on 20.04.2020, from the Regional Group of Continental Europe. By this Agreement, KOSTT shall begin the operation as a regulatory area

between the Regulatory Block Kosovo- Albania. This is a very important achievement for the Kosovo's Power System Operator, but even for the establishment of a joint regulatory area between the two countries or the next steps for the establishment of a market coupling between Albania and Kosovo with the main stakeholders the Market Operators.

– We are currently part of the AIMS Working Group for the Market Couplings of Albania, Italy, Montenegro and Serbia. At the beginning of this year Macedonia and Bulgaria have entered this project too. currently we are going to have the first online meeting with the working group on the 7th of May.

– From the first of January the DSO and the USS have began to operate as unbundled companies and currently we are in the process of evaluation of the tariffs and prices for 2020. Due to the pandemic the Board of ERE has frozen the process until the state of natural disaster ends.

Significant Energy News

– Decision no.94 dt 08.06.2020 "On the applicable price for Existing Priority Producers for 2020, implementing the amendments approved with Council of Ministers.

– Decision no. 396 dt. 13.05.2020 TAP Network Code aproved with Decision no. 97 Dt. 15.06.2020.

– ERE Board Decision no. 131, on 10.08.2020 "On opening the procedure to approve the regulation on defining the criteria for accessing and selecting the Supplier of Last Resort on Power Sector.

– ERE Board Decision no. 136, on 21.08.2020 "On Opening the procedures to review and approve the "Regulation on the procedures for selling the electricity surpluses in the irregular market for the Public Supply Company".

– ERE Board Decision no. 145, on 28.08.2020 "On opening the procedure to approve the General Conditions of the Standard Contract for the Supply with Natural Gas of the end-use customers benefitting from the Public Supply Company".

– ERE Board Decision no. 148, on 10.09.2020 "On opening the procedure to review and approve the Regulation on the procedures of issuing exception right for the new infrastructure of Natural Gas.

– ERE Board Decision no. 149, on 10.09.2020 "On approving the Regulatory Compliance Program" submitted by TAP AG according to the Final Joint Opinion within the exemption procedure for TAP Pipeline.

– ERE Board Decision no. 150, on 10.09.2020 on some additions to ERE board decision no. 105/2020 on the approval of TAP regulatory compliance officer and the contract to provide the regulatory compliance officer services. ■



PSRC Armenia

Recent Developments

– In June 2020 by the **Public Services Regulatory Commission (PSRC)** have been set tariffs for natural gas transportation, for gas supply system operator service, for natural gas distribution and the natural gas tariffs for customers sold by "Gazprom Armenia" CJSC.

– In July 2020, due to the change of natural gas tariffs, by PSRC initiative had been reviewed the tariffs for supplied electricity from thermal power plants ("Yerevan TPP" CJSC, "Hrazdan Energy Company" OJSC, "Gazprom Armenia" CJSC "Hrazdan-5" station, "Yerevan State Medical University after Mkhitar Heratsi" foundation) and, as well as for keeping unchanged the tariffs for customers for next 6 months, were also been

reviewed tariffs for “Armenian Nuclear Power Plant” CJSC.

– In July 2020 the new tariffs had been set for renewable energy sector by PSRC initiative, which is based on the change in the exchange rate of the AMD to the US dollar in March 2020 compared to the same month of the previous year and the inflation in April 2020 compared with the same month last year. As a result, for small hydroelectric power plants the tariffs increased by 0.52%, for wind and solar power plants tariffs increased by 0.37%.

– In order to use the tools to increase the efficiency of the analysis of investment activities and invest more targeted methods of checking the reliability of investments PSRC, in discussion with the Government of RA, initiated and successfully made the investment activities audit of the electricity distributor in August 2020, which was aimed to:

- Increase the tariff setting and review process justification;
- Have a positive impact on regulated tariffs;
- Exclude the influence of regulated persons in tariff formation process.

– In August 2020 PSRC adopted and in 2021 will come into force the new requirements for public procurement.

– In September 2020 the methodical changes have been made by the PSRC in licensing for solar power plant, because there had been set limits and they were expired, and after their expiration it was widespread that the licensing persons who were under construction phase were applying with changed lands and the distribution connection networks that were the basis for obtaining a license, which was resulted that many interested investors did not have the opportunity to implement their investment plans, because of the limit expiration. To avoid of this kind of activity the PSRC made changes in methodology and the

licensing persons have choice: especially those solar stations, who want to change the lands or distribution voltage to the distribution network which have served basis for obtaining a license will have 10% lower tariff set for the solar stations.

Internal Projects

– In June 2020 the PSRC representatives participated in Service Quality Standards remote seminar organized by USAID and NARUC.

– In July 2020 the PSRC representatives participated in Capacity Building Workshop on the Monitoring of Electricity Markets (remote workshop).

– In August 2020 the PSRC representative participated in NARUC-PSRC follow up call on Market Performance Primers (zoom meeting).

– In August 2020 the PSRC representatives participated in discussions of draft documents about the study of electricity system load flow and market modeling held by NARUC advisers and with the video conference with USAID.

– In September 2020 the Chairman of PSRC participated in ERRA General Assembly virtual meeting. ■



E-Control Austria

Recent Developments

Closing conference of Twinning with Ukraine. On 7 July 2020, the Twinning project was officially closed. The Closure Conference was organized remotely via Zoom.

The Austrian Ambassador Mr Gernot Pfandler and the Italian Ambassador Mr Davide La Cecilia opened the conference. In their statements they emphasized the importance of such Twinning projects which provide a great tool for cooperation and thanked the project partners for the successful

implementation of this project. Both countries rely on vast experience related to the development of RES which could be successfully shared with Ukraine. Mr Baur, Head of Operations Section 3 „Economic cooperation, energy, infrastructure and environment“ of the EU Delegation stressed the important role of renewables for sustainable development. Renewables should become also a success story in Ukraine which still depends on some decisions to be made by Ukraine.

The first part of the Conference dealt with the European Green Deal and its role for the energy transition from a global, EU and national level. As first speaker Mr Gurbuz Gonul, Director, Country Engagement and Partnerships, IRENA, gave an overview on the global developments of renewables and their social economic benefits. Mr Hans van Steen, Acting Director, Renewables, Research and Innovation, Energy Efficiency, European Commission, explained the implications and consequences of the European Green Deal for Ukraine. Mr Jaroslav Demchenkov, Deputy Minister of Energy on European Integration of Ukraine, spoke about the role of renewables in Ukraine's energy transition. In his presentation Mr Wolfgang Urbantschitsch, Executive Director of E-Control, gave an insight in the challenges of the energy transition for EU Member States. Mr Wolfram Sparber, Head of Institute for Renewable Energy EURAC research, presented economic opportunities of the energy transition from a Member State's perspective.

The second part of the conference was dedicated to the project activities and results. The BC PL and the CL gave an insight in the achievements of the project and highlighted recommendations for the further development of RES in Ukraine.

More than 90 participants from Ukraine and EU Member States took part in the Conference.

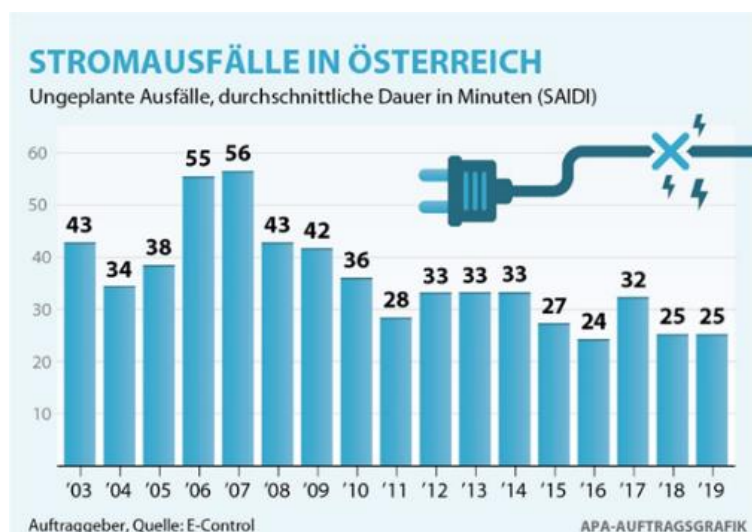
(Project: The Austrian-Italian project consortium, consisting of E-Control (project lead), the Austrian Energy Agency, the Environmental Agency Austria, the Federal Ministry of Sustainability and Tourism together with its Italian junior partner EURAC research was awarded for the implementation of this project by the end of 2018. The project implementation started on 1 March 2019.

The main target of the project is to increase the overall share of energy from renewable energy sources in Ukraine's gross final energy consumption and to strengthen the capacity of the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) and other relevant stakeholders in implementing the national policy and legislation in the area of renewable energy.

The project aims to ensure that the development of energy production from renewable energy sources is conducted in line with the relevant EU acquis by further harmonizing the Ukrainian legislation with EU legislation and by providing assistance on the implementation and development of Ukraine's plans on energy from renewable sources. The availability of information on renewables and its benefits as well as public access to this information should be developed and improved.)

Source: <https://www.e-twinning.at/projects/ukraine-2019/#pr>.

Continuity of supply with average duration of interruptions of 25 minutes remains „very good“ – also at international level.



Unplanned interruptions of electricity supply in Austria (duration in minutes), SAIDI (source: [E-Control's Quality of Supply Report 2019](#))

Development of green energy costs for a standard household (consumption 3500 kWh) between 2013 and 2020.

