



## INTERVIEW WITH RACHEDI MENADI, PRESIDENT OF CREG ALGERIA



Mr. Rachedi Menadi  
President, Commission for Electricity  
and Gas Regulation (CREG), Algeria

**What are the most urgent regulatory issues that CREG will be facing in the short-to-mid-term and why? During the first meeting of MENA regulators at the ERRA regional workshop last year you mentioned a number of high-priority areas, such as power losses, distribution and power service obligations: identification and remunerations or remuneration of capacity and single variable rate in electricity and gas transmission tariffs. Is there any other urgent issue that CREG must focus on?**

In view of renewable energy deployment by various producers, apart from the incentive mechanism, the need to specify regulations relating to the injection of surplus production to the grid becomes urgent (technically, administratively and as

mentioned, from the incentivization point of view).

With regards to the remuneration of electricity and gas transmission systems, Algerian regulation provides within the decree № 05-182 related to tariffs regulation and the compensation of the activities of transmission, distribution and supply of electricity and gas, that transmission tariffs must be binomial so as to include two parts; one dedicated to available capacity compensation (Dinar per kW or Nm<sup>3</sup>/h) and the other to the transmitted energy (Dinar per kWh or thermal unit). These tariffs should be constructed according to each level of voltage or pressure and may vary hourly or seasonally.

Currently, transmission grid tariffs in Algeria consist of one single part related to energy with no differentiation on the level of voltage/ pressure.

In order to comply with the regulatory requirements provided by the law 02-01, relative to electricity and gas distribution by pipelines, CREG is looking for landing tariffs' grid restructuring works that shall, in addition to binomial transmission tariffs, consider marginal costs for generation and separate distribution from supply tariffs when specifying the new end users tariffs, taking into consideration also, eventually, the remuneration of the integration of renewables.

**How significant is the problem of power losses in Algeria on transmission and distribution levels? What are the main reasons for technical and non-technical losses respectively? What are the key regulatory challenges towards the issue and how can CREG address these?**

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CREG Algeria

**ERRA MEMBERS' NEWS**  
by 27 member organisations

The management of power losses is becoming a current topic in the energy sector. This component of any electrical network constitutes an important part of the energy flows in transmission and distribution. The reduction of losses on the network represents, in addition to the economic and environmental benefits, an improvement lever for energy efficiency and network reliability.

Regarding the Algerian power system losses – we are rigorously monitoring them at CREG and we have noted a decreasing trend at both transmission and distribution levels. For the transmission network, the loss rate went from 4.4% in 2009 to 3.4% in 2020. The distribution network, instead, has experienced an impressive decrease of loss rate over the past 11 years, going from 21% in 2009 to 11.06% in 2020.

Network losses represent a cost to both consumers and the power system as a whole. In addition to their significant contribution to greenhouse gas emissions, losses lead to the injection of surplus energy into the network to guarantee the adequate supply leading into impacts on the final consumer. For this reason, we are particularly involved in ensuring a balance between security of supply for consumers while reducing transit losses. Power losses are inevitable regardless of the design of a system.

However, the management and reduction of losses on the electrical system topic remains a common issue. The intention is to identify the features of networks and the modes of operation and provide recommendations on loss minimization.

The power losses can be caused by both technical and non-technical reasons:

### TECHNICAL LOSSES

**Technical power losses** are caused by the energy dispatched in a system, along with internal and external factors. The longer are the transmission lines, the higher are the losses. Indeed, the fact that the power source is situated far away from the consumption location is also one of the factors related to energy losses on the electrical system.

The physical infrastructure and its components within an electrical system, such as the energy dissipated in distribution lines in addition to metering systems and transformers due to internal electrical resistance, are factors causing technical losses.

### NON-TECHNICAL LOSSES

The main reasons for **non-technical losses** are the following:

- Tampering with meters to divert normal operation, resulting in the recording of a lower consumption reading;
- Meter tampering and illegal connections;
- Ignoring unpaid bills;
- Defective energy meters or unmetered supply;
- Errors and delays in meter reading and billing.

From a regulatory perspective, it remains necessary to first define and be able to distinguish between losses arising from technical and non-technical causes. The way in which losses are communicated and reported is a key issue that the regulator must

address. It remains essential that the regulatory framework governing the energy sector must consider the targets of the electrical system in terms of reducing losses on the transmission and distribution networks. The regulator, within its prerogatives, ensures that the development of the network is oriented towards improvement of energy efficiency as well as the reliability and security of the network.

The deployment of transmission and distribution means favoring the reduction of losses on the network is one of the tools used to mitigate this issue. The regressive trend of losses observed during the last few years in the Algerian power system was the result of investments in transmission facilities leading to the reduction of technical losses, such as the deployment of 400 kV lines.

The Electricity and Gas Regulatory Commission plays an essential role in the development of the electricity network through the assessment and approval of the development plans submitted by the network operator. Since technical losses depend on the distance between the generation and consumption location, the allocation of generation facilities in such a way as to minimize the transit distance and consequently the power losses is also an aspect that the regulator should address as part of its prerogatives. For this purpose, the Regulatory Commission establishes the indicative plan for power generation needs, in accordance with the law № 02-01 of the 5th of February 2002 concerning electricity and gas distribution by pipelines.

**Climate change has become number one overarching topic in the energy business. With what tools does CREG support the penetration of renewable energy sources in domestic market? What are the renewable energy goals and how exactly does Algeria plan to decarbonize its fossil fuel-oriented economy?**

In 2017, the Algerian State provided for a mechanism to encourage the development of electricity production from renewable energy sources. This incentive mechanism is based on two types of call for tenders, i) those to investors to be launched by the Ministry and ii) the auction to be launched by the CREG and which concerns the capacities included between 10 and 20 GWh/year.

CREG is due to establish regulations and requirements for connecting small capacity installations to the grid as roof top installations and allowing net metering. ■

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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

From the first of January 2020 the DSO and the USS have begun to operate as unbundled companies and the **Albanian Energy Regulatory Authority (ERE)** started the process of evaluation of the tariffs and prices for 2020. Due to the pandemic the Board of ERE froze the process until the state of natural disaster ended. During October, the TSO applied for a new tariff.

After the state of natural disaster and the 3 months period for ending the process of evaluation ended, the Board of ERE closed the procedure and left the same tariffs and prices for DSO and USS even for 2021 until the companies applied in accordance with the respective Methodologies.

In the meantime, during October, after evaluation of the application for transmission tariff from the TSO the Board of ERE left the same tariff even for 2021 until the TSO applied in accordance with the methodology for calculating the electricity transmission tariffs.

In January the Board of ERE has approved the annual price for the purchase of electricity that will be paid to existing priority producer for 2021 in accordance with the respective Methodology of 7.448 Leke/kWh or 6.018 Euro/kWh.

At the end, ERE approves every month the price of the supply of last resource in accordance with the respective Methodology.

### Significant Energy News

– Albania has reached another milestone in its electricity market reform. The new balancing rules in force as of 1 April 2021 introduce market based procurement of balancing services and imbalance price formation. Market participants can now offer balancing services in Albania, and may hedge their own

balancing responsibility by creating or joining balance groups. This will be important in particular for independent hydro power producers (HPPs), which became responsible parties for their imbalances with the creation of the balancing market as well. A balance group that integrates small HPPs in Albania would ensure efficient integration of these producers into the electricity market and allow them to optimise balancing costs. The Secretariat will support HPPs and their counterparties in designing the most appropriate solutions.

– The European Parliament has recently adopted resolutions on the 2019-2020 Commission enlargement progress reports on Albania (but also Kosovo\*, North Macedonia and Serbia). The Parliament stressed the need for continued reforms in line with Energy Community obligations for creating a competitive internal energy market and achieving the decarbonization commitments of the Sofia Declaration on the Green Agenda for the Western Balkans. The Contracting Parties were encouraged to actively participate in the implementation of the European Green Deal in particular by introducing a carbon price, removing non-compliant fossil fuel subsidies and phasing-out coal as well as adopting integrated National Energy and Climate Plans.

– The beginning of October 2020, the Transmission system operators of Albania and Kosovo sign agreements to establish joint power exchange. The power exchange operator, called ALPEX, will have its main seat in Tirana and will operate the day-ahead market coupling between Albania and Kosovo\* soon after its commissioning. ALPEX is expected to extend its services to the intraday market segment in the future.

– The Albanian Energy Regulator (ERE) will lead the MEDREG Presidency Board with President Petrit Ahmeti in

2021-2022. MEDREG Members have elected their new President for the next two years: Mr. Petrit Ahmeti, Chairman of the Board of the Albanian Energy Regulator (ERE). Mr. Ahmeti served as MEDREG Vice President in his former mandate. He has also been a long-time member of MEDREG Working Groups, being fully engaged in the Association's priorities and challenges.

– Regional Energy Market Connectivity in the Western Balkans-Project Closing Event – The WB6 regional electricity connectivity closing event brought together 80 stakeholders from all WB6 Contracting Parties on 5 December in Tivat, Montenegro. The project successfully delivered 11 national, one bilateral and five regional projects, which were instrumental in tackling some of the biggest challenges the WB6 were facing in creating a regional electricity market. The participants agreed that the creation of the regional market was now at the point of no return. Its continuation is critical to meeting the region's energy priorities – ensuring security of supply and meeting decarbonisation objectives. ■



## PSRC Armenia

### Recent Developments

– On September 10 of 2020 the **Public Services Regulatory Commission (PSRC) of Armenia** initiated the process of revising the tariffs for large power stations, tariffs for service providers and distributor and on December 29th of 2020 had been approved tariffs for generators, service providers and distribution of electricity. In result of this review tariffs for end users have been changed in following way: For population with monthly consumption up to 400 kWh and for vulnerable customers tariffs were remained

unchanged, for other customers tariffs were increased for 3 AMD/kWh.

– In renewable energy sector, for licensing solar plants with capacity up to 5 MW in framework at total capacity of 200 MW limit by Decision of PSRC was defined implementation of coefficient of 0.9 in case if land for construction of solar power plant will be increased or conditions of connection to grid will be changed.

– On March 31th, 2021 the Public Services Regulatory Commission adopted Resolution №95N on Supplementing and Amending the Procedure of Licensing Activity in Energy Sector, according to which community non commercial organizations will be authorized to apply for an electricity generation license of solar power plant with the capacity of up to 1 MW. Total capacity maximum volumes of electricity generation licenses issued to community non commercial organizations will be 15 MW. The Resolution will become effective after official publication.