ENTWICKLUNG DER ÖKOSTROMKOSTEN FÜR EINEN HAUSHALT
mit einem Verbrauch von 3.500 kWh

	2013		2014		2015		2016		2017		2018		2019		2020	
	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh	EUR/a	Cent/kWh
Ökostromförderbeitrag	42,507	—	57,046	—	52,721	—	66,897	—	49,158	—	46,72	—	30,66	—	47,12	—
Ökostrompauschale	11	—	11	—	33	—	33	—	33	—	28,38	—	28,38	—	28,38	—
Kosten Herkunftsnachweise	0,5	—	0,4	—	0,4	—	0,25	—	0,59	—	0,64	—	0,44	—	0,55	—
Summe Öko-Förderungen (exkl. USI)	54	1,54	68	1,95	86	2,46	100	2,86	83	2,36	76	2,16	59	1,70	76	2,17
Summe Öko-Förderungen (inkl. USI)	65	1,85	82	2,35	103	2,95	120	3,43	99	2,84	91	2,60	71	2,04	91	2,61

Tabelle 10
Entwicklung der Ökostromkosten für einen Haushalt mit einem Verbrauch von 3.500 kWh
Quelle: E-Control

Energy with Infotainment – short explanatory much appreciated by public (more than 1,5 million hits – only in German).



All films are available [here >>>](#). ■



AERA Azerbaijan

Recent Developments

Regarding 2nd phase of EBRD Project “Support for the operation of the newly established **Azerbaijan Energy Regulatory Agency (AERA)**”. The assignment of the project consists of three workstreams:

- Provide advocacy support with the review and adaptation of the Regulator Law. The Draft Regulator Law was finalized and submitted to the relevant stakeholders for signature.

- Development of the secondary Legislation. In addition, the following normative legal acts should be drafted as supplementary documents to the Regulator Law:

- Draft Regulatory Reporting Procedure und Forms;
- Draft Investment Planning, Approval and Monitoring Procedure;
- Draft Licenses (Permits) for the Electricity Sector;
- Draft Electricity Market Monitoring Procedures;
- Draft Dispute Resolution Rules between Regulated Entities.

- Furthermore 4 following internal AERA rules:

- Rules for Internal Audit;
- Reporting Rules;
- Rules for Holding AERA Meetings;
- Rules for Publication of Documents.

For development of each act the Working Groups were established and in cooperation with the Consulting Company the project has already elaborated some draft documents despite the harsh pandemic situation.

Capacity Building and On-the-job Training. Because of Covid-19, from May planned training measures must be postponed. Despite the difficulties for organizing the on-the-job trainings, the Agency and EBRD decided to continue the capacity

building sessions online. For this purpose, mode of delivery was identified, priority training topics are already being determined and we are currently looking for international experts/mentors with practical experience.

Significant Energy News

- The foundation of 385 MW Gobu Power Plant laid on 21.08.2020.

- The areas selected for the construction of the solar and wind farms with total capacity of 440 MW based on the contracts signed between the Ministry of Energy of the Republic of Azerbaijan and ACWA Power (Saudi Arabia) and MASDAR (UAE) on the renewable energy pilot projects.

- Based on the relevant Presidential Decree on adaptations to the Decree 1256 dtd. 23.02.2017 on “List of officials authorized to draw up records of the administrative offences” and Decree 1750 dtd. 22.12.2017 “On establishment of the Energy Regulatory Agency under the Ministry of Energy of the Republic of Azerbaijan”, the charter of AERA was adapted, authorizing AERA to take measures in case of any administrative offences within its competence in line with the Code of the Republic of Azerbaijan on Administrative Violations

- The Presidential Decree dtd. 09.06.2020 on amendments to the Decision of the Cabinet of Ministers of the Republic of Azerbaijan. “On Approval of Electricity Rules” Nr. 18 dtd. 02.02.2005

- Commissioning of the 330 and 500 kV outdoor switchgears, 8 units, Control Center, main and secondary areas, building and facilities in June 2020 after the reconstruction. ■



SERC Bosnia and Herzegovina

Recent Developments

Maximum capacity for the integration of variable energy sources increased. The integration of renewable energy sources from the aspect of the possibility to control the system, and the maximum capacity for their integration has been central to the work of SERC for years. On 3 September 2020, the **State Electricity Regulatory Commission of Bosnia and Herzegovina (SERC)** passed a Decision on approval of maximum capacity for the integration of variable energy sources, thus approving the proposal by the Independent System Operator of Bosnia and Herzegovina, according to which these values increased almost as twice as much in comparison to the amounts previously approved. According to this Decision, amounts of 840 MW and 825 MW were approved for wind and photovoltaic power plants respectively. In addition, SERC called upon the other competent authorities in Bosnia and Herzegovina to undertake activities within their respective competences aimed at increasing electricity generation from renewable energy sources.

Educative Workshop on Implementation of Adapted REMIT Regulation organized by SERC with support of Energy Community Secretariat. As the Energy Community acquis included Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency with required adaptations to the Energy Community (EnC) legal framework, in line with its obligations under the Treaty Establishing the Energy Community, SERC successfully transposed and implemented the adapted REMIT Regulation, being the first EnC Contracting Part which has done it. The adapted REMIT Regulation defines common rules for

activities on the wholesale electricity and gas markets in the Energy Community Contracting Parties (Albania, Bosnia and Herzegovina, Georgia, Kosovo*, North Macedonia, Moldova, Montenegro, Serbia and Ukraine). This introduces a common European framework on wholesale markets of the European Union and Energy Community for:

- Definition of market abuse with regard to market manipulation, attempts to manipulate the market and insider trading,
- Introduction of the explicit prohibition of market abuse,
- Establishment of a new framework for the registration of market participants and wholesale market monitoring with the aim of detecting and preventing market manipulation and insider trading, and
- Definitions of prohibitions and the application of penalties at national level if market abuse is detected.

On 8 October 2020, with support of the Energy Community Secretariat, SERC organised a virtual Workshop on Implementation of Adapted REMIT Regulation for the electricity market stakeholders, regulated companies and the relevant institutions in Bosnia and Herzegovina. More than 70 participants were informed of the steps undertaken to transpose and implement the adapted REMIT Regulation as well as the obligations stemming therefrom.

Internal Projects

SERC staff proactive within USAID Energy Policy Activity Project (EPA). Launched in September 2019, USAID's Energy Policy Activity is helping BiH coordinate, manage, and improve transparency in the gas and electricity sectors while providing targeted technical assistance to improve and simplify the energy policy environment and legal framework. SERC staff actively participates in

virtual meetings of the working groups established within this project covering various topics such as cyber security, network codes, energy efficiency, DSO unbundling, virtual power plants and public outreach.

Other internal projects. Due to the extraordinary circumstances caused by the COVID-19 pandemic and the imposed travel restrictions, SERC staff participated in a number of virtual trainings and workshops organised by different organisations including, inter alia:

- Activities in regional USAID/NARUC working groups on Market Performance, Cyber Security and Investment Planning/Quality of Service;
- Workshop within WBIF IPF7 Project: Regional Feasibility Study for Voltage Profile Improvement;
- USAID/NARUC/CEER/ERRA Webinar: Regulatory Tariff Considerations due to the Pandemic;
- Energy Community Regulatory School – Network Development and System Adequacy;
- MEDREG training on Effective Communication for institutions operating in the energy sector. ■



FERC Bosnia and Herzegovina

Recent Developments

– In period April-October 2020 the **Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK)** amended Rulebook on licensing taking into consideration the circumstances that decision has been made to amend General Conditions for Electricity Supply (Official Gazette, No. 89/19), that relates to power distribution activity and power supply activity. Also, the amendments have been made on Rulebook on Renewable

Energy Resources Micro Plants for better understanding and removing all dilemmas.

– On existing facility of the owner of RES micro plant it is possible to connect only one RES micro plant with respecting all other conditions prescribed for micro plant to fulfil in accordance with articles of Law on Usage of Renewable Energy Resources and Efficient Cogeneration.

– From 1 September 2020, new referent electricity price is applied, based on FERK's decision made on 2 July 2020 and it amounts 0,112211 BAM/kWh (1 EUR=1,95583 BAM).

– Eligible producer that has not obtained status of privileged producer, as well as eligible producer whose privileged producers status has expired has right on purchase of its generated electricity on referent price if its generation is included into obligatory quotas prescribed with Action Plan of the Federation of Bosnia and Herzegovina for Usage of Renewable Energy Resources (APOEF).

– FBiH Government has given its approval on feed-in electricity purchase prices for plants using RES and CoGen and its calculation that has been in accordance with Rulebook on Methodology to Determine Feed-in Prices for Electricity Purchased from Plants Using Renewable Energy Sources and Efficient Cogeneration was provided by FERK. (FERK's Decision dated 2 July 2020).

– Feed-in purchase prices are different for each primary source and type of the plant and are applicable starting 1 September 2020.

– Information on referent price and feed-in prices may be found on FERK's web site, www.ferk.ba, decisions on referent and feed-in prices.

Internal Projects

– FERK has been fully active in recent online working groups meetings, sessions, trainings and webinars

organised in the scope of ongoing projects and in the scope of our membership in organisations.

– We are engaged in four working groups led by USAID-EPA Project: WG for Grid Codes, WG for Virtual Plants, WG for Design of Guidelines for Programme of Harmonisation and Nomination of Harmonisation Officers and WG for Public Relations. Meetings and workshops have been held virtually during last few months due to pandemic.

– FERK has participated in two USAID workshops related to gas (18 June and 25 June) focused on unbundling of activities on the natural gas market in BiH and key elements of rulebook on tariff methodology for gas transport and distribution.

– FERK has designated its representatives for new ERRA standing boards and working group and they are already fully engaged with activities.

We have also participated on two workshops organised by NARUC related to Supply Quality in the scope of project called Improving Investment Planning through the Implementation and Enforcement of Quality of Service Standards (USAID, NARUC). Workshops have been held in period 31 August – 7 September 2020 where Road Map has been presented as well as the activities that FERK should take in the following period.

– The meeting of Working Sub-Group for Cyber Security (organised by USAID-EPA) has been held on 28 September 2020, including expert groups working on Guidelines for Strategic Framework of Cyber Security in BiH, with the support of OSCE BiH. WG will work on design of Road Map and Guidelines for implementation of Directive (EU) 2016/1148 into BiH energy sector.

– FERK also participates in NARUC Project of Enhancing Market Performance by Understanding the Value Proposition for Market

Coupling in scope of which two workshops were held: on 12 August – Load Flow Studies and on 14 August – Market Simulations.

– FERK is engaged in project of GIZ – Decarbonisation of energy sector in BiH, started in June 2020 and planned to end during 2023. Project consists of three subprojects as follows: Development of programme of energy efficiency in sector of buildings rehabilitation; Demonstration of innovative processes for incentives for RES in BiH and Strengthening capacities of public institutions for implementation of strategic framework related to decarbonisation of energy sector. ■



HERA Croatia

Recent Developments

– On 20 October 2020 the **Croatian Energy Regulatory Agency (HERA)** announced a public tender for the selection of suppliers under the public gas supply service for the period from 1 April 2021 to 30 September 2024, which is conducted in accordance with the provisions of the Gas Market Act (Official Gazette, No. 18/18 and 23/20).

– On 18 September 2020, HERA adopted new General conditions for network use and electricity supply.

– On 8 July 2020, HERA adopted:

- Amendments to the methodology for determination of the amount of tariff items for receipt and shipment of liquefied natural gas;
- Methodology for determination of the amount of tariff items for gas transmission.

Significant Energy News

On 14 October 2020, the FSRU vessel 'LNG CROATIA' sailed into the Viktor Lenac shipyard (Rijeka, Croatia). The FSRU vessel will remain in the shipyard until additional final tests of

specific systems are carried out and which are expected to last up to 4 weeks. In accordance with the planned project activities, the arrival of the FSRU vessel at the location of the LNG terminal in Omišalj is expected in early December this year, when all activities related to the commissioning of the terminal will begin, all in order for the terminal to start operating on 1 January 2021.

The selected FSRU vessel has LNG storage capacity of 140,206 m³, with a nominal LNG regasification capacity of 300,000 m³ of natural gas per hour, giving a yearly capacity of 2,6 billion m³ of gas. The LNG terminal, with the selected FSRU vessel, will be able to accept all LNG carriers, with a capacity from 3,500 m³ to 265,000 m³, which represents the total worldwide fleet of LNG carriers. The entire capacity of the terminal has been booked for the next three years, and more than 80% by 2027. ■



GNERC Georgia

Recent Developments

Installed capacity of renewable micro generation power plants has increased from 100 kW to 500 kW. This news applies to individual customers, as well as a group of customers that want to have their own source of renewable energy generation for household or non-household purposes. Decision of the **Georgian National Energy and Water Supply Regulatory Commission (GNERC)** will come into force from July, 1.

Necessity of connection of a micro generation power plant to the site of electricity consumption has abolished. In case, a customer and the micro generation power plant use the same network of a distribution company, electricity generation and consumption at different places became possible.

According to the new regulations, in case the micro generation power plant involved in the net metering system, supplies group of customers with electricity, a reversing or smart metering system will be installed for each customer. Each member of the group will be charged individually on the same day for consumed and generated kWh energy, generated and consumed electricity will be deducted, furthermore distribution company will purchase surplus electricity accumulated during the year.

Using the micro generation power plant is not considered as a business activity. Moreover, micro generation power plants may not be owned by customer(s) and may be under their temporary ownership, based on the lease agreement, leasing or other forms. Small generation power plants with capacity under 500 kW can have the status of micro generation power plant. It is not allowed for the customer to qualify as the micro generation power plant and the small generation power plant at the same time.

Nowadays, 173 customers are involved in the net metering system. Installed capacity of micro generation power plant has increased to 500 kW.

GNERC has introduced a new service. Citizens can provide information to the utility companies about termination of electricity, natural gas or water supply, request electronic bill, check the balance, register or delete mobile number linked to electricity, natural gas and water supply subscriber through dialling *303#.

The service is free of charge. The service is especially beneficial for those customers, who do not have access to Internet. The service is available for all types of mobile phones and does not require download of special program.

The Georgian National Energy and Water Supply Regulatory Commission has initiated the introduction of *303#

service. The goal of the initiative is to promote development of electronic services in electricity, natural gas and water supply sectors.

Any person who has registered contact details in electricity, natural gas and water supply service companies can use *303#. Furthermore, if a person does not have a registered telephone number associated to a concrete subscriber, he/she can register contact details for relevant subscriber via *303#. After dialling *303#, a customer can select a company from electricity, natural gas and water supply sector. The subscription number associated with the registered mobile number will appear on the screen of a consumer. A customer can select one from the enlisted subscription numbers and provide information about the interruption of supply, check the cause and duration of the interruption, balance, check the mobile numbers associated to the subscriber and delete any, request electronic bill, send meter reading to utility company in case of necessity, receive information about the address and hotline number of the utility.

Telecommunication company "Magticom" has been involved in the aforementioned project from the beginning and developed functionalities for *303# service programme. The access of customers to electricity, natural gas and water supply services via mobiles is ensured by communication companies – "Silknet", "Magticom" and "Beeline".

Significant Energy News

GNERC has approved the Unbundling Rules for the Distribution System Operator that apply to the operators acting in the electricity and natural gas sectors. GNERC will control compliance of the Distribution System Operators with the unbundling requirements.

Vertically integrated undertakings carrying out solely energy activities

are subject to the unbundling obligation. According to the rules the Distribution System Operator that is a part of the vertically integrated undertaking shall be independent in terms of the legal form, organizational structure and decision-making that is not related to the distribution activities. The vertically integrated undertakings shall ensure unbundling until the end of the current year.

The rules do not apply to the horizontally integrated undertakings (undertaking that carries out other non-energy activities together with the energy activities). Hereby, energy undertaking that provides services to less than 100 000 customers might be exempt from the unbundling obligation on the basis of the Law of Georgia on Energy and Water Supply.

On the basis of these rules mandatory criteria for the unbundling of electricity and natural gas distribution system operator will be defined and compliance of the distribution system operator with those requirements will be evaluated. The rules establish requirements related to developing, implementing, submitting, approving and publishing compliance program, as well as, to the activities of compliance officer.

Distribution System Operator Unbundling Rules are approved on the basis of the Law of Georgia on Energy and Water Supply, the Rules are in compliance with the EU third energy package.

GNERC has approved Licensing Rules and Rule on Notification about Energy Activity. The Rules define requirements for issuing license for electricity, natural gas and water supply activities, introducing amendments in the license, suspension of license, legal basis and procedure of license revocation.

The Rules consist of two parts: licensing rules and rules on notification about energy activity. The new regulation defines requirements

for license seeker and licensee. According to the Rules companies that carry out energy activities, but do not need license in compliance with the legislation shall inform the Commission about that activity. These activities encompass: generation of electricity by micro generators, supply of electricity, natural gas and trading. ■



HEA Hungary

Recent Developments

– **METÁR-tender:** in September the **Hungarian Energy and Public Utility Regulatory Authority (HEA)** launched a second tender to **support renewable electricity** producers. The first tender was successfully concluded in March 2020 (a total of 168 bids were received during the tendering process and 72 winners were announced).

Since May 2019, premium support shall be granted only via competitive tendering procedures (except for the so-called “brown premium” for biomass/biogas power plants). Tenders are technology neutral with one bidding round and a price-based evaluation. The budget allocated for the METÁR tender support scheme was 2.5 billion HUF/year after 2019 (unused budget can be transferred to consecutive years).

– The **tariffication and price regulation** activities of HEA are based on four year regulatory periods. The next regulatory period in gas is set to begin in 2021. In order to provide a basis for the determination of the system tariffs and regulated margins of the next period, HEA began to undertake its **cost and asset reviews**. In 2020 HEA updated its cost and asset review methodologies which guide the process of the determination of the justified level of the companies' allowed revenues. The new methodologies provide an enhanced way of cataloguing the assets of the system operators and keeping track of

their changes and their depreciation. Based on the new methodologies HEA already undertook the cost and asset review of the gas TSO and the underground storage system operators. This will be followed with the cost and asset review of the gas distribution system operators and with a public consultation on the reference price methodology to be used in the next regulatory period for the setting of gas transmission tariffs in line with EU's Tariff Network Code.

– The electricity TSO is obliged to prepare a **network development plan** of the Hungarian electricity system every year. HEA makes decision on the approval or the rejection of the plan every year. From 2020 on, the electricity network development process has been reformed in order to handle the challenges of sector transformation (RES penetration, e-mobility, decentralization etc.): a **Network Development Committee** was established by HEA, MAVIR (TSO) and all DSOs. The cooperation in the Committee ensures standardized assumptions for all network operators and a more robust network development plan.

– The relevant legislation on **critical infrastructure** was amended in July 2020. The selection criteria and the competent authorities have changed. Beside electricity, HEA became the competent authority also for gas and district heating sectors (with the exception of gas production). A catalogue of essential services has been established for all sectors. Based on the catalogue, the possible critical infrastructure operators should submit a report to HEA. Based on the report HEA makes a decision on appointing critical infrastructure operators.

Internal Projects

– Upon request of the National Regulatory Authorities of the Core Capacity Calculation Region (Core CCR) the European Commission (EC) issued a guidance in a letter dated on

22 September 2020 on the sequential **implementation of the Interim Coupling Project (ICP also known as DE-AT-PL-4M MC Project)** and the Core Flow Based Market Coupling Project (Core FBMC), both aiming to couple day-ahead organized electricity markets. According to the guidance of the EC the NTC (Net Transfer Capacity) based ICP shall be implemented by April 2021, while the flow based Core FBMC shall be operational by February 2022. The National Regulatory Authorities of the Core CCR already agreed earlier that they would follow the guidance issued by the EC. Thus, the ICP continues the implementation. With the anticipated go-live of the ICP the existing **4M MC market coupling cooperation will merge with the MRC (Multi Regional Coupling) cooperation** – where the former cooperation covers largest part of the EU Member States – thus creating a new milestone in the completion of European Single Day-Ahead Coupling (SDAC) that is described and required by EU law.

– HEA is an active member of **OECD Network of Economic Regulators (NER)**. The 14. NER meeting discussed the emergency measures taken during the pandemic situation in the form of webinar with the participation of 150 delegates.

Significant Energy News

– In July 2020 Mr. **Péter János Horváth** was appointed by the Prime Minister as **President of HEA** for seven years.