– At the end of 2020 by PSRC of RA had been confirmed amounts of contractual and available capacities of generators for 2021 submitted by generators for approval.

– Water supply company, in accordance with the terms of the license applied for drinking water supply, drainage (wastewater treatment) services tariff review for the 5th contractual lease year (2021) on August 8, 2020. PSRC, taking into account changes in retail water supply, inflation, changes in electricity tariffs, as well as additional revenue from the use of the water system for other purposes, calculated tariffs, which were lower than current for that period tariffs for end users. Taking into account the fact that the base retail tariffs for retail services are planned to increase in 2022, in order to mitigate that growth, the difference after the adjustment tariffs in 2021 will be



reduced from the 2022 tariffs. In result tariffs of water supply, waste services for customers for 2021 had not been changed.

### **Significant Energy News**

On December 29 of 2020, by PSRC of RA have been improved new trading rules for wholesale market and typical form of contracts for wholesale electricity markets. Date of coming into force new trading rules for wholesale, retail markets and distribution and transmission network codes was prolonged and planned that the above motioned legal acts will enter into force on February 1, 2022, after the introduction and testing of the market management program in 2021. ■



## **E-Control Austria**

### **Recent Developments**

#### **E-Control has a new Executive Board:**

E-Control is headed by its Executive Directors, Prof. DI Dr. **Alfons Haber**, MBA and Dr. **Wolfgang Urbantschitsch**, LL.M, who were appointed by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) as of 25 March 2021. Wolfgang's term has been renewed and Alfons, new in the Executive Board, has been working for E-Control already in the past. **A winning team!**

E-Control remains a strong international partner, continues focusing on (cross-border) security of supply and interconnection, increase in competition, continue being the single point of contact for consumers, guaranteeing an even more transparent tariff system, enabling new electrify and gas systems being ready for the energy transition and putting emphasis on its independence and neutral role as know how provider.

### **Internal Projects**

**E-Control is currently preparing for the Kick-Off Workshop of the new Twinning with Georgia, GNERC, which will take place in a "hyper-hybrid format" on May 25 due to COVID-19.** The project title is "Development of Network Tariff Setting Methodologies, Energy Efficiency and Renewable Energy Regulatory Strategy and Creating Regulatory Framework for Enabling Demand Side Involvement". [More details here.](#)

E-Control, together with junior partner BNetzA from Germany with support from French CRE and and Lithuanian VERT, was awarded the implementation of this project in 2020. The implementation started on February 1, 2021.

The purpose of this Twinning Project is to develop the institutional framework for the implementation of regulation of Georgia's energy market in line with

the European Union acquis and to strengthen the capabilities of the Georgian National Energy and Water Supply Regulatory Commission (GNERC) as the independent national regulatory authority through the development of tools and mechanisms based on the best European Union practices with regard to developing network tariff setting methodologies, designing an energy efficiency and renewable energy strategy and creating a regulatory framework for enabling demand side involvement.

E-Control carries out a variety of international projects, with just as varied an array of partner organisations. Many of our larger cooperations are twinning projects, i.e. they are tendered, structured and carried out under the EU's twinning rules. Building on these rules, we also run projects which bring us together with other countries and are financed by other donors.

This website provides information on the projects we have carried out, our partners and project goals, and the achievements we have achieved together with our projects' beneficiaries [www.e-twinning.at](http://www.e-twinning.at).

### **Significant Energy News**

**New laws are currently being adopted.** One of these is the „Renewable Energy Act" which is being discussed in the Austrian Parliament. The law shall implement the Renewables Directive and shall reform the support mechanism to a more market based system – as regards the allocation of funds and energy sales. With this law the 100% renewables goal until 2030 shall find its realization as well.

E-Control expects great impact on its core activities, such as competition, new market models, grid connection, electricity labelling and regulatory sandboxes. ■



New E-Control Executive Directors, Prof. DI Dr. Alfons Haber, MBA (right) and Dr. Wolfgang Urbantschitsch, LL.M (left).



## AERA Azerbaijan

### Recent Developments

– On 15 December 2020, the Ministry of Energy of the Republic of Azerbaijan and the Ministry of Energy and Natural Resources of the Republic of Turkey officially signed a Memorandum of Understanding on Natural Gas Supply to Nakhchivan Autonomous Republic (exclave of Azerbaijan);

– On 29 December 2020, key agreements were signed on the pilot project on construction of a wind farm with the installed capacity of 240 MW between the Ministry of Energy of the Republic of Azerbaijan, Azerbaijan's Azerenerji OJSC and Saudi Arabia's ACWA Power company;

– Following the start of commercial operations on 15 November 2020, the Trans Adriatic Pipeline (TAP) AG confirmed the commencement of gas flows from Azerbaijan on 31 December 2020. The first gas has reached Greece and Bulgaria, via the Nea Mesimvria interconnection point with DESFA, as well as Italy, via the Melendugno interconnection point with SNAM Rete Gas (SRG);

– On 21 January 2021, the Memorandum of Understanding was signed between the Government of the Republic of Azerbaijan and the Government of Turkmenistan "On joint exploration and development of hydrocarbon resources of the "Dostlug" field in the Caspian Sea";

– On 5 February 2021, the first meeting was held on the launch of the pilot project on construction of a floating solar power plant with the total capacity of 100 kW on Boyukshor Lake implemented within the framework of the regional project Floating Solar Energy Development Systems covering Azerbaijan, Kyrgyzstan, and Afghanistan, implemented under the Knowledge and Support Technical Assistance Program of the Asian Development Bank. Earlier, a contract was signed

with Gamma Solutions, who was declared the winner of the procurement competition for the engineering, procurement, construction, two years of operation and maintenance of the floating solar power plant as a result of the evaluation of the proposals received for the project.

– On 2 February 2021, the Ministry of Energy of the Republic of Azerbaijan and BP signed a Memorandum of Understanding to cooperate in assessing the potential and conditions required for large-scale decarbonized and integrated energy and mobility systems, including renewable energy projects in the regions and cities of Azerbaijan;

– On 6 April 2021, key agreements were signed on construction of 230 MW solar power plant between the Ministry of Energy, Azerbaijan's Azerenerji OJSC and the United Arab Emirates' Masdar.

### Significant Energy News

– On 2 February 2021, the President of Azerbaijan signed an order "On approval of "Azerbaijan 2030: National Priorities for socio-economic development" (such issues as promotion of clean energy sources, creation of green energy space, efficient use of energy in the country and preference for new sustainable energy sources, expansion of application of environmentally friendly "green" technologies, to reduce the impact to the climate change by increasing the share of alternative and renewable energy sources in primary consumption, etc. are covered).

– On 27 February 2021, the Cabinet of Ministers of Azerbaijan signed an order to establish the Sub-Working Group on Green Energy Space. It will coordinate the activities of relevant state authorities in connection with the development of the "Strategy for Socio-Economic Development for 2021-2025" in accordance with the

"Azerbaijan 2030: National Priorities for socio-economic development". ■



## SERC Bosnia and Herzegovina

### Recent Developments

At the end of December 2020, the **State Electricity Regulatory Commission (SERC)** passed a Decision on tariff for operation of an independent system operator and a Decision on tariffs for system and ancillary services.

Pursuant to these decisions, the tariff for operation of an independent system operator paid by producers for energy injected into the transmissions system and by customers for energy withdrawn from the transmission network increased by 14% and 15.8% respectively. At the same time, the tariff for system service decreased by 7.7%.

### Internal Projects

SERC representatives participate actively in the implementation of a World Bank project, under which Study on the electricity market liquidity in Bosnia and Herzegovina is prepared, a project of the German Agency for International Cooperation (GIZ) titled Decarbonisation of the energy sector in Bosnia and Herzegovina and in the preparation of A Study of the Energy Community on the potential of hydrogen technologies and their utilization.

Furthermore, SERC staff participated in a number of projects organised by the United States Agency for International Development (USAID) and the National Association of Regulatory Utility Commissioners (NARUC), inter alia:

- USAID Energy Policy Activity (EPA),
- Women's Global Development and Prosperity Initiative: Advancing Women Leaders in Energy,
- Digitalisation and Cybersecurity,
- Enhancing Market Performance, and

Improving Investment Planning through the Implementation and Enforcement of Quality of Service Standards. ■



## FERC Bosnia and Herzegovina

### Recent Developments

On the occasion of the Independence Day of Bosnia and Herzegovina, on 2 March 2021, the wind farm Podveležje 1 near Mostar was opened.

Podveležje wind farm with an installed capacity of 48 MW and annual production of 130 GWh, is the first wind farm of Elektroprivreda BiH. About 130 million BAM have been invested in the wind farm.

### Significant Energy News

The activities have been started on the changes in Law on Electricity and Law on Usage of RES and Efficient CoGen together with creating new Law on Energy in the Federation of Bosnia and Herzegovina. ■



## EWRC Bulgaria

### Recent Developments

**Liberalisation of the electricity market for non-household consumers as of 1 October 2020.** In accordance with the Energy Act amendments of 26 June 2020, as of 1st October 2020, all non-household consumers, supplied with electricity from the regulated market, entered the free market by choosing an electricity supplier.

In order to facilitate the forthcoming liberalization of the energy market for the household consumers **Energy and Water Regulatory Commission (EWRC) of Bulgaria** has developed a web-based price comparison tool. It is available at <http://platforma.dker.bg/> and <http://ofertizatok.bg/>. In addition to the free access to information on current offers of the electricity

suppliers, the platform will also allow end consumers with expected annual consumption below 100,000 kWh to choose the best offer and, accordingly – to conclude supply contracts, including contracts with a dynamic electricity price.

**Gas Market Liberalisation.** On 25 March 2021 EWRC has granted a licence to BALKAN GAS HUB (<https://www.balkangashub.bg>) and Bulgarian Energy Trading Platform (<https://betp.bg/>) to carry out “organizing a natural gas exchange market” activity. The two gas exchanges are currently operating on the Bulgarian gas market. ■



## HERA Croatia

### Recent Developments

– On 18 December 2020, the **Croatian Energy Regulatory Agency (HERA)** adopted a Decision on the amount of tariff items for gas transport (OG 144/20) and a Decision on the amount of tariff items for receiving and dispatching liquefied natural gas (OG 144/20), for the regulatory period 2021-2025.

– At its session held on 17 March 2021, the Management Board of the Croatian Energy Regulatory Agency (HERA) adopted a Decision on the amount of tariff items for the public gas supply service for the period from 1 April to 31 December 2021, which determined the gas price for end customers households using the public gas supply service, for the period from 1 April 2021 to 31 December 2021, for 32 distribution areas in the Republic of Croatia.

### Significant Energy News

On 1 December 2020 the FSRU vessel ‘LNG CROATIA’ has arrived on the location of the Terminal (Omišalj, Island of Krk) and the testing period started. On 1 January 2021 the first LNG carrier ‘Tristar Ruby’ has arrived on the location, and the Terminal

started its commercial operation. A yearly capacity of the Terminal is 2,6 billion m3 of gas.

The terminal and its connecting pipeline have been officially inaugurated by the prime Minister of Croatia, Andrej Plenković on 29 January 2021. Besides the Minister of Economy and Sustainable Development Tomislav Čorić and the Minister of the Sea, Transport and Infrastructure Oleg Butković, the ceremony was attended by the distinguished guests, Péter Szijjártó, Minister of Foreign Trade and Foreign Affairs of Hungary, Csaba Demcsák, Ambassador of Hungary to the Republic of Croatia and Victoria J. Taylor, Chargé d’Affaires of the US Embassy. ■



## ERO Czech Republic

### Recent Developments

– In the autumn of 2020 the **Energy Regulatory Office (ERO)** has issued a price decision No. 7/2020 setting the amount of support for supported energy sources (RES) depending on their type and date of commissioning for the following year. ERO Price Decision No. 6/2020, which the Office issued at the same time as the price decision for RES, regulates the conditions for the heating industry, for the first time since 2013. Substantive price regulation will continue to be applied in the heating industry. Thirdly, the Office issued a price decision No. 5/2020, which sets prices for the activities of mandatory electricity traders and prices associated with issuing guarantees of origin of electricity (payments for activities performed in connection with the purchase of electricity from RES).

– Compared to 2019, in 2020 the total number of consumer complaints decreased by 7.5% (by 1,067



complaints). However, rather than with the cultivation of the market, this decline is related to last year's extraordinary events. In connection with energy intermediation and "unwanted" change of supplier, people most often turn to the ERO with a question about who is the (new) supplier. This is what every fourth interviewer asks (27%).

– The aim of the ERO Price Calculator project is to develop a software tool capable of comparing the offers of electricity and gas suppliers. The Price Calculator should provide support to consumers in optimizing their energy costs. The instrument should provide this support in several levels of complexity – from verifying the appropriate amount of energy payment, through comparing individual products in the energy supplier market, to calculating potential savings in switching suppliers or calculating the number of individual components of the final energy price. As part of the project preparations, it was decided that the financial and organizational support of the Technology Agency of the Czech Republic and its public procurement program in applied research and innovation for the needs of the state administration BETA2 will be used to implement the tool. The ERO is expected to start operating in the course of 2022.

### **Significant Energy News**

– The Ministry of Industry and Trade wants to reflect in the planned law the fundamental changes in the market that led to the decentralization of energy. More and more customers not only consume electricity, but also produce or store electricity. The ministry promises that the new law will extend customer protection. The amendment to the current Energy Act introduces intermediary activities as a new type of business in the energy sector. The new register of intermediaries, maintained by the Energy Regulatory Office, is to help

clean up the energy market from so-called scumbags.

– In 2020, the Czech Republic produced 81.4 TWh of electricity (gross), which represents a decrease of 6.4 % compared to 2019. The magnitude of the decline is also evidenced by the fact that lower production was last measured in 2002. Last year, total electricity consumption (gross) also reached its five-year low, falling by 3.5 % year-on-year to 71.4 TWh. Apart from households, practically all types of consumption fell (households: year-on-year increase of 4.7 %). On the production side, conventional steam power plants recorded the highest decline (-15 % year-on-year), while gas-fired power plants (+ 9.5 % year-on-year) or pumped storage hydropower plants (+ 10.8 % year-on-year) produced significantly more electricity. The total gas consumption in the Czech Republic last year reached 8.7 billion m<sup>3</sup>, which represents a year-on-year increase of 1.5 %. The largest year-on-year increase in consumption occurred in the last quarter, by 8.7 %. At the same time, gas consumption grew not only despite the pandemic, but despite higher outdoor temperatures.

– The beginning of construction of the new nuclear unit in Dukovany is set for 2029 and the new unit will be put into trial operation in 2036. The completion worth six billion euros was approved by the Czech government in 2020. Czechia will not address a Chinese bidder, CGN. There are four applicants remaining – the French EdF, the South Korean KNHP, the Canadian-American Westinghouse and also the Russian Rosatom. ■



## **GasReg Egypt**

### **Recent Developments**

**The Gas Regulatory Authority (GasReg) approved the New Natural Gas Transmission System Tariffs for Year 2021.** The Board of Directors of GasReg, chaired by HE. Eng. Tariq Al Mulla, Minister of Petroleum and Mineral Resources, approved the new natural gas transmission's tariff value for year 2021. The approved tariff was set at 38.6 cents per million British thermal units.

The new approved tariff comes within a set of policies and procedures which are being performed by GasReg aiming at organizing the gas market and gradually liberalizing it in compatible with international practices, with the aim of integrating the Egyptian market with global gas markets.

**Prime minister Eng. Mostafa Madbouly issued decree no. 270 for the year 2021 to extend GasReg board of directors for a new term.** The Board is headed by Eng. Tarek El-Molla, Minister of Petroleum and Mineral Resources as Chairman of the Board of Directors and Eng. Karem Mahmoud as Chief Executive Officer and with the membership.



Mr. Karem Mahmoud,  
new GasReg Board Member

The aforementioned decree was based on the proposal and nomination of his excellency Eng. Tarek El-Molla, Minister of Petroleum and Mineral Resources. The objectives of the current board extension comprise the continuation and the full execution of the accomplishments achieved during the last term, which witnessed the outstanding performance and the apparent achievements of GasReg aiming to encourage investment in gas



market activities such as shipping, transmission, storage, distribution, supply, marketing and trading, settling disputes with investors to encourage new investments inside Egypt, increasing competitiveness and ensuring that all consumers are able to purchase energy at reasonable prices in addition to many other accomplishments completed successfully during the previous term.

**GasReg signed a protocol with The Egyptian Electric Utility and Consumer protection regulatory agency (EgyptERA).**



The protocol was signed to enhance the effectiveness of exchanging experience between both parties and is considered a fundamental step towards exchanging technical support and expertise in the interest of the economy. The meeting dealt with studying the economic reform program, energy pricing mechanisms and their impact on market liberalization, preparing an integrated database and information on the market, setting the guidelines of contracts concluded between market parties, in addition to working mechanisms to ensure competition and avoid monopolistic practices in the market and the procedures to be taken in case of violating the provisions of the law.

**Significant Energy News**

**Egypt Launches Oil and Gas Bid Round for 24 blocks.** Egypt announced on Thursday the start of a bid round for exploration and exploitation of oil and natural gas in 24 blocks. The round, which concludes on Aug. 1, includes nine blocks in the Mediterranean Sea, 12 in the Western Desert and three in

the Gulf of Suez, an oil ministry source told Reuters. Egypt's gas production has boomed since Italy's Eni discovered the giant Zohr field off Egypt's Mediterranean coast in 2015. The tenders were being offered by the Egyptian General Petroleum Corporation (EGPC) and Egyptian Natural Gas (EGAS), a ministry statement said. Egypt also announced the launch of a digital portal, Egypt Upstream Gateway, to provide geological data for petroleum industry exploration and production activities. The country is trying to position itself as an energy hub.

**Natural Gas production reaches 6.7 billion cubic feet.** Engineer Tariq Al-Mulla Minister of Petroleum and Mineral Resources, said that natural gas production is estimated at 6,700 million cubic feet of natural gas, of which nearly one billion feet are exported, while 5.7 billion feet are consumed locally. He stated that the production capacity is close to 7.2 billion feet of natural gas, which is not produced because there are no sources to discharge it. Adding that the electricity sector consumes 60% of the total production, homes and cars consume only 6%. He pointed out that the ministry's plan to expand the supply of homes with natural gas includes connecting it to 1.2 million housing units, noting that during the past six months, natural gas has been delivered to 50% of the targeted housing units. He noted that the ministry aims to operate the Damietta plant with natural gas next February, in order to use the untapped quantities of natural gas in the wells discovered. He also assured the success of the petroleum sector in implementing the state's strategy of maximizing resources, achieving self-sufficiency, and moving towards developing Upper Egypt and increasing investment in it through a clear action plan through which work will be done to achieve self-sufficiency in gasoline and diesel by 2023.

**Total, Partners Get Hold of Offshore Block in Egypt.** A Total-led international consortium of oil and gas companies has signed an exploration and production agreement for the North Ras Kanayis offshore block located in the Herodotus Basin, offshore Egypt in the Mediterranean Sea. France-based Total is the operator with a 35% stake. Partners are Shell 30%, KUFPEC 25%, Tharwa 10%) and the Egyptian Natural Gas Holding company (EGAS) have signed the exploration block covers an area of 4,550 sq. km, extending from 5 to 150 km from the shore, with water depths ranging from 50 to 3,200 m. The Herodotus Basin is an underexplored area and the agreement, signed with Egyptian Natural Gas Holding company includes a 3D seismic campaign during the first three years, Total said. "Total is pleased to further strengthen its Eastern Mediterranean position as an operator of this exploration and production agreement", commented Kevin McLachlan, Senior Vice President Exploration at Total. "We are excited by the exploration potential of the North Ras Kanayis Offshore block. It reinforces our presence in Egypt, following a gas discovery made in July 2020 with the Bashrush well on the North El Hammad license, to be developed through a tie-in to nearby existing infrastructure." Total holds a working interest of 25% in the North El Hammad license, alongside operator ENI (37.5%) and BP (37.5%).

**Egypt signs up Exxon, Chevron for US \$1.4 billion-dollar offshore exploration program.** Egypt's Minister of Petroleum Tarek al-Molla said nine new agreements, valued at more than one billion U.S. dollars, were signed with local and international companies for exploration of oil and natural gas. The exploration works will take place in regions in eastern and western the Mediterranean Sea and the regional water of the Red Sea with six large companies for drilling 17 wells, al-Molla added in a statement. "Egypt

seeks luring new international investments in the activities of gas and oil exploration and concluding deals with big companies as a priority," he added. He noted that developing many items of the oil deals has contributed a lot in boosting the competitiveness of Egypt as an attractive destination for investments amid stable economic conditions and reform. The nine deals are part of 12-new-agreements that have been targeted since March 2020 with a minimum investment estimated by 1.4 billion U.S. dollars for drilling 23 wells, nine of them offshore the Mediterranean and three in the Red Sea, the minister of oil added. The nine signed deals included Exxon Mobil Corporation and Chevron Corporation from the United States and Total French company and South Valley Egyptian Petroleum Holding Company.