– Hungary initiated a **Green Bond Program** on 2 June 2020. The overall fund amounted to € 1.5 billion with 15-year duration and can only be used for green investments. Investors submitted offers worth a total of almost 7.7 billion €.

– In March 2020 state-owned energy company MVM acquired the second-largest power plant in Hungary (the lignite fired **Mátrai Power Plant**). The Mátra PP provides 16% of electricity

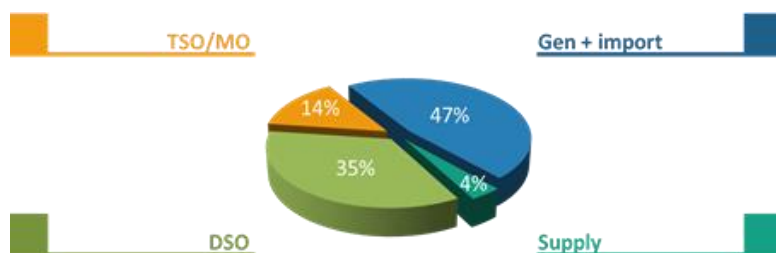
generation in Hungary. Upgrading the plant in order to comply with climate protection provisions is a national strategic goal. ■



ERO Kosovo*

Recent Developments

Electricity Tariff Review Process. The Board of the **Energy Regulatory Office (ERO)** in its third session, held on 17 April 2020, decided that the supply tariffs from the universal service shall remain in force as in the previous tariff structure. While the tariffs for the use of the Transmission network and Distribution network differ from those of previous years, in accordance with the Maximum Allowed Revenues (MAR), but these differences are not reflected in the final tariffs of regulated customers for the regulatory period 1 April 2020 – 31 March 2021. This decision came after the second Session, held on 6 April 2020, where ERO Board approved the Maximum Allowed Revenues (MAR) of Transmission/Market Operators (KOSTT), Distribution (KEDS) and Universal Electricity Supply (KESCO). The total approved value of MAR for the regulatory period April 2020 – March 2021 is set at 268.9 million euros. The decision on the operators' MARs was preceded by a long consultation process which started at the end of 2019 with the submission of applications/requests for annual adjustments of Maximum Allowed Revenues, by the licensed operators for activities of transmission, distribution and public electricity supply.



Distribution of Maximum Allowed Revenues (MAR)

Approval of REMIT. On 23 June 2020, at its fourth meeting, the Regulator's Board approved the Rule on Wholesale Energy Market Integrity and Transparency (REMIT). This rule, which will be implemented by the Energy Regulator, sets out the criteria that prohibit abusive practices that affect wholesale energy markets, and also provides for the monitoring of wholesale energy markets in the country. Approval of this rule proves the importance that the Regulator dedicates to the competitive market, and the need to ensure the integrity of this market, based on the Acquit of the European Union, especially knowing that Kosovo's Regulator is the first among the contracting parties of the Energy Community to approve this rule.

ERO and KCA formalize the cooperation and coordination on supervision of the energy market operation by signing a Memorandum.

The ERO and the Kosovo Competition Authority (KCA), on 21 September 2020, have signed a memorandum of understanding through which they have expressed a common interest in cooperation and coordination of activities in the area of energy market in the Republic of Kosovo.

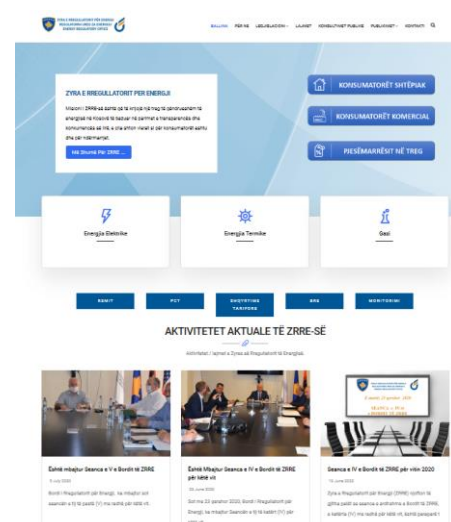
Through this agreement, mechanisms of legal and institutional cooperation have been established to act in the prevention and elimination of any behaviour of enterprises and entrepreneurs, which may negatively affect the presentation of competition in the energy market in the Republic of Kosovo.



ERO Board acting Chairman, Mr. Arsim Janova during the signing ceremony of the MoU

Internal Projects

ERO closer to customers through the redesigned website. Following the efforts for greater transparency and involvement of the public in the regulatory processes, on 5 July 2020, ERO launched a redesigned website: www.ero-ks.org. The purpose of the redesign was, in addition to greater transparency and adjustment to mobile devices, to provide information in an easier manner to customers and other parties which are interested on energy sector regulatory activities. The new website also publishes the necessary information for operators interested in licensing their activities as well as for investors who are interested in investing in the energy sector. For more information, ERO invites you to visit www.ero-ks.org.



New ERO website

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

Significant Energy News

New KOSTT/ENTSO-E Connection Agreement has entered into force. On 29th September 2020, the Regional Group of Continental Europe (RGCE), body of ENTSO-E, has decided that the new Connection Agreement, signed on 30th of June 2020 between Kosovo Market Operator (KOSTT) and ENTSO-E, enters into force. This is a historic day for Kosovo Energy Sector, as ENTSO-E assessed that KOSTT has met all the conditions set out in the agreement and is ready to operate independently of Serbia, as a Regulatory Area within the Kosovo-Albania Regulatory Block. On 29th September 2020, the Regional Group of Continental Europe (RGCE), body of ENTSO-E, has decided that the new Connection Agreement, signed on 30th of June 2020 between Kosovo Market Operator (KOSTT) and ENTSO-E, enters into force. This is a historic day for Kosovo Energy Sector, as ENTSO-E assessed that KOSTT has met all the conditions set out in the agreement and is ready to operate independently of Serbia, as a Regulatory Area within the Kosovo-Albania Regulatory Block.

The Albanian Power Exchange (ALPEX) established. On 5 October 2020, was signed the Shareholders Agreement, between Kosovo and Albania Market Operators, for the establishment of the Albanian Power Exchange (ALPEX). The establishment of ALPEX marks a new standard of operation in the energy sector, which will guarantee more transparency and competition in the electricity market and will have an impact in the increase of the security of electricity supply and a more efficient use of cross-border capacities, while it is expected that the price of electricity will decrease for the citizens of both countries. The establishment APEX is in line with the policies of the Governments of Albania and Kosovo for liberalization of the energy market and one of the objectives of the third package of the

European Union directives for the establishment of the European Internal Energy Market ("IEM") as well as of the decisions reached within the Berlin Process, namely the Western Balkans Summit in Vienna for the establishment of the operator (power exchange) for the operation and therefore the unification of electricity Day-Ahead Market (DAM) and Intra-Day Market (IDM) into a regional market. ■



State Agency, Kyrgyz Republic

Recent Developments

– The Medium-Term Electricity and Heat Tariff Poly for 2020 – 2022 (hereinafter referred to as MTTP), which came into effect on May 6, 2020, was approved by Decree of the Government of the Kyrgyz Republic, as of March 27, 2020, No. 188.

– The current electricity tariffs for end-users were have been set from July 1, 2020, by Order of the **State Agency for Regulation of the Fuel and Energy Complex under the Government of the Kyrgyz Republic** (hereinafter referred to as the State Agency), as of June 18, 2020, No. 97. According to the tariff policy, for residential consumers with electricity consumption up to 700 kWh a month the tariff is 77 tyiyn per 1 kWh; over 700 kWh – the tariff is 2.16 Som per 1 kWh. For industrial, budgetary, agricultural and other organizations the tariff is set at the level of 224.0 tyiyn per 1 kWh, i.e., the approved MTTP provides for maintaining socially-oriented tariffs and the existing tariff application mechanism, which envisions setting two-rate tariffs for the population taking into consideration the minimal electricity consumption of 700 kWh per month.

– In addition, in order to support children's social institutions (orphanages), and for the purpose of development of public charging

stations for electric vehicles, the MTTP provides for putting them into a separate category of consumers setting the tariff for electricity for them at the level of tariffs set for trolleybus transport, i.e. 1.58 tyiyn/kWh (excluding taxes).

– It is also envisioned to put into a separate category of consumers "cryptocurrency mining entities" and to set the surcharge rate for them 1.3 (the tariff rate of 2.24 Som/kWh x 1.3 = 2.91 Som/kWh).

– Industrial, agricultural, budgetary and other non-residential consumers will be charged the tariff of 2.24 Som per 1 kWh (without taxes) for their electricity consumption.

– Tariff rates for heat for the population remain at the level of 1134.76 Som/Gcal, and for industrial and other consumers – at the level of 1695.1 Som/Gcal (excluding taxes).

– In addition, a new version of the "Instruction on Application of Tariffs for Electricity and Heat" in accordance with the MTTP has been developed and approved by Order of the State Agency as of June 21, 2020, No. 2.

Internal Projects

At the expense of donor funds, 4 employees of the State Agency were trained since April 2020:

- on the topic "Practice of Application of the Code of the Kyrgyz Republic on Violations and the Automated Data System (ADS) Unified Register of Violations", from September 9, 2020 to September 10, 2020 (UNDP Project) – 1person;
- an online course on protection of personal data (25 hours), from August 24, 2020, to September 7, 2020, (Public Foundation "Civil Initiative on Internet Policy" together with the OSCE Program Office in the city of Bishkek) – 3 persons. ■

PUC Latvia

Recent Developments

– In June, the Baltic NRAs (Estonia, Latvia, Lithuania) signed a memorandum of cooperation on the development of the regional electricity market.

– In August, the three Baltic NRAs had come together in Riga to discuss several key issues, such as the electricity trading with 3rd countries and shared views about the future developments of Finnish – Baltic Gas Market.



Baltic Energy Regulators' meeting in Riga on 27 August 2020

– The process of implementing a new dynamic regulatory framework for the operation of the Inčukalns underground gas storage (UGS) was successfully completed in October 2020 after repeated consultations with market participants. Thanks to the improved regulatory framework, the dependence of the Inčukalns UGS of risks related to changes in the demand for natural gas storage services have been mitigated and the storage price has been reduced.

– Within the process of the Synchronization of the Baltic States electricity grid with the Continental Europe, the NRAs of Baltic States and Poland issued decisions on cross border cost allocation for the Phase II of Synchronization. Accordingly, the Estonian, Latvian, Lithuanian and Polish TSOs applied for EU funding for the project at the amount of 75% of the total amount.

– The market test of frequency containment reserve (FCR) and frequency restoration reserve (FRR)

has started in accordance with the Baltic Load-Frequency Control block concept, supervised by NRAs.

– The **Public Utilities Commission (PUC)** was actively involved into the CEER work developing CEER Working programme 2021.

Internal Projects

– From April 2020, PUC took part into the project “Sustainability Index”. This is a strategic management tool based on an internationally recognised methodology to help companies and institutions to identify the sustainability of their activities and the level of corporate responsibility. PUC participated for the first time into this project and received a Bronze Award.

– In September PUC organised the first meeting of the PUC's Advisory Board. Its role will be to make recommendations on PUC's strategy and on the improvement of sectoral framework.

– Since September 2020 PUC can be found on LinkedIn, where PUC publishes market trends of gas sector and quarterly reports on electricity and gas sector in an interactive way. An information for market participants concerning public consultations and amendments to regulations is also available.

– Every year PUC organizes and provides trainings for employees. A new experience was organising sports challenges to involve employees in running, walking or cycling and competing with each other to be better adapted to new circumstances imposed by Covid19.

Recent Developments

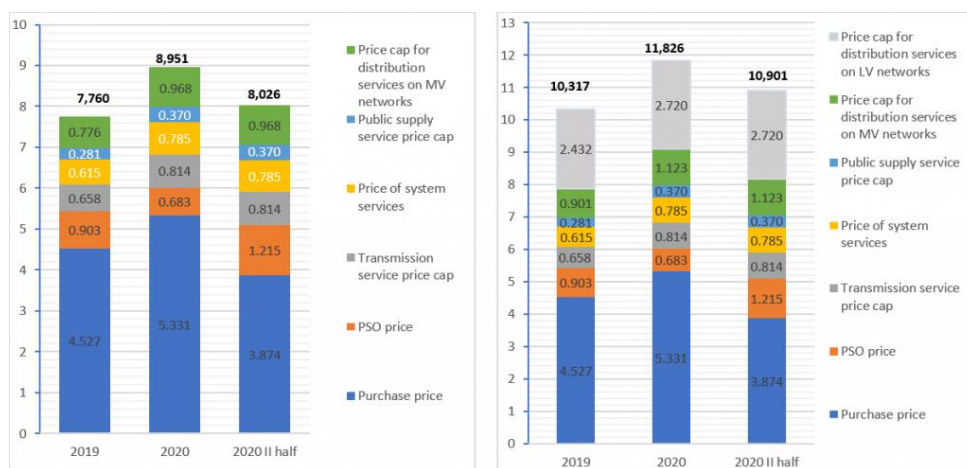
From the 1st July 2020, the Latvian TSO “Augstsprieguma tīkls” is a fully independent transmission system operator, instead of a previous model, when the assets belonged to its mother company “Latvenergo”. ■

NERC Lithuania

Recent Developments

The joint agreement on cross-border cost allocation decision for Baltic Synchronization Project Phase II was signed by Lithuanian, Latvian, Estonian and Polish energy regulators in April, 2020. This project will reduce the region's over-dependence and over-reliance on a single source of energy imports by connecting it in full harmony to the rest of the EU. The entire synchronization project is being implemented in III stages and consists of investments in the electricity transmission systems of the Baltic States, upgrades and strengthening of the control systems required for synchronization. the **National Energy Regulatory Council (NERC)** has coordinated Lithuania's share equal to 474,01 million Eur, investments in Poland are estimated to 535,76 million EUR, in Estonia – 110,60 million Eur and in Latvia – 99,50 million Eur. In May 2020 TSO's of participating countries submitted a total of 1.2 billion EUR application to the EC for funding to the project under the Connecting Europe Facility (CEF). In October the EC has allocated 720 million EUR from CEF, of which 300 million EUR would go to Lithuania. The remaining part of the support is expected to be received next year, at the next stage of funding allocation.

Lower tariffs for electricity applicable from 1st July, 2020. NERC, in response to changes in the wholesale energy market, the projected lower electricity market price and the rising public service obligations' (PSO) price, set lower public electricity price caps for household customers for II half of 2020: for those purchasing electricity from medium voltage networks – 8,026 c/kWh (excluding VAT), or **10,3 percent less** and for those purchasing electricity from low voltage networks – **10,901 c/kWh** (excluding VAT), or **7,8 percent less** than in the first half of 2020. The public price cap applies only



Dynamics of public electricity price caps for household consumers purchasing electricity from MV and LV networks in 2019–2020, c/kWh excluding VAT.

to household customers who are natural person purchasing electricity for personal, family or household needs not related to business or profession (e. g. detached houses, buildings on the premises of these houses, apartments or apartments of dormitory type, holiday homes, garden plots, garages for private cars and etc.).

From 1st July, 2020 tariffs of natural gas decreased for household consumers. For the 2nd half of 2020, NERC recalculated and set a lower variable part of the natural gas tariff for household consumers – on average they will pay 15-23 % less per cubic meter. The fixed part of the tariff (paid monthly, irrespective of gas consumption) does not change. The variable part of the natural gas tariff was decreased for the following main reasons, i.e., forecasted 33,08 percent lower natural gas import (product) prices: in the 2nd half of 2020, the price included in the tariffs is 11,49 Eur/MWh (in the 1st half of 2020 – 17,17 Eur/MWh); an amount of EUR 0,72 million, which was formed due to the higher natural gas import (product) price included in the 1st half of 2019 for household consumers than the company actually paid for the imported natural gas, is returned to consumers.

– In May 2020, the **NERC approved the prices of natural gas transmission services set by the Board of Amber Grid**, which will take effect from 1 January 2021. The average price of gas transmission services for the needs of Lithuanian consumers in 2021 will be 1.40 Eur / MWh. **NERC has set a ceiling of EUR 42,377.44 thousand of transmission revenue for Amber Grid** for 2021 (the company's revenue level in 2020 is EUR 36,073.93 thousand). The change in the revenue level of AB Amber Grid was mainly due to the fact that in 2020 the company applied a lower natural gas transmission price due to the higher return on investment (EUR 9,359.33 thousand) returned for consumers for the period of 2014–2018.

– On 1st October, 2020, **NERC approved the Network Development Plan of the Natural Gas Transmission System Operator for 2020-2029, prepared by Amber Grid**. The plan envisages investments in the development of the gas transmission system, which aim to achieve the strategic goals of the EU and Lithuania in the gas sector – to ensure security and reliability of gas supply, promote competitiveness, integrate the Baltic gas markets into the common

European gas market and develop the common Baltic regional gas market. It also sets out the main directions for the development of the transmission system, including a focus on innovation, network digitalisation and the development of green energy.

Internal Projects

In May **NERC published its Annual Report for 2019** (you may find Report [here](#) (in Lithuanian only)). 2019 – the beginning of a new phase: in the middle of 2019, the NERC, having gained considerable strength and attained new competences after the merger of the National Commission for Energy Control and Prices and the State Energy Inspectorate under the Ministry of Energy, started its activities. Combining economic regulation and maintenance supervision competencies has become a new start in ensuring more efficient and high-quality service provision to consumers and market participants. **Pricing decisions adopted by NERC in the electricity, natural gas, heat, and water sectors have enabled consumers to save EUR 55 million, in 2019.** NERC applies regulation to 1849 undertakings, the income from regulated activities of which in 2019 amounted to more than 2.1 billion euros, almost 461 million euros of investments were actually made in all regulated sectors.

Significant Energy News

– In May 2020, amendments to the **Law on Electricity** were adopted regarding the liberalisation of the electricity sector. The transition from regulated to competitive electricity supply would be implemented in stages, starting 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 MV electricity networks and to the relevant communities and community organizations and associations (8,4% of all consumers (about 140 thousand).

Group of household customers	Part of the tariff	2020 1 st half	2020 2 nd half	Variation, %
For users of 1 st subset Q≤300 m ³	fixed part of the tariff, EUR/mo.	0,56	0,56	-
	variable part of the tariff, EUR/m ³	0,55	0,47	-14,55
For users of 2 nd subset 300<Q≤20 thous. m ³	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m ³	0,36	0,28	-22,22
For users of 3 rd subset Q>20 thous. m ³	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m ³	0,35	0,27	-22,86

UAB „Ignitis“ natural gas tariffs for household customers (VAT included) in 2020 1st half and in 2019 2nd half.

Preparatory work is already ongoing – offers are made to consumers and contracts are being concluded.