**2021 Suez Canal Obstruction.** The Suez Canal was blocked for six days in March 2021 after the accidental grounding of Ever Given, on the morning of 23 March which prevented other vessels from passing through that part of the Suez Canal. The canal is one of the world's busiest trade routes, and the obstruction had a significant impact on trade between Europe and Asia and the Middle East. On 28 March, at least 369 ships were queuing to pass through the canal. This prevented \$9.6 billion worth of trade. The Suez Canal blockage is affecting around 12 per cent of global goods trade. The canal is particularly important for global oil supplies. Ten per cent of global oil passes through the canal and an associated pipeline network, and it has become an important route for Russian oil to reach Asia.

The ship was finally freed on March 29 and the SCA allowed shipping to resume.



The Suez Canal, one of the world's most important trading routes, was opened in 1869. By 2021 approximately fifty ships per day travelled through the canal, about 12% of total global trade at the time. ■



## ECA Estonia

### Recent Developments

**The Estonian Competition Authority (ECA) recommends phasing out support for renewable energy**

The Competition Authority analysed the support schemes for renewable energy implemented in Estonia as well as their economic impact and recommends transitioning to a market-based solution and phasing out the support for renewable energy.

In 2007, the Electricity Market Act set the period for receiving renewable energy support at 12 years. This means that a producer who launched production in 2007 received support until 2019. Although the full transition to an auction-based system took place in the field of renewable energy in 2021, the producer is still entitled to support for 12 years. The producer building a plant this year will therefore be able to receive support until 2033.

The experience of other countries shows that renewable energy plants can also be built with minimal renewable energy support. Based on the European Union's Clean Energy package, renewable energy targets should be achieved with the least possible support and under free competition. In time, the costs associated with the production of renewable energy will also decrease and it can therefore be assumed that in

the future, most plants can be built without support.

According to Märt Ots, the Director General of the Competition Authority, there is a great potential for renewable energy in offshore wind farms. 'In some ways, offshore wind farms could be compared to the oil and gas reservoirs discovered decades ago in the North Sea, which have brought considerable wealth to some countries. It is important to put such a resource to use in a transparent way, because that would benefit the state and – via as cheap as possible electricity price – the consumer as well,' said Märt Ots.

The current support scheme also imposes an unjustifiably large tax burden on consumers, continuing for decades to come. While Estonia has fulfilled its renewable energy commitments, they have not been cheap for consumers: in 2007–2020, the consumers' tax burden totalled 829 million euros. According to projections, the support paid by the consumers will reach 1.5 billion euros by 2030 and the support is expected to be paid until 2045. ■



## CRE France

### Recent Developments

**New tariffs for the use of public electricity networks:** In January 2021, the **Energy Regulatory Commission (CRE)** adopted the new tariffs for the use of public electricity networks (TURPE 6), which amount to roughly 30% of a French consumer's electricity bill. These tariffs, which set the income of electricity transmission and distribution network operators in France, will come into force next August and are an essential element of the French energy transition. The TURPE 6 tariff takes into account the observed and forecasted evolution of the networks and the French and European guidelines for a successful energy transition. In this context,

Enedis (the distribution network operator) plans to invest €69 billion and RTE (the transmission system operator) €33 billion over the next 15 years.

### **Regulatory sandbox: CRE grants exemptions to 9 innovative projects:**

The so-called "regulatory sandbox", which was created by the Energy and Climate Act of 8 November 2019 authorises CRE to grant, under certain conditions, exemptions to the conditions of use and access to the electricity and gas networks to facilitate the implementation of innovative projects in favour of the energy transition. A first window closed in September 2020. In March 2021 the CRE granted a derogation to 9 projects. These derogations will allow innovative experiments to be carried out relating to local flexibilities, electricity storage and the injection of methane into the networks. Before the summer, CRE will propose an assessment of this first implementation of the sandbox, in order, if necessary, to change its procedures for the launch of a second window in the second half of 2021.

**Renegotiation of PV contracts for the French government:** CRE has been entrusted by the French government to renegotiate a number of contracts concluded between 2006 and 2010 for the development of photovoltaic panels installations and that received financial supports from the State. Only installations above a power of 250kWc will be taken into account. Setting this threshold would then lead to the revision of approximately 1050 contracts (200 in the non-interconnected islands and 850 in continental France) for which the annual public support represents approximately 950 M€ for another ten years.

### **Significant Energy News**

**Negotiations are ongoing on the future of EDF – France's national public energy company:** The French government is negotiating with the

European Commission regarding the future of EDF ("Electricité de France"), the public energy company still owned in large majority by the French state. The company, which still provides electricity to more than two thirds of the population, must sell parts of its nuclear production at cost to competitors since 2010 (100TWh a year), which it says prevents it to invest in future projects. The European Commission considers that the company still holds a quasi-monopoly on energy production in France and that more must be done to develop competition. The French government has been working on a new way to organize the company to split its nuclear activities from the renewables and network side as well as its markets activities. The results of the negotiations with the European Commission should be made public in the coming months.

**The effects of Covid-19 on network operators:** CRE took the initiative of consulting the electricity and natural gas network operators on the consequences of the health crisis on their activities. Like most sectors, they were affected by the crisis and had to adapt to carry out their missions. Among the main impacts were lower consumption, postponement of certain investments, changes in the maintenance schedule and additional operating costs linked to the massive development of teleworking and the implementation of health protocols. All the operators have shown a remarkable ability to adapt to the crisis, which has enabled them to maintain a high level of service quality and to return to a normal level of activity by the summer of 2020 for most of them. The tariff framework has made it possible to protect operators in a satisfactory manner by guaranteeing them the necessary means to accomplish their missions under good conditions.

**France continues the fast deployment of smart meters for gas and**

**electricity:** smart meters have been introduced in the French energy market for both gas and electricity in 2016. Linky, the electricity smart meter, has been installed in more than 31 million homes and is nearing complete deployment which should represent 35 million meters installed. Gazpar, the smart meter for the gas network, has also been very fast in its deployment as more than 7 million meters have been installed and all gas consumers (11 million) should be equipped with one by 2022. ■



## **GNERC Georgia**

### **Recent Developments**

**The Georgian National Energy and Water Supply Regulatory Commission (GNERC)** has approved electricity transmission and dispatch tariffs for 2021-2025 on the basis of its tariff setting methodology.

Electricity transmission tariff of Georgian State Electrosystem JSC for 2021-2023 has been set in an amount of 1.381 Tetri/kWh, whereas within the period of 2024-2025 it will be 1.462 Tetri/kWh. The tariff currently in force constitutes 1.013 Tetri/kWh.

Electricity dispatch tariff for Georgian State Electrosystem JSC for 2021-2023 has been set in an amount of 0.388 Tetri/kWh, whereas within the period of 2024-2025 it will be 0.436 Tetri/kWh. The tariff currently in force constitutes 0.412 Tetri/kWh.

Electricity dispatch tariff of Energo Trans LLC for 2021-2023 has been set in an amount of 0.637 Tetri/kWh, whereas within the period of 2024-2025 it will be 0.656 Tetri/kWh. The tariff currently in force constitutes 0.380 Tetri/kWh.

Electricity transmission tariff for UES SakRusEnergo JSC for 2021-2023 has been set in an amount of 0.314 Tetri/kWh, whereas for 2024-2025 it will be 0.298 Tetri/kWh. The tariff



currently in force constitutes 0.278 Tetri/kWh.

### **Significant Energy News**

**GNERC has been awarded ISO 9001:2015 Quality Management System Certificate.** Georgian National Energy and Water Supply Regulatory Commission (GNERC) has been awarded with the ISO 9001:2015 Quality Management System certificate. As a result of the work carried out at GNERC throughout one-year period and audit held by the international experts compatibility of the quality of the GNERC activities with the internationally recognized quality management requirements has been assessed. Hereby, the Audit Report emphasizes the qualification and professionalism of GNERC employees and focuses on the staff assessment system recently implemented at GNERC.

**2021 Georgian National Energy and Water Supply Regulatory Commission approved Energy Market Monitoring and Reporting Rules.** On March 30, 2021 Georgian National Energy and Water Supply Regulatory Commission approved Energy Market Monitoring and Reporting Rules (hereinafter – Rules).

Rules aim to create efficient mechanisms for competitive, free, transparent and fair trade in the energy market, efficiently regulate market and system operators, and promote integration of Georgian Energy markets at regional level and the implementation of state energy policy.

According to the Rules, in order to ensure a competitive environment on the energy market, the Commission applies to the Law of Georgia on Competition and carries out wholesale energy market monitoring in accordance with the requirements and principles of the Regulation №1227/2011 (EC) of the European Parliament and of Council on Wholesale Energy Market Integrity

and Transparency as adopted by the Decision of Ministerial Council of the Energy Community no. D/2018/10/MC-EnC.

Along with the above-mentioned objectives, the Rules has also determined information necessary for the energy market monitoring and the data that shall be submitted to the Commission by the regulated undertakings for each energy activity separately, in compliance with the procedures and conditions defined by the rules.

The Commission will monitor the implementation of the Rules through the Market Monitoring Department, which was established by the Commission in December 2020 in accordance with the Law of Georgia on Energy and Water Supply.

**Campaign to Raise Awareness of Children on Energy Efficiency Launched.** Twinning project implemented by the Austrian-French-Greek consortium in cooperation with the Georgian National Energy and Water Supply Regulatory Commission (GNERC) launched the campaign aimed at raising awareness of school children on energy efficiency.

“Development of Incentive Based Regulation for Service Quality and Regulatory Strategy to Support Roll-out of Smart Metering”, funded by the European Union with a budget of € 1 200 000 and the GNERC, marked the completion of series of visibility activities targeted at children of different age-range. The campaign encompassed production of a cartoon series with the famous Georgian cartoon character – Giraffe Jose, and a book on energy efficiency directed to educate children about importance of saving energy and highlighting that energy resources are exhaustible. Furthermore, the campaign envisaged holding lectures on generation and rational consumption of electricity, as well as positive impact on environment triggered by consumer behavioral change. Various thematic

visibility and educational items, such as informative triplets about the origin of electricity, puzzles, coloring books, facemasks and bookmarks were distributed in the framework of the campaign.

**GNERC adopted the Resolution №58, November 12, 2020 On Approving Transitory Measures to be implemented in the Electricity Sector.** <https://gnerc.org/files/Legal%20Acts%20in%20english/On%20Approving%20Transitory%20Measures.pdf>

**GNERC adopted the Resolution N68, December 15, 2020 On Approving Tariff and Fee Setting Methodologies for the Public Services Provided in the Energy Sector.** [https://gnerc.org/files/Legal%20Acts%20in%20english/USS%20TARIFF%20SETTING%20METHODOLOGY-12.21.2020%20\(approved\).pdf](https://gnerc.org/files/Legal%20Acts%20in%20english/USS%20TARIFF%20SETTING%20METHODOLOGY-12.21.2020%20(approved).pdf)

GNERC has also organized an international online conference on **Competition and Energy Market Monitoring in Practice.** The participants discussed importance of energy market monitoring, liberalization process and competition based on cases of Georgia and EU member states. Representatives of Georgian Energy Market participants as well as experts from the Austrian, Hungarian, Greek, Slovenian Regulatory Authorities, Competition Agencies and Market Operators took part in the conference. ■



## **HEA Hungary**

### **Recent Developments**

**Energy efficiency obligation scheme.** From 1 January 2021 Hungary has started the introduction of the so-called energy efficiency obligation scheme (EEOS), a new policy instrument which is already used in 16 EU Member States. As part of the EEOS, obligated parties should implement programs and measures which result in verified energy savings on the end-user side. In Hungary, the



obligated parties are: electricity traders, electricity universal service providers, natural gas traders, natural gas universal service providers and distributors of transport fuel to end-users. Obligated parties shall achieve a pre-determined level of annual energy savings among end-users. The level of the liability will initially increase intermittently, starting from 0.05% in 2021, reaching a maximum of 0.5% in 2024, and then starting to decrease intermittently from 2028.

The **Hungarian Energy and Public Utility Regulatory Authority (HEA)** carries out the following tasks:

- determine for each obligated party the annual energy savings target for each year;
- compile a list to facilitate the accounting for the most common standardizable energy efficiency improvement measures, which shall be reviewed every six months;
- collect and verify the certified energy savings to be accounted for by obligated parties for a given year;
- monitor the fulfilment of the obligations.

**Electricity price regulation cycle.** In November 2020 the Electricity Act was amended by the Hungarian Parliament. According to the amendment system usage charges and connection charges have to be set by HEA Resolution (instead of HEA Decree). At the same time the current electricity price regulation cycle was prolonged and the new cycle will begin on 1st April 2021 (instead of 1st January). HEA issued the resolutions containing the new charges in February 2021. New charges and price application rules are valid from 1st April 2021.

**New regulatory tasks as regards waste management.** New provisions of the Waste Management Act were introduced in accordance with the objectives of the Government's Climate and Nature Protection Action Plan and EU directives. The changes lay down the foundations of modern

waste management and establish new tasks for HEA, including: to examine whether the activities of public waste management service providers and public service subcontractors comply with the requirements of the National Waste Management Public Service Plan; to establish and operate a property register for waste management facilities and assets.

### Significant Energy News

**Hungary gains access to the global LNG market through the new Croatian terminal.** Since January 2021, Hungary has the option to purchase natural gas via the LNG terminal on the island of Krk in Croatia. On New Year's Day, Hungarian state-owned MFGK Croatia received the FSRU's first LNG cargo that was sourced from the USA. With the long term capacity bookings of MFGK Croatia and MET Croatia Energy Trade combined, Hungarian-owned companies reserved cca. 60% of the terminal's capacity for the coming three years; MFGK booked a yearly 1 bcm until 2027. With the commissioning of the terminal, 2.6 billion cubic meters of natural gas capacity became available each year. The new terminal improves the security of supply in Hungary and is beneficial for the whole region.

**Increased physical reverse gas flow at the Hungary-Romania interconnection point.** Phase I of the BRUA natural gas project was completed in November 2020. As a result, firm capacities towards Hungary significantly increased at the Hungary-Romania interconnection point. Since December 2020, the bidirectional firm capacities amount to an annual 1.75 bcm. This capacity is planned to be further increased to 4.4 bcma in both directions in a second phase in order to serve the transportation of natural gas from the Black Sea and other alternative sources to the Central Eastern European region.

**Hungary-Slovakia cross-border transmission line starts operation.** The construction of the 400 kV transmission line between Hungary and Slovakia was completed and the allocation of cross-border transfer capacities started in April 2021. The new infrastructure improves the security of supply in Hungary, decreases structural congestion and is beneficial for the whole region.

**Significant increase of solar capacity.** During the last five years, installed capacity of solar power plants increased tenfold. This tendency is to be continued as one of the primary goals of the National Energy Strategy is to reach 90% carbon-neutrality in domestic electricity generation.

**Implementation of the Clean Energy Package.** In Hungary, the transposition of the Electricity Directive (part of the Clean Energy for all Europeans Package) was accomplished within the official deadline. HEA participated in the preparation of the new legislation, working closely together with the responsible ministry and market participants. The most important – and partly new – provisions that had to be introduced: flexibility (flexibility markets, data management, new market players, activities) and customer protection issues (energy communities, aggregation, electricity sharing). After the entry into force of the new legislation some new market players – aggregators – have already initiated their registration by HEA according to the rules. ■



## **ERO Kosovo\***

### Recent Developments

**Assignment and/or transfer of rights and obligations to ALPEx for organization of the day-ahead and intraday electricity market in the territory of the Republic of Kosovo.** The Board of the **Energy Regulatory Office (ERO)**, in the session held on

\* 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.

10th of December 2020, has approved the request of the Transmission System Operator and Market Operator (KOSTT) for the assignment and/or transfer of rights and obligations to ALPEX for organization of the day-ahead and intraday electricity market in the territory of the Republic of Kosovo. This decision comes as a result of the signing of the Memorandum of Understanding for the implementation of the WB6 Program project for integration of the intraday electricity market, otherwise known as the "Albania-Kosovo Market Coupling Project".

**Termination of the Support Scheme with Feed-in tariffs.** The Scheme with Feed-in tariffs for construction of new generation capacities for generation of electricity from Renewable Energy Sources (RES) in Kosovo was decided to end. The basis for making this decision, by the ERO Board, was the fulfillment of generation targets for energy from RES by the end of 2020 according to Administrative Instruction no.05/2017 on Renewable Energy Sources Targets, of the Ministry of Economic Development. ERO, in cooperation with other responsible institutions of the Republic of Kosovo, in accordance with the legal obligations and conclusions of the Council of Ministers of the Energy Community, dated 14 December 2017, is working on developing projects from RES for new RES targets 2021-2030, through procedures which are subject to free competition, in line with best practices that are in the public interest.

**New Methodology on Calculation of Reference Price for Energy Produced from Renewable Sources.** ERO has also reviewed the Methodology on Calculation of Reference Price for Energy Produced from Renewable Sources. This methodology defines the method of determining the reference price for energy generated from renewable energy sources (RES). This price will be applied by the Market

Operator for the energy sold to the Suppliers. The same will apply to the sale and purchase of energy from RES according to the regulated framework. This methodology also defines the basic principles according to which the reference price will be calculated and the method of calculating this price.

**Review of the Maximum Allowed Revenues for the District Heating company "Termokos" JSC.** The Board of the Energy Regulator in its eighth session (VIII) for last year, has reviewed the Maximum Allowed Revenues for the District Heating of Pristina "Termokos" JSC. and has decided on the new thermal energy tariffs of this enterprise. According to the evaluation of ERO and today's decision of the Board, the Maximum Allowed Revenues for DH "Termokos" for the heating season 2020 - 2021 will be in the amount of € 6,960,802. Based on these revenues, the Board has approved the new tariffs for thermal energy customers, which will be the same as in the last season, as follows: For metered customers, monthly tariff for thermal capacity 0.78 €/kW per month and for the supplied amount of thermal energy 36.25 €/MWh. For unmetered customers the tariffs are based on the heating area which will be calculated for household customers at 0.76 €/m<sup>2</sup> per month and for commercial customers 0.95 €/m<sup>2</sup>.

**ERO with the help of MFK strengthens transparency and public involvement in the processes for regulation of the sector.** The Energy Regulator has made available to the public a new, more easily accessible form to the numerous data it possesses for the purpose of regulation of the energy sector.

Most of these data have been public so far in the annual reports and other ERO documents. But starting from last December they will be easier to use for other parties which may intend to conduct various analysis or studies in the field of energy.

The implementation of this project, which is supported by the Millennium Foundation of Kosovo (MFK), aims to increase transparency and involvement of the broad public in the processes of regulating the energy sector.

All interested parties can access the published data directly through the ERO website at the link:

<http://www.ero-ks.org/zrre/sq/te-dhena>.

**New Tool for forecasting long-term electricity demand.** Through the assistance provided by NARUC (National Association of Regulatory Utility Commissioners) ERO will have in its use the new Tool for forecasting long-term electricity demand for the Republic of Kosovo.



This software tool will enable more accurate medium-term forecasts of electricity demand in Kosovo, which will enable ERO to analyze more precisely the requirements for development plans of transmission and distribution system operators, consequently, increasing the accuracy of tariff setting, through which the costs of energy system development are covered.

ERO staff highly appreciates the commitment of NARUC experts in training and commissioning the Tool which will be available to provide forecasts for strategic planning and future policy decisions in Kosovo regarding the electricity sector. Thus, in addition to data on the demand, also providing data on impacts on CO<sub>2</sub> emission taxes and those on planning investments on efficiency and Renewable Energy Sources. ■

## PUC Latvia

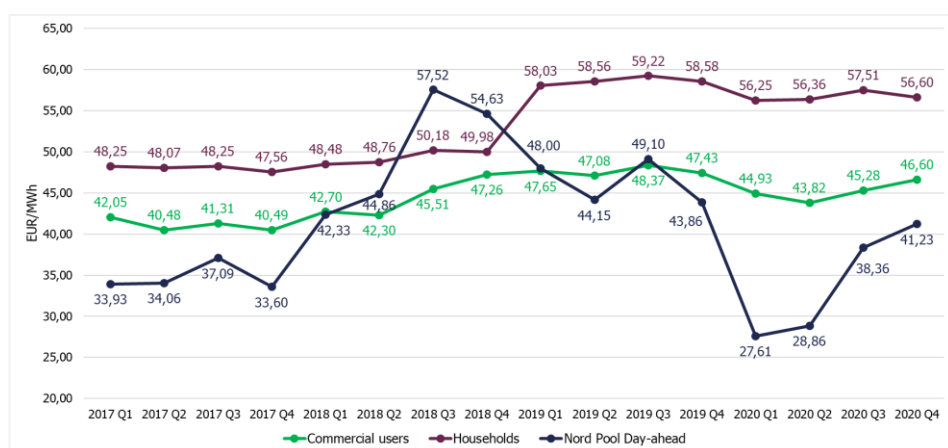
### Recent Developments

On 3 December 2020 the **Public Utilities Commission (PUC)** issued new regulation on billing information to electricity and natural gas final customers.