– Amendments of the Law on Energy (LE) applicable from June, 2020, paved the way for changes **introducing the new concept of innovations in energy and the role of regulator in supporting and incentivizing innovations**. NERC will be responsible for the preparation of the procedures for the operation in the Energy Innovation Pilot Environment, as well for the prescription of the criteria for definition of energy innovation and for the measures incentivizing innovations. LE established that pilot environment would be intended to facilitate the implementation of energy innovation in the Lithuanian energy sector. Person wishing to test energy innovation shall be eligible to operate in pilot environment in accordance with the following criteria: the pursuit of energy innovation would, if implemented, provide more useful and / or user-friendly services to consumers; the testing of energy innovation in a real environment is a must in order to implement it; the aim is to apply energy innovation in the Republic of Lithuania. ■



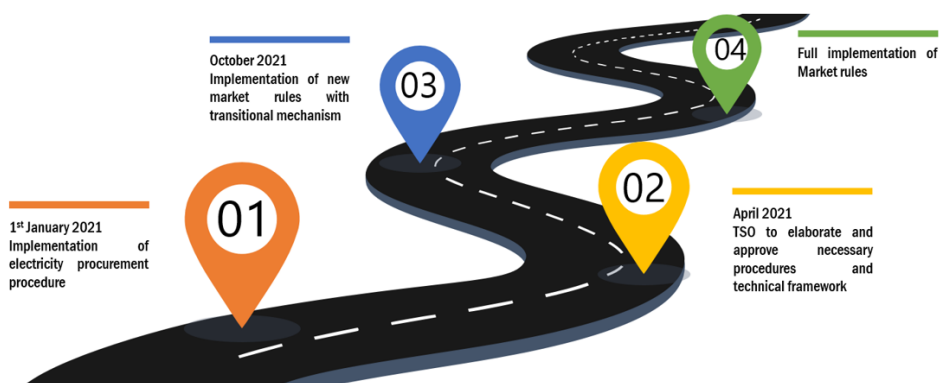
ANRE Moldova

Recent Developments

– On August 7 2020, the Administration Council of the **National Energy Regulatory Agency (ANRE)** has approved the Wholesale Electricity Market Rules. By approving this set of rules ANRE fulfil the commitments of the Third Energy Package related to the electricity market undertaken by the Republic of Moldova under the Association Agreement with the EU and Moldova-EU Action Plan for 2020. The Wholesale Electricity Market Rules create the necessary grounds for the development of a competitive electricity market in the Republic of



Implementation of the Moldovan Wholesale Electricity Market



Moldova. The rules will contribute to the development of domestic sources of electricity production and the electricity networks for cross-border exchanges as well as foster regional and European electricity market integration. The rules stimulate the electricity trading in organized markets by trading at lower costs, attracting additional market participants, increasing competition and forcing electricity suppliers to use different types of bidding strategies. Thus, by developing the secondary regulatory framework related to the Law on Electricity, suppliers will be stimulated to identify new sources of electricity at competitive market prices. The diversification of electricity sources would lead to a higher competition, which would benefit the final consumers and the national economy. Implementation process will be realised in several steps, starting with the launch of the new Electricity procurement procedure from 1st of January 2021, approval of technical requirements by the TSO and actual implementation of the organized markets starting from 02nd of October 2021.

– Renewables – at the end of the March 2020 ANRE started the procedure of confirming the status of eligible producer of electricity. The status offers to its holder the possibility to sell electricity at Feed in Tariff for a period 15 years, benefiting of priority dispatching of produced

electricity. Until September 2020 ANRE approved the status of eligible producer for 26 production units with overall installed capacity of about 31.5 MW, mainly from solar and wind sources.

– Agency continues the process of creation and consolidation of the secondary legislation framework. In the natural gas sector, ANRE approved the new version of **Supplier switching Rules** and Amendments to the **Regulation on Connection to the network and provision of transmission and distribution services** that aims to facilitate the access to the network and supplier switching by the customers.

Internal Projects

Energy Community Secretariat Dispute Resolution and Negotiation Centre successfully facilitated a dispute related to determination of the volume of technological consumption and technical losses in the gas distribution networks for the period 2011-2019. ANRE approved the final amount of technological consumption and technical losses for the purpose of distribution tariff calculation based on the calculations and information provided by the DSOs, according to the Methodology in force.

Significant Energy News

The European Bank for Reconstruction and Development

(EBRD) bought a 25% stake in the Moldovan company Vestmoldtransgaz, a subsidiary of Transgaz (Romania), which operates the new Ungheni-Chisinau gas pipeline. The pipeline commissioned at the end of August, connected two gas transmission systems of Moldova and Romania, become an alternative source of natural gas for Moldova, 90% of which the republic receives from Gazprom. ■



ERC North Macedonia

Recent Developments

– Since end of March 2020 the country, as it was in the rest of the world, entered the new and very challenging reality caused by the COVID-19 pandemic. For over two months the government imposed very strict lockdown measures, which reflected changes in various aspects of the life and economy. The new situation raised the importance for reducing personal contact, new working protocols, emphasize on remote work and utilizing various IT tools for those purposes. In such circumstances, the **Energy and Water Services Regulatory Commission (ERC)** introduced recommendations for electricity suppliers aimed to protect consumers which lost jobs or faced other severe effects caused by the lockdown. The recommendations mainly addressed the need for maintaining electricity supply, avoiding disconnections due to unpaid bills, and postponing due dates of the bills.

– However, the effects of the COVID-19 pandemic caused radical decline of the overall economic activity in the whole region – including electricity transit and exports, and in order to maintain the stability of the power sector, at the end of July ERC adopted new electricity prices and tariffs, which for the household consumers

supplied by the Universal Supplier were increased in average by 7.4%. On the other hand, by the end of August new prices and tariffs for district heating consumers were adopted on the same level as in the previous period.

In the segment of renewables, it is worth pointing out that the trend that become more noticeable in 2019 when 28 PV power plants were licensed and commenced its operations by selling electricity on the liberalized market, in 2020 until now ERC has issued 31 licenses for PV power plants.

On 9th of September 2020, the Government designated the electricity market operator as an organised electricity market operator that will be also nominated market operator responsible for market coupling. This is the first designated NEMO in the Energy Community Countries. After the designation, the activities on the market coupling with Bulgaria is expected to accelerate.

– The Energy and Water Services Regulatory Commission in 2020 continued with the implementation of activities that are in accordance with the legal provisions of the Law on Setting Prices of Water Services. Namely, for that purpose, the Energy and Water Services Regulatory Commission continued to monitor the application of prices for water services. At the same time, in accordance with its legal competencies, the compliance of the application of the tariffs for water services with the implementation of the business plan of the water service providers is monitored.

– 2020 is the last year of the first regulated period 2018-2020 for water service providers in areas larger than 10,000 equivalent inhabitants. In accordance with the legal provisions, the water service providers submitted requests for setting tariffs for water services. Based on this, the procedure for setting tariffs for the second regulated period 2021-2023 and

consequently the submission of requests on this basis began in April 2020 and were completed in accordance with the given deadlines.

– The Energy and Water Services Regulatory Commission during 2020, after the submitted reports on the implementation of the established tariffs for water services and the implementation of the Adjustment Plan and business plan by all water service providers, compared the same parameters with the previously approved in the Decisions on water service tariffs.

Internal Projects

ERC members and employees continued with active engagement in various events organized online by the international organizations and partners. This includes series of webinars on the effects of COVID-19 on energy sector on a short and long term, cybersecurity issues, then regular activities within ECRB and its working groups, as well active involvement in the newly established working bodies of ERRA which started with operation during the summer.

Significant Energy News

In September 2020, North Macedonia Prime Minister Zoran Zaev expressed the country's interest to participate in the construction of an LNG terminal in the northern Greek port city of Alexandroupoli. This was done during a meeting with the CEO of the Kopelouzos Group, the founding shareholder of the Gastrade consortium that has undertaken construction of a floating station for the gasification and temporary storage of liquefied natural gas by 2023. The LNG terminal will have a capacity of 170,000 cubic meters and the ability to supply over 5.5 billion cubic meters of natural gas. ■

ERO Poland

Recent Developments

The President of the Energy Regulatory Office (ERO) approved changes to the Capacity Market Rules. In September, the President of ERO issued a decision approving changes to the Capacity Market Rules. The decision was issued at the request of Polish TSO, PSE S.A., and the amendments resulted from the need to adapt regulations to the requirements of the EU legislation (Electricity Regulation 2019/943). In particular, they concerned the compliance with the emission limit for units participating in the capacity auctions, starting from 1 July 2025. This limit is 550 g of CO₂ of fossil fuels origin per kWh of net electricity produced. The process of approving the changes to the Rules was preceded by consultations with market participants, conducted by PSE S.A.

Internal Projects

How to design flexibility services? On 3 September 2020, a webinar on flexibility services was organized by the Energy Regulatory Office. The aim of the webinar was to share the experience on how to design flexibility services. The energy sector is changing in a revolutionary way. The important role will be played by flexibility services, which, if properly designed, will enable development of community energy and active participation of consumers and new market players (like flexumers, aggregators) in the electricity market. The United Kingdom is one of the markets where joint actions of the government, the regulator (OFGEM), TSO and DSOs and other market participants allowed for preparation of appropriate regulation for and the development of flexibility services. Recognizing the need for a broad discussion on the subject, the President of ERO invited representatives of the British regulator and entities operating on the British market to share their

experiences in the implementation and operation of flexibility services in the UK. The webinar was attended by over 120 participants – representatives of DSOs, TSO and energy associations, i.e. entities that can potentially offer such services.

A guide for prosumers in household.

The ERO together with the 5 biggest DSOs (Enea Operator, Energa-Operator, innogy Stoen Operator, PGE Dystrybucja and Tauron Dystrybucja) affiliated to the Polish Electricity Transmission and Distribution Society (PTPiREE), developed the “Household prosumer guide”. The publication is addressed to households interested in purchasing and installing photovoltaics, i.e. prosumers. It is also an answer to the needs and inquiries of such consumers. The guide describes in an accessible way what are renewable energy sources, how to optimally match their power to your needs, what to pay attention to before making a decision about choosing a PV installation, where is it best to install PV panels, what affects the operation of the installation, and how to use it optimally. The study also contains information on the process of connecting the PV installation to the power grid. The guide is available free of charge on the [websites of ERO](#) and [PTPiREE](#). ■



ANRE Romania

Recent Developments

The **Romanian Energy Regulatory Authority (ANRE)** has adopted a significant number of changes to the regulatory framework to provide market participants with an electricity market framework modern and competitive, including new categories (active customers, aggregators, energy storage operators, etc.).

– In this respect, we mention establishing the general principles applicable to electricity markets, in full

accordance with the provisions of EU regulations and transaction's flexibility on the market of bilateral contracts with extended tender. The last one supports renewable energy producers and the possibility of adjusting the award price according to an electricity exchange index. Other measures included:

- the definition of long-term contracts that can be concluded on over-the-counter markets, that stimulate investment in new production capacity, given that the Law 123/2012 with subsequent amendments and completions allows investors to contract energy to be produced without holding a license on the date of contracting through PPA type contracts,
- the creation of a platform managed by OPCOM that allows the conclusion of PPA type contracts, an organized framework that ensures fairness, competitive and non-discriminatory framework in the negotiation and conclusion of these contracts.