As stated in European Union (EU) Clean Energy Package energy bills are an important means by which final customers are informed. As well as

may organize an auction, in which any natural gas trader will be able to participate.

JSC Conexus Baltic Grid storage service tariffs approved by the PUC are foreseen for a five-year regulatory period (from 1 May 2021 to 30 April 2026). Such a period makes it possible to balance future revenues throughout the regulatory period and provide stability and predictability to market participants. ■



The graph shows the final customers' (households and non-households) average quarterly prices in a long-term period, and day-ahead prices of Nord Pool day-ahead market.

providing data on consumption and costs, they can also convey other information that helps consumers to compare their current arrangements with other offers. It is necessary to make bills clearer and easier to understand, as well as to ensure that bills and billing information prominently display a limited number of important items of information that are necessary to enable consumers to regulate their energy consumption, compare offers and switch supplier. The regular provision of accurate billing information based on actual electricity consumption, facilitated by smart metering, is important for helping customers to control their electricity consumption and costs.

From 1 May 2021, new natural gas storage service tariffs will be in force. In addition, the PUC has approved the regulation of Inčukalns Underground Gas Storage (Inčukalns UGS) capacity auction prepared by JSC Conexus Baltic Grid. JSC Conexus Baltic Grid

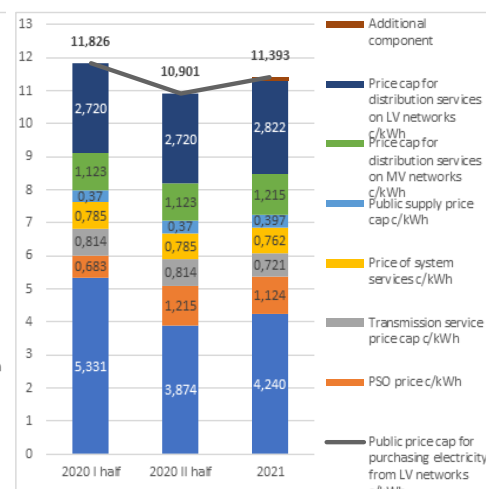
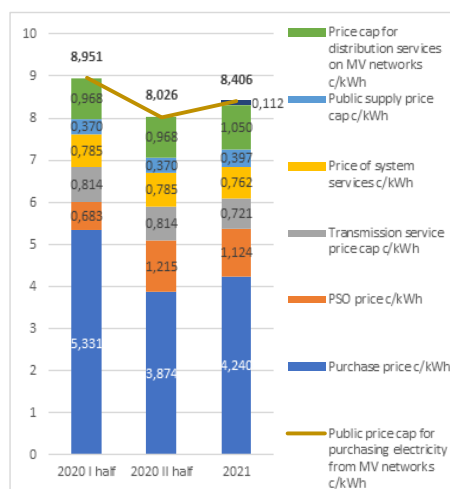
cap in medium and low voltage networks by 4.7% on average, due to the increase of the price caps for the distribution and public supply services and the purchase price of electricity for public supply, which was impacted mainly by the increase of the forecast electricity market price and the decrease of forecast amount of electricity distribution and supply, as well as by a newly introduced additional component to the distribution price. From 1st January 2021 public electricity price cap for household customers purchasing electricity from medium voltage networks is 8,406 c/kWh (excluding VAT), and for those purchasing electricity from low voltage networks – 11,393 c/kWh (excluding VAT). The public price cap applies only to household customers using less than 5000 kWh/year.

From 1st January 2021 new tariffs of natural gas for household consumers. Natural gas price for 1st subset of household consumers increased due to the higher price of natural gas distribution, which for this group in 2021 increased by 14,88% (or 3,16 Eur/MWh) compared to 2020. Due to the price change, consumers for natural gas in the first half of 2021 will pay on average EUR 0,81 more compared to the second half of 2020.

## NERC Lithuania

### Recent Developments

New tariffs for electricity applicable from 1st January 2021. The **National Energy Regulatory Council (NERC)** increased the public electricity price



Dynamics of public electricity price caps for household consumers purchasing electricity from MV and LV networks in 2020–2021, c/kWh excluding VAT.

Group of household customers	Part of the tariff	2020 2 <sup>nd</sup> half	2021 1 <sup>st</sup> half	Variation, %
For users of 1 <sup>st</sup> subset Q≤300 m <sup>3</sup>	fixed part of the tariff, EUR/mo.	0,56	0,56	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,47	0,50	+6,38
For users of 2 <sup>nd</sup> subset 300<Q≤20 thous. m <sup>3</sup>	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,28	0,28	-
For users of 3 <sup>rd</sup> subset Q>20 thous. m <sup>3</sup>	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,27	0,26	-3,70

UAB „Ignitis” natural gas tariffs for household customers (VAT included)  
in 2020 2<sup>nd</sup> half and 2021 1<sup>st</sup> half.

**The first stage of the electricity sector liberalization**, provided for by amendments to the Law on Electricity, involved 97,987 consumers (consuming more than 5,000 kWh per year), 97% of whom chose an independent electricity supplier. Most household consumers (66%) chose an independent electricity supplier UAB “Ignitis” (out of seven independent suppliers). The second stage of liberalization for consumers consuming at least 1000 kWh/year will start in July 2021.

To ensure transparent and reasonable development of the electricity sector that would meet the needs of market participants, **NERC coordinated the 400-110 kV network development plan (NDP) of the Lithuanian electricity system for 2020-2029 prepared by LITGRID AB.** It is planned to allocate about EUR 1,291 million (21.51%) more, for investments in the development and renewal of the electricity transmission network in 2020-2029, compared to the amount planned in the 2019-2028 NDP. 2020-2029 the main investments will be for the integration of electricity market infrastructure and system management into the European electricity system, with up to 75% of the funding required for this work coming from the CEF, as well as electricity transmission network projects necessary to ensure efficient network use and reliability (network reconstruction, modernization, major repairs, etc.).

### Significant Energy News

– NERC in order to encourage economic operators to operate in a pilot and non-pilot environment for energy innovation has prepared a package of draft legislation.

Substantial changes of this legislation provide for more favorable financial conditions for participation in the pilot and non-pilot environment. Draft legislation also includes the reimbursement to consumers of all funds related to the implementation of energy innovation absorbed by the undertaking through a price in the event of deprivation to the undertaking implementing innovations in the pilot energy innovation environment the right to operate in this environment.

– NERC implementing the Regulation on guidelines for trans-European energy infrastructure, ACER recommendations and encouraging electricity and natural gas undertakings to implement major investment projects, including projects of common interest, has approved the Methodology for Assessing Additional Regulatory Incentives and Risks for Investment Projects and related legislation. This will help project promoters to implement investments in a timely manner and within budget. Methodology foresees that the NERC will issue risk mitigation regulatory measures, by granting stability arrangements or early recognition of costs. If the risk mitigation regulatory measures are deemed not sufficient to cover the risk, the NERC could issue a decision granting additional financial reward schemes.

– In order to ensure uniform application of the principles for determining the rate of return on investment in the energy and water management sectors, NERC has adopted a new version of the Methodology for Determining the Rate of Return on Investment, in which

the practice of European countries in calculating the return on investment, studies performed by economic experts and international audit companies, long-term forecasts and recommendations for regulated sectors, was assessed. The new principles of determining the rate of return on investment will ensure the application of the same principles to the energy and water management sectors, maintain the same development trends of the sector, economic stability and promote the implementation of Lithuania's strategic goals. The provisions of the new version of the Methodology will enter into force for companies from the new regulatory period (not earlier than from 1st August 2021), except for the provisions related to the determination of the share of borrowed capital (the price of borrowed capital is recalculated annually).

– NERC in aim to enable household consumers to choose the independent electricity supplier that best meets their needs, has prepared a project for the modernization of the Electricity Price Comparison Information System. This system is one of the most effective ways to ensure the smooth liberalization of the electricity market in the household segment. Depending on the amount of electricity consumed, consumers will be able to compare the prices offered by independent suppliers in one place and choose the most suitable supplier. ■



## **ANRE Moldova**

### **Recent Developments**

In 2021, the **National Energy Regulatory Agency (ANRE)** approved for the first time the regulated tariffs for ancillary services for the 13 major distribution system operators in the natural gas sector. As a result of the approval of ancillary tariffs, the beneficiaries will pay transparent and



justified tariffs, in accordance with the provisions of the regulatory normative acts.

**A dispute between Moldovagaz and ANRE on the issue of technical losses and tariff deviations** incurred by the gas distribution companies in the past was successfully resolved with the support of the Energy Community Secretariat's Dispute Resolution and Negotiation Centre

On 24 December 2020, **ANRE approved new version of the Regulation on the quality of electricity transmission and distribution services**. The new regulation provides mechanisms for streamlining and simplifying the methods for monitoring quality indicators and calculating the values of compensation that will be included in electricity bills to final consumers. The main innovative aspects of that Regulation are:

- Simplified process for recognizing force majeure events;
- Automatic compensation levels for non-compliance with guaranteed continuity indicators for the consumers connected at medium and high voltage. At the low voltage level the compensation are done based on the consumer's request;
- The regulation establishes new reporting obligations for system operators, which will help to establish in the future new indicators for the continuity of electricity transmission and distribution services.

Starting with 01.01.2021, the **tenders for electricity procurement organized by system operators and universal service providers are based on new principles and procedures**, established in the Electricity Procurement Procedure, approved by ANRE Decision no. 283/2020 of 07 August 2020 as a component part of the Electricity Market Rules. Mentioned procedure was developed with the help of technical assistance

provided by the Secretariat of the Energy Community.

At the end of 2020, **ANRE found significant positive tariff deviations formed during 2020, with a surplus of over 5% of regulated revenues**. According to the existing Methodology ANRE initiated the procedure for adjusting the regulated prices for electricity supply and, on 26.01.2021, ANRE reduced the tariffs for distribution services and regulated prices for universal service suppliers.

### Significant Energy News

The Board of Directors of the National Agency for Energy Regulation approved, on 02.03.2021, the decision on the preliminary certification of Vestmoldtransgaz, natural gas transmission system operator that owns and operates the interconnector with Romania – the "Iasi-Ungheni-Chisinau" pipeline. The Energy Community will examine and submit to the Agency its opinion on the fulfillment of the certification conditions, following that the final decision will be published.

**ANRE has transposed into its secondary legislation the Regulation (EU) No 312/2014 of 26 March 2014 on establishing a Network Code on Gas Balancing of Transmission Networks** assuring the complete transposition of all the network codes (TAR, IO, CAM) mandatory for the Energy Community contracting Parties.

In 2020 **ANRE approved new Distribution Tariff Methodology** no. 443/2020. The application of the Methodology ensures transparency in the process of calculation, approval and application of tariffs for the natural gas distribution services and allows the determination of non-discriminatory tariffs based on objective criteria that include a reasonable rate of return. ■



## ERC North Macedonia

### Recent Developments

– As the COVID-19 pandemic proceeded, the **Energy and Water Services Regulatory Commission (ERC)** continued with introducing measures and recommendations which mainly addressed the need for maintaining electricity supply, avoiding disconnections due to unpaid bills, and postponing due dates of the bills for vulnerable costumers.

– At the end of December 2020 ERC adopted new prices and tariffs for natural gas. The average tariff for the transmission service and management of the natural gas transmission system were decreased in average by 6,17%. The tariff for the service of natural gas distribution for one of the distributors decreased by 6,06%, and for the other two distributors the prices and tariffs remain on the same level as in the previous period.

– In the segment of renewables, by October 2020 until now ERC has issued 17 licenses for PV power plants.

– In October 2020, the new subsidiary Organized Electricity Market MEMO DOOEL Skopje, became the holder of a license for organizing and managing the electricity market. The company started working with the adoption of the Decree on the operation of the operator of the organized electricity market. Thus, the main legal obstacle for establishing an organized electricity market and merging the electricity markets between MK-BG has been removed. MEMO's main focus in the next period will be the establishment of an organized liquid electricity market and its successful operation. So far, MEMO has been working on providing an appropriate trading and clearing platform as a condition for introducing a successful organized electricity market, as well as defining Trading Rules that will enable

equal transparent treatment of all market participants.

– Since October 2020 the ERC 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 ERC 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.

– 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.

– ERC has been actively involved in proposals to amend the Energy Law in the area of compliance with the Regulation on Capacity Assignment and Clogging Management (CACM), decision-making related to derogation from the application of network codes for connection, compliance with the Regulation on Integration and Transparency of Electricity Markets (REMIT) and more.

### **Significant Energy News**

– On January 2021, The Government adopted the Program for protection of vulnerable energy consumers for 2021. The program defines the consumers that fall into this category, the protection measures that are taken, measures for saving electricity and energy efficiency, the ways of implementing the measures, the measures taken by the operators of the energy distribution systems, the

measures that are taken by the suppliers with the obligation to provide public service, that is, universal service in energy supply, and the necessary funds and sources of financing.

– At the end of 2020, the Parliament adopted the Law on Resolving the Dispute between the Government of the Republic of Macedonia and Makpetrol AD Skopje through an agreement. In the following period, the Ministry of Economy will become the full owner of the natural gas transmission system operator, after which the ERC will issue a license to the natural gas transmission operator to perform the natural gas transmission activity, after which the ERC will proceed on certification of the transmission system operator in accordance with the Third Package of Internal Market Legislation of the European Union. ■



## **Osinermin Peru**

### **Recent Developments**

In March 2021, the **Regulatory Agency for Investment in Energy and Mining (Osinermin)** published the technical procedure for the declaration of natural gas prices for electricity generation, in accordance with the provisions of Supreme Decree No. 031-2020-EM

In early February, the ISO issued a proposal where thermoelectric generators should start including take-or-pay and ship-or-pay contract costs as variable costs. Previously, spot prices included only the variable portion of the cost of gas supply.

The proposal was a response to the regulatory process of September 2020 when the Supreme Court of Peru abrogated the Supreme Decree 043-2017-EM, on Peru's price declaration system, and ordered the Ministry of Mines and Energy to issue a new decree. In December 2020, the Ministry modified the gas price

declaration regulations and instructed the ISO and Osinermin to propose and approve a procedure to determine the variable cost of natural gas generation plants to be included in the marginal cost. ■



## **ERO Poland**

### **Recent Developments**

**New balancing rules in the electricity market since January 2021.** The changes approved by the **Energy Regulatory Office (ERO)** resulted from the necessity to adjust the balancing rules to the EU regulations (Clean Energy Package and Electricity Balancing network code) and from the commitments made by Poland in the process of notification to the European Commission of the capacity market implementation. Main changes on the balancing market include among other:

- enabling active participation of entities other than Centrally Dispatched Generation Units (CDUs), including DSR, in the balancing market;
- enabling active participation of electricity storage facilities and pumped-storage power plants in the balancing market;
- introducing the possibility of updating the balancing offers and the load reduction offers in the intraday balancing market (RBB);
- termination of following services acquired by the TSO to ensure security of supply: Cold Contingency Reserve, Operational Capacity Reserve, Guaranteed Program of Emergency DSR and Interventional Operation. These mechanisms are replaced by capacity market.
- changing the scope of information published by the transmission system operator.

The introduced changes constitute first stage of the Polish balancing market comprehensive reform,

planned for implementation until the end of 2021.

**Multi-NEMO day-ahead market coupling successfully launched in Poland.** The go-live of the Multi-NEMO mechanism took place on 9 February 2021. It enables several Nominated Electricity Market Operators (NEMOs) to provide single day-ahead market coupling services within the Polish bidding zone.

Poland is now the third major geographical zone in Europe, after Central and Western Europe (in 2019) and the Scandinavian region (in 2020), which has implemented the Multi-NEMO Arrangements (MNA) mechanism for the day-ahead market, in accordance with the CACM regulation.

The parties involved in the project were PSE (Polish TSO) and three NEMOs: EPEX SPOT, Nord Pool and TGE.

The Multi-NEMO mechanism will foster competition development among NEMOs on European markets. It will also support the creation of an integrated internal electricity market, while contributing to promoting competition in electricity generation and trading.

### Significant Energy News

**Energy Policy of Poland until 2040 (PEP 2040) adopted by the government in February 2021.** The document sets the framework for the energy transition in Poland. It contains strategic decision regarding the selection of technologies used to establish a low-emission energy system. The policy takes into account the scale of the challenge of adapting the domestic economy to EU regulatory considerations related to the 2030 climate and energy targets, the European Green Deal, the COVID pandemic recovery plan and the pursuit of climate neutrality in line with national capabilities as a contribution to the Paris Agreement.

PEP 2040 includes a description of the status and conditions of the energy sector. It identifies 3 pillars, on which the eight PEP 2040 specific objectives were based, along with the measures necessary for their implementation, as well as strategic projects.

The goal of the state's energy policy is energy security while ensuring the competitiveness of the economy, energy efficiency and reducing the impact of the energy sector on the environment, with the optimal use of own energy resources. ■

<b>Energy transition taking into account electricity self-sufficiency</b>  Increase in the share of RES in all sectors and technologies. In 2030, the share of renewable energy in gross final energy consumption will be at least 23% <ul style="list-style-type: none"> <li>– not less than 32% in electricity (mainly wind and PV)</li> <li>– 28% in heating (increase by 1.1 pp per year)</li> <li>– 14% in transport (with a large contribution of electromobility)</li> </ul>		<b>Installed capacity of offshore wind energy will reach:</b>  approx. 5.9 GW in 2030 and up to 11 GW in 2040	There will be a significant increase in installed photovoltaic capacity  approx. 5-7 GW in 2030  approx. 10-16 GW in 2040
		In 2030, the share of coal in electricity production will not exceed 56%	The reduction in the use of coal in the economy will take place in a manner ensuring a just transition
<b>Energy efficiency will increase – for 2030, a target of 23% reduction of primary energy consumption (compared to PRIME52007 projection)</b>	TSOs and DSOs investment programmes will be focused on the development of renewable energy sources, active consumers and local balancing	In 2033, the first power unit of a nuclear power plant will be launched, with a capacity of approx. 1-1.6 GW  Subsequent units will be implemented every 2-3 years, and the entire nuclear programme involves the construction of 6 units	
By 2040, the heating needs of all households will be covered by system heat and by zero or low-emission individual sources	Natural gas will be a bridge fuel in the energy transition	In 2030, the gas network will be able to transport a mixture containing approx. 10% of decarbonised gases	The infrastructure of natural gas, crude oil and liquid fuels will be expanded, and the diversification of supply directions will be ensured
A number of activities will be aimed at improving air quality, including: <ul style="list-style-type: none"> <li>– development of district heating (4-fold increase in the number of effective heating systems by 2030)</li> <li>– low-emission direction of transition of individual sources (heat pumps, electric heating)</li> <li>– moving away from burning coal in households in cities by 2030, in rural areas by 2040, maintaining the possibility of using smokeless fuel until 2040</li> <li>– increasing the energy efficiency of buildings</li> </ul>		Reduction of the phenomenon of energy poverty to the level of max. 6% of households  The most anticipated development of energy technologies and R&D investments includes: <ul style="list-style-type: none"> <li>– energy storage technologies</li> </ul>	

Key elements of PEP 2040.  
Source: Energy Policy of Poland until 2040





## AERS Serbia

### Recent Developments

**Nov 13, 2020** – The Council of the **Energy Agency of the Republic of Serbia (AERS)** has approved Agreements between transmission system operator of the Republic of Serbia EMS JSC and transmission system operators of North Macedonia (MEPSO), Bulgaria (EAD), Romania (Transelektika), Hungary (MAVIR), Croatia (HOPS), Bosnia and Herzegovina (NOSBIH) and Montenegro (CGES) on the procedure and method for cross-border transmission capacity allocation and access to cross-border transmission capacity for 2021.

**Dec 17, 2020** – The Council of AERS has adopted a decision on guaranteed electricity supply price. The average electricity price charged to customers entitled to guaranteed supply at regulated prices (households and small customers) is established on the basis of maximum allowed revenue and it amounts to 7.867 RSD/kWh without taxes and duties. It is by 3.4% higher than the ruling average price.