– There was also introduced the possibility of aggregate participation of energy producers in all markets and the right to conclude bilateral contracts negotiated directly between the members of the aggregation. Also was introduced the possibility of participation of final customers, including through aggregators, on futures markets, the day ahead market, the internal and balancing market, but also the right granted to suppliers to conclude bilateral contracts negotiated directly with the aggregators of active customers.

In the next period, ANRE is working on finalizing the entire package of regulations necessary for the implementation of the relevant national legislation and the “Clean Energy” legislative package. In this respect, we mention the transition to the 15-minute settlement interval

starting with 2021, the implementation of the single price concept on the balancing market and last but not least, the complete implementation of the necessary rules for the use of the European balancing market platforms.

– Compared to January 1 – June 30, 2020, the regulated tariffs applied by the suppliers of last resort (which provide 99.9% of the electricity consumption of the approximately 6 million household customers for whom regulated tariffs apply) decreased on average by 1.89%.

– Starting with January 1, 2021, the electricity market will be completely liberalized, the supply of electricity will be made in a competitive regime, including for the category of household customers who benefit from regulated tariffs between July 1 and December 31, 2020. Each household customer will have to choose a supplier according to their specific needs and the competitive offers made available by them.

– In order to support household customers in the next period, ANRE will develop the regulatory framework necessary for the complete liberalization of the electricity market which will also establish the obligations of suppliers of last resort and methods to inform customers regarding the liberalization of the electricity market (through invoices issued, website, by posting at information points, etc.).

– In order to inform consumers about the liberalization of the natural gas market from July 1, 2020, ANRE has developed a leaflet published on [ANRE's website](#).

– In order to give the final customer the opportunity to compare several offers and to have access to as much information as possible in order to adopt an informed decision at the time of concluding a contract related to the supply of electricity and natural gas in a competitive regime, ANRE made

available two-comparison tools on its website. These independent and non-commercial tools, the purpose of which is to allow the comparison of supply prices and the conditions offered by suppliers, before choosing a specific supplier or a specific standard offer, are accessed using the following links <https://www.anre.ro/ro/info-consumatori/comparator-de-tarife> and <https://www.anre.ro/ro/info-consumatori/comparator-oferte-tip-de-furnizare-a-gn> or by downloading the ANRE application on mobile devices.

Internal Projects

– ANRE announced in July 2020 the launch of the project “Development of the institutional capacity of ANRE to simplify the process of changing the electricity and natural gas supplier”. The European Social Fund, through the Operational Program Administrative Capacity 2014-2020, co-finances the project. The general objective of the project is to adopt measures to simplify administrative procedures for all consumers involved in the process of changing the electricity and natural gas supplier by implementing an intuitive and innovative IT solution that contributes to the development of a dynamic and competitive energy market. By implementing the project, it will be possible to meet the new European requirements, which stipulate that by 2026, the technical process of changing the supplier is done in 24 hours, as well as achieving the interoperability of data on changing the supplier in terms of format. In the first phase, the duration of the supplier change process will be reduced by 6 days and then, progressively, in correlation with the targets set by European legislation. In addition, because of the optimization of operational processes, the final consumer will have access, in real time, to the details of the status of the supplier change process following the request made by him. The implementation period of the project

is 24 months, respectively July 2, 2020 – June 30, 2022.

– ANRE has met all the requirements set by the Agency for the Cooperation of Energy Regulators (ACER) regarding the implementation of data security systems on the integrity and transparency of the wholesale energy market, under the Regulation (EU) no. 1227/2011 (REMIT). The Audit Committee composed of representatives of ACER and representatives of other regulators validated the compliance of ANRE's security policies with the requirements of the European Agency for Security and Data Integrity REMIT.

Significant Energy News

The German energy and utilities giant E.ON launched the legal procedures for the legal reunification of the two natural gas suppliers it owns in Romania, by absorbing E.ON Gaz Furnizare, specialized in supply for regulated households, by E. ON Energie, gas supplier for gas consumers in the free market. Basically, it will refer to the situation before the fall of 2017, when E.ON Gaz Furnizare split from E.ON Energie, which took over the gas supply activity to regulated households, precisely due to the fact that the two markets, gas and energy for the population, were at different stages of liberalization at that time. With a view to eliminating regulated supply prices, all household customers will be able to exercise their right of eligibility by choosing a natural gas supplier with which to conclude, by 30 June 2020, a contract for the supply of natural gas on a competitive basis. As a result, in these market conditions, the existence of a separate entity for the supply of natural gas to regulated consumers is no longer justified. ■



AERS Serbia

Recent Developments

– On the session held on April 16, 2020, the Council of the **Energy Agency of the Republic of Serbia (AERS)** has adopted a decision on the approval to the Transmission Network Code of the Joint Stock Company “Elektromreža Srbije” which regulates the relations between the transmission system operator and system users.

– On the session held on 15/05/2020, the Council of the Energy Agency of the Republic of Serbia has adopted a decision on the approval of Natural Gas Transmission Network Code of Gastrans d.o.o. Novi Sad which regulates the relations between the operator and users of the transmission system which will cross the territory of the Republic of Serbia and be connected with the Bulgarian and Hungarian national gas pipeline system. Upon the completion of the public hearing, certain Code provisions were amended in order to have them harmonized with the Law, Final Exemption Act, EU Network Code provisions which were assumed to be complied with by Serbia as an Energy Community Contracting Party.

– On the session held on 29/05/2020, the Council of the Energy Agency of the Republic of Serbia has adopted a decision on approval of Plan for Transfer of Metering Devices, Metering Switchboards, i.e. Connection Lines, Installation and Equipment in Metering Switchboards and Other Devices in Customers', i.e. Producers' Facilities connected to Distribution System for 2020 which was adopted by the Distribution System Operator “EPS Distribucija” d.o.o. The Energy Law prescribes that all the given devices should be owned by the Distribution System Operator by the end of 2020 at the latest.

– On the session held on August 20, 2020, the Council of the Energy

Agency of the Republic of Serbia has adopted a decision on the approval of the YUGOROSGAZ-TRANSPORT LLC Transmission System Development Plan for 2020-2029. This plan envisages the construction of a gas pipeline which will enable more intensive gasification of southern Serbia, especially in Vranje, Vladičin Han and Surdulica. It is envisaged to connect the transmission system with the gas pipeline Niš – Dimitrovgrad which is expected to be constructed and thereby, the security of supply on the whole territory of Serbia will be increased. ■



EMRA Turkey

Recent Developments

The Energy Market Regulatory Authority (EMRA) has released the legislation for the renewable energy resource guarantee system (YEK-G System) which is the first national renewable energy certificate system in Turkey's energy history. Watching closely the new developments throughout the world EMRA has started to work on a new legislation on January 2020. After examining the good examples, energy sector meetings, national needs and profits, EMRA decided to build a national renewable energy certificate system (aka YEK-G system) which EMRA considers a first step for entering the EU's Guarantees of Origin system. The system will enable the trade of YEK-G certificates issued for each megawatt-hour green energy generation from renewable energy power plants. YEK-G certificates will be tradeable within licenced market players by bilateral agreements and organized wholesale YEK-G market. System framework and certificate properties are designed similar to the GO system. The system will be operated by EPIAŞ (market operator of Turkey) and is planned to be operative since June 2021. The system will also complement the ongoing green tariff (YETA) in the

matter of proofing the green electricity generation.

The last date for the renewable energy power plants to be in operation to benefit from the feed-in tariff scheme (YEKDEM) was prolonged until 30 June 2021. The YEKDEM mechanism, namely the feed-in tariff (FIT) scheme, applied in Turkey was valid for the renewable energy power plants to be commissioned until 31 December 2020. By the Presidential Decision (no: 2949) issued on September 2020, the date was prolonged to 30 June 2021. In other words, the renewable energy power plants that will be in operation from 1 January 2021 until 30 June 2021 can benefit from YEKDEM until 31/12/2030 while it is for 10 years for those to be commissioned until 31 December 2020. Moreover, the extra tariffs for the local equipment use in the renewable power plants will also be valid for 5 years starting from the first commissioning.

The Metering and Billing Processes. During Covid-19 pandemic, one of the most challenging implications was about metering and billing processes of companies. According to EMRA Board Decision “During the pandemic; in quarantined regions or regions where social distancing cannot be maintained, suppliers and DSO's in electricity market and DSO's in Natural Gas Market, had the right to bill by using estimated consumption according to consumers' consumption data of same month in the last 2 years.”

In terms of tariffs. Studies for the 4th regulatory period of electricity distribution and incumbent retail companies covering the years 2021-2025 have been initiated. All physical and financial data of the regulated companies in the previous application period were obtained. The 4th regulatory period will be the most comprehensive regulatory period in terms of efficiency, econometric analysis and legislative infrastructure compared to first three. Top-down and

bottom-up approaches will be run in the analysis. Unit prices have been calculated to compare meter reading, cutting and similar distribution activities.

Internal Projects

– Some trainings and workshops have been organized during the implementation process of the project namely “TR2015/EN/07/A3-01/001-Technical Assistance for Improvement of Performance-Based Tariff Regulation of EMRA for Turkish Energy Markets through Introducing an Enhanced Monitoring System”:

- Under Task 3, online trainings were held on 02/09/2020 for 20 EMRA staff in Ankara about best practices regarding tariffs that incentivize innovation, recommendations to incentivize innovation including legislative changes and data requirements to incorporate this incentive into the current tariff structure.
 - Under Task 4, online workshops were held on 14-15/09/2020 for discussing the recommendations and proposals delivered under Smart Grid and Methodological Tariff Approaches Report.
 - Under Task 5, online workshops were held on 09/09/2020 with the participation of EMRA, consumer organizations, distribution companies, retail companies and other related stakeholders such as Ministry of Family and Social Policies in order to gather information on current implementation regarding vulnerable consumers and to analyze and evaluate current vulnerable consumer groups and social tariffs implementations of Turkish tariff system.
- Besides, the draft legislation on Natural Gas Futures Market was opened to public consultancy for 45 days in April. In order to put into the final form and provide consensus on the draft legislation, five different

workshops have been held under the management of EMRA, with the participation of public and private sector representatives. As a result of these workshops, the Draft legislation on Natural Gas Futures Market will be finalized and it is planned to be accepted by EMRA Board by the end of 2020. In 2021, the software studies regarding the Natural Gas Futures Market will be completed and futures products will be put into use in the organized market.

Significant Energy News

- The first big-scale Solar PV project (Karapınar YEKA-1 GES) which is 1000 MWp in total has been granted the generation license on September 2020 and 10,29 MWp of this project has been commissioned so far. It is the first project in Turkey developed as a Renewable Energy Zone (RE-Zone) Model which was tendered in 2017 over 6,99 US Dollar cents/kWh. The winner of the tender was awarded a 15-year Power Purchase Agreement.
- The secondary legislation for specifying the lands of the power plants of all type (thermal, hydroelectric, geothermal, wind, solar, biomass and nuclear plants) was prepared and published by EMRA on June 2020. Moreover, the legislation for hybrid power plants which allows to develop projects using more than one energy source within the same region was entered into force starting from July 2020. By these new regulations, the lands of the projects must be chosen such that they are compatible with the rules defined at the regulation. By the regulation for hybrid power plants, license holders can either make new investments in addition to their commissioned power plants or develop a hybrid power plant project and apply to receive a license for that project. With the development of the hybrid power plants, the generation losses caused by the intermittent feature of the renewable sources such as wind and solar will be compensated and also the total

efficiency of the power plants and electricity generated in the power plants will be increased. It is obvious that the investors are mostly willing to integrate solar PV projects near their existing hydroelectric, thermal, geothermal or wind energy power plants.

– “Fatih” drilling ship of the Republic of Turkey discovered 405 billion m3 of natural gas in the Black Sea, “Sakarya” Gas Field. Energy Market Regulatory Authority (EMRA) will also play an important role in providing domestic natural gas to consumers in the most economical way by carrying out the necessary licensing and regulation studies. This discovery is rather important for Turkey because Turkey's ultimate aim is to be a regional natural gas hub and Turkey may find the opportunity to use its own gas in this hub. Natural gas that is found in this new discovery, is planned to be delivered to the national transmission system beginning from 2023.

– In line with the provisions of the “The Procedures and Principles on Determination of Spot Pipeline Import Methods and Quantities”, auctions from Malkoçlar Entry Point for spot pipeline gas import are carried out on the basis of annual, quarterly and monthly capacity products through the electronic platform established by EMRA. The first spot pipeline gas were imported from Malkoçlar Entry Point on a monthly basis through the monthly capacity product in September 2020.

– Turkish Organized Natural Gas Market, which is become operational in September 2018, had only daily spot products. Besides, as of 01 June 2020, three different new products in the Organized Wholesale Natural Gas Market have been introduced to the market participants, which are weekly products, weekdays products and weekend products. It is expected that this new products will contribute to increase liquidity in the market and

give an alternative opportunity to market participants to manage their portfolios more flexibly.

– Turkey has traditionally regulated end-user tariffs; but, as part of its market reform policy, it was determined to gradually move towards a fully cost-reflective tariff system by the end of 2020. According to Electricity Market Law; “Uniform Price Mechanism (EML) Provisional article 1 – (1) In order to partially or wholly protect consumers, buying electricity on regulated tariffs, from cost differences among the distribution regions, a temporary price equalization mechanism which is regulated with a notification by the EMRA will be applied till the end of 2020 (2) Until 31/12/2020, the requirements of the national tariff application shall be taken as the basis and cross subsidization shall be applicable in the national tariff. National tariff shall be prepared by the Authority and take effect upon approval thereof by the Board.” The period mentioned in the law has been extended until the end of 2025, especially since technical and non-technical losses did not decrease to the desired level. ■



RSB Dubai, UAE

Significant Energy News

– In June the **Regulatory and Supervisory Bureau for Electricity and Water of Dubai (RSB)** granted an electricity generation licence to Veolia for a 6MW biogas power plant. Veolia is developing this plant for Dubai Municipality under a 25-year BOOT contract. The project will convert the currently flared biogas from a nearby sewage treatment plant to serve onsite electricity needs.

– Another electricity generation licence was granted in August for a 900MW solar photovoltaic plant. This plant is Dubai's 5th Independent Power Producer (IPP) and the 5th

stage of the Mohammed Bin Rashid Al Maktoum Solar Park, which is planned to house 5GW of solar power capacity.

– In April 2020 a 25-year power purchase agreement was signed between Dubai Electricity and Water Authority (DEWA) and a consortium of ACWA Power and Gulf Investment Corporation who had won the project with their 1.7 USD cents/kWh bid, a world record at the time.

– With this latest licence the RSB crossed the 5GW milestone of licensed generation capacity. Independent power producers will represent almost a third of the power capacity available to DEWA by the time they are all commissioned in 2023, a total of 5,255MW of which more than half will be renewable generation.

– Following the success of the IPP model DEWA adopted the same procurement approach for water production (IWP) for its Hassyan desalination plant. After retendering the project, DEWA achieved a new world record in 2020 with a levelised tariff of 27.7 USD cents per cubic metre for its 120MIGD Sea Water Reverse Osmosis Plant. The project will be duly licensed by the RSB and commissioned in 2024. ■



NARUC USA

Recent Developments

New NARUC Publications Highlight the Role of DERs and Grid Resilience (April 20, 2020) – Two new publications from the **National Association of Regulatory Utility Commissioners (NARUC)** provide essential [resources](#) for utility regulators and others to better understand resilience and how distributed energy resources can facilitate recovery from disruptions and threats.

NARUC Publishes New Smart Grid Interoperability Report (April 21,

2020) – A new [report](#) from the National Association of Regulatory Utility Commissioners outlines roles, responsibilities and actions state regulators may consider in their review of utility proposals for investments in smart grid technologies.

National Council on Electricity Policy Releases Transmission & Distribution Coordination Resource Catalogue for State Electricity Policy Officials (May 21, 2020) – The National Council on Electricity Policy, an affiliate of the National Association of Regulatory Utility Commissioners Center for Partnerships and Innovation, has created a [database](#) of resources and examples that help state electricity policy officials better understand and learn from other states' and experts' experiences managing evolving transmission and distribution system interactions.

NARUC and FCC Partner to Increase Awareness of Federal Lifeline Broadband and Phone Program (June 2, 2020) – In response to the COVID-19 pandemic's financial effect on consumers, the National Association of Regulatory Utility Commissioners and the Federal Communications Commission have [joined efforts](#) to increase awareness of eligibility and access to the federal Lifeline Program, which helps eligible low-income consumers access affordable broadband and phone services.

NASEO and NARUC Announce Initiative on Cybersecurity in Solar Projects: Cybersecurity Advisory Team for State Solar (CATSS) (June 18, 2020) – The National Association of State Energy Officials and the National Association of Regulatory Utility Commissioners have launched a new [partnership](#) to mitigate cybersecurity risks and consequences in solar energy developments.

PURPA regulations (July 2020) – At its July 2020 Commission meeting, the U.S. Federal Energy Regulatory Commission (FERC) issued a final rule

to modernize its Public Utility Regulatory Policies Act of 1978 (PURPA) regulations. NARUC filed comments based on a 2016 [resolution](#) and 2018 [whitepaper](#) proposed to modernize its regulations governing small power producers and cogenerators under PURPA to better address consumer concerns and market changes in the energy landscape in recent decades.

NARUC Announces Natural Gas Partnership with U.S. Department of Energy (July 17, 2020) – Building on the success of the NARUC-DOE Natural Gas Infrastructure Modernization Partnership, the [new partnership](#) will continue to facilitate the exchange of information on emerging technologies and investments in natural gas for electricity generation and thermal load.

New NARUC-NASEO Mini Guide on State Commission and State Energy Office Engagement Released by NCEP (October 5, 2020) – The National Council on Electricity Policy today announced the release of a new [mini guide](#), *Engagement between Public Utility Commissions and State Energy Offices*, the fourth in its series promoting dialogue among state-level electricity decision makers by highlighting examples of successful engagement.

International Projects

NARUC Stands Committed to Social Change (June 4, 2020) – The National Association of Regulatory Utility Commissioners is [committed](#) to the principles of peaceful racial reconciliation and healing among our communities.

NARUC Creates Emergency Preparedness, Recovery and Resiliency Task Force (June 18, 2020) – In response to the coronavirus pandemic and weather emergencies, the National Association of Regulatory Utility Commissioners President Brandon Presley has established a new [task force](#) focused on emergency preparedness, recovery and resiliency and a special subcommittee to examine the national response to COVID-19.

Significant Energy News

NARUC Scores Victory in Unanimous Net Metering Decision (July 16, 2020) – The Federal Energy Regulatory Commission today [ruled unanimously](#) in favor of the National Association of Regulatory Utility Commissioners protest opposing the New England Ratepayers Association net energy metering petition.

Participation of Energy Storage Resources and Distributed Energy Resource Aggregators in Wholesale Markets (September 2020) – Over the last several years, the U.S. Federal Energy Regulatory Commission (FERC) has been working on new rules for the wholesale markets that would lower the barriers of entry for energy storage resources and distributed energy resource (DER) aggregators to these markets. In the rule regarding energy storage resources, FERC declared that state and local regulators could not broadly prohibit these types of resources on the distribution system and behind the customer meter from participating in wholesale markets. While supporting the overall wider goal of allowing such resources to participate in wholesale markets, NARUC and others challenged this specific assertion as an intrusion into state and local jurisdiction in federal court. In September 2020, FERC issued the new rule regarding DER aggregators participating in the wholesale markets and included a slightly modified version of the challenged language. NARUC will now seek to protect state jurisdiction in the implementation phases of the two rules. ■

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.

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