**Dec 24, 2020** – The Council of the AERS has adopted decisions on amendments to the Methodology for Setting Price of Electricity for Guaranteed Supply, Methodology for Setting Electricity Distribution Use-of-System Charge and Methodology for Setting Electricity Transmission Use-of-System Charge. These amendments provide for the extension of the period during which customers, i.e. electricity transmission and distribution system users can take the opportunity to have lower level of approved power charged without amendments to the decision on the connection approval. This option is limited until December 31, 2022.

**Dec 31, 2020** – The Council of AERS has adopted a decision on the approval of 2020-2029 Gas Transmission System Development Plan which was adopted by the transmission system operator – Transportgas Srbija. Investments which are planned to be

realized in a three-year period are integral part of the Plan.

**Jan 21, 2021** – The Council of AERS has adopted a Decision on 2021 Power System and Ancillary Services Charges. This Decision sets charges of capacity reserve for system services, i.e. secondary and tertiary control which are necessary for the provision of secure, reliable and stable operations of the power system, i.e. for frequency regulation and exchange capacity, as well as ancillary services for the regulation of voltage and reactive power and the price of black start.

### Significant Energy News

**Jan 1, 2021** – Serbian President Aleksandar Vučić on Friday (1 January) opened a portion of a Russian gas project running through his country and hailed it as key for the security of its energy supply. The 403-kilometre(250-mile) long stretch – from Zajecar in eastern Serbia to Horgos on Hungary border – is part of the larger TurkStream pipeline which supplies Russian natural gas to Turkey and central Europe. ■



## URSO Slovakia

### Recent Developments

– The Regulatory Board of the **Regulatory Office for Network Industries (URSO)** decided to **extend the regulatory period running from 2017 to 2021 by one year, i.e. to 2022** in order to accommodate necessary changes required by the transposition of the EU Clean Energy Package into national legislation and properly reflect them in the new regulatory period starting from 2023.

– The Slovak regulator is also in the phase of making preparations for a **regulatory “sandbox”**, a pilot project enabling energy suppliers and service providers to test and introduce to the market new **innovative products or solutions** without some of the usual regulatory framework applying.

– URSO is currently developing a **new consumer protection strategy** which aims particularly to expand ways, forms and level of communication of the Office with the consumers and (e.g. through regular newsletters, activity in social media, simplified and attractive information on energy markets, prices, clarification of energy bills and consumer rights). In this regard, setting new platforms of regular cooperation with consumer associations, introducing a new institute of energy ombudsman, establishing regional energy consultancies, drafting a consumer rights charter and providing updated information on consumer rights arising from EU legislation should also significantly contribute to **enhancing consumer protection and building their trust**.

– In view of the global pandemic and **falling natural gas and electricity prices**, for 2021 URSO reduced electricity tariffs for households by an average of 3.8%, gas tariffs by up to 11% and heat tariffs by an average of 4.2%. Water and sewage tariffs, on the other hand, will rise by an average of 3.2% in 2021 in Slovakia.

### Significant Energy News

– In what was termed as **the energy transaction of 2020** in Slovakia, the **German group E.ON**, which owns 49% of the shares in **Západoslovenská energetika (ZSE)** together with management control, will become the new owner of a 49% minority stake in **Východoslovenská energetika Holding (VSE Holding)** currently owned by the **RWE Group**. The new management of the Ministry of Economy of the Slovak Republic finally decided not to exercise its option to purchase VSE Holding shares from the parent group RWE. The state also received from E.ON the amount of 35.2 mil. EUR and the pre-emption right for the steam-gas power plant in Malženice.

– ZSE continued the successful implementation of the international **ACON project** fostering the **integration of the Czech and the**



**Slovak electricity markets with the use of smart grid technology** in both countries. In addition, ZSE received almost 100 mil. EUR from an EU energy funding mechanism (CEF) for another similar project, **Danube InGrid**.

– In November 2020, OKTE (Slovakia's electricity market operator) successfully carried out the first electronic auction for unused **guarantees of the origin of electricity from RES and CHP** in the Visegrád 4 countries. Guarantees in the volume of 342 GWh of electricity were traded, which represented almost half of the available volume (708 GWh).

– InoBat Auto also announced its intention to build a **factory for the production of specialized lithium batteries for electric vehicles in Western Slovakia**.

– Minister of Economy Richard Sulík announced a list of **measures to support hydrogen technologies** in Slovakia including the establishment of the **Hydrogen Technology Research Center**, the construction of hydrogen filling stations or subsidies to support the purchase of hydrogen cars (in the next programming period). ■



## EMRA Turkey

### Recent Developments

#### Electricity

– With the amendment of the By-Law for Electricity Market Ancillary Services published on January 2021, regulatory measures have been taken to increase system flexibility and resilience in the ancillary services. According to the amended By-Law for Electricity Market Ancillary Services, the **demand side reserve service** is described as a new service designed to ensure the system frequency stability and/or to manage the constraints through voluntary tenders opened to large consumers connected to

transmission system with annual electricity consumption exceeding 10 million kW. In this context, activation payments are made in addition to regular capacity payments to service providers. Several improvements in procurement procedures of primary and secondary frequency control services were made. With aforementioned amendment, an ancillary service provider, who is selected as a result of tender which is carried out at 2 days ahead the delivery date (day ahead the determination of market clearing price), will have the opportunity to transfer the reserve providing requirements to another service provider up to 90 minutes left to delivery time by using an online transfer platform operated by TEIAS (TSO). In this way, it is aimed to increase the reliability of the system by increasing the fulfilment rates of these ancillary services, and to decrease the costs as the competition level of the market increases.

– The By-Law for YEK-G Certification was published in the Official Gazette on 14.11.2020 and it will enter into force on June 1, 2021. The system will enable the trade of YEK-G certificates issued for each megawatt-hour green energy generated from renewable 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 in line with the Guarantees of Origin (GO)

– The amendment of the By-Law for Electricity Market Consumer Services was published on February 2021. According to the amended By-Law, it has been regulated that consumers be able to make distance contracts. Electricity cuts are restricted for vulnerable consumers (disabled and elderly people) due to unpaid bills (at least three billing periods). Additionally, commercial quality standards have been renewed and

penalties have been increased. More importantly, from the beginning of 2021, consumer satisfaction began to be measured.

– “The Procedures and Principles Regarding the Application of the Quality Factor for the Distribution Activity in the 4th Tariff Implementation Period (2021-2025)” (Procedures and Principles) was entered into force after being published in the 1st Repetitive Official Gazette on December 2020. The biggest difference of these Procedures and Principles from the Procedures and Principles that were in use in the previous tariff implementation period is that “The quality factor” does not only positively affect the revenue cap of the distribution companies, but also has a negative effect on the revenue cap of distribution companies whose performance deteriorates.

#### Electricity Tariffs

Turkey has accelerated its efforts to 4th regulatory period of electricity distribution and incumbent retail companies, which began on 1/1/2021 and will continue for 5 years. Accordingly, the legislation on tariff regulations of 21 distribution and assigned supply companies was renewed. In addition, the legislation on R&D activities was renewed and the planned maintenance budget and R&D budgets allocated to electricity distribution companies was increased. Thus, the support for the maintenance and development of an innovative distribution network was further increased.

#### Natural Gas Tariffs

The amendments in the Organized Wholesale Natural Gas Sales Market Regulation regarding the establishment of the Natural Gas Futures Market have entered into force after being published in the Official Gazette no. 31362 of 12 January 2021. Within this framework, the legislation on “Natural Gas Futures Market” was finalized by the **Energy Market Regulatory Authority (EMRA)**

after receiving public and private sector institutions, and entered into force following its publication in the Official Gazette No. 31421 of 12 March 2021. The implementation and testing of the software for the Natural Gas Futures Market will be completed in the third quarter of 2021 and futures products will be available in the organized market by the fourth quarter of the year. For Tariff:

- Natural gas transmission tariffs & dispatch control charges to be valid in 2021 were determined in November 2020.

- Natural gas connection tariffs to be valid in 2021 were determined in December 2020.

- Natural gas underground storage tariffs to be valid in April 2021 were determined in March 2021.

- The eligibility limit was reduced to 1,200 kWh for 2021 by the Board decision of EMRA. The theoretical market opening rate corresponding to this value is 97.2%.

- By the Decision of the President (No:3453) (O.G. Date: 30.01.2021, No: 31380), the new renewable energy support (YEKDEM) prices were determined for the renewable power plants to be commissioned from July 1, 2021 until December 31, 2025. The YEKDEM prices will be applied for 10 years, and 5 years additional price in case of use of domestically produced equipment.

- In Turkish Natural Gas Market; two new mechanisms have been introduced such as Supplier of Last Resort and Market Maker; with the new provisions of the Natural Gas Market Law No. 4646 that were added by the Law No. 7257.

- The amendment in NGML introduced the concept of market maker to the Turkish natural gas markets. Secondary legislation that will be prepared to be implemented is the Market Maker mechanism is aimed to further increase the competition and transparency in the in the spot and

exchange-traded derivatives markets. Both the increased liquidity and depth in the organized markets provided by the market maker mechanism and the utilization of the mechanism in conjunction with the other regulations aiming to decrease the market share of BOTAŞ, will allow a more competitive market structure as well as transparent price formation and discovery in the gas markets. ■



## RSB Dubai, UAE

### Recent Developments

Dubai has joined Saudi Arabia and Abu Dhabi in creating a regulatory regime for district cooling. Dubai has the world's largest district cooling market at over three million refrigeration tonnes of connected demand.<sup>1</sup>

The regime, signed into law at the beginning of March, establishes the **Regulatory & Supervisory Bureau (RSB)** as the sector's regulator. The RSB's duties under the law include: authorising sector participants through a permitting process, setting technical standards, resolving complaints, approving permit holders' procedures for complaint handling and dealing with customers in arrears, and creating standard customer contract templates. The Dubai Supreme Council of Energy has the power to approve all tariffs, charges and fees levied by permit holders.

District cooling has a significant role in Dubai demand-side management strategy, with annual electricity savings of just under 2TWh targeted from it by 2030. The intention is that with a robust regulatory regime district cooling will become more attractive to developers, who make the choice of how to cool the buildings they develop, and customers who occupy those buildings as tenants and owners. ■



## NEURC Ukraine

### Recent Developments

On December 09, 2020, the **National Energy and Utilities Regulatory Commission (NEURC)** at its meeting made a decision to set tariffs for 2021 for electricity distribution services using the incentive regulation for 25 distribution system operators.

The decision by NEURC was preceded by broad public consultations in compliance with the principle of achieving a balance between interests of the state, consumers and market participants.

This decision will, among other things, lead to an increase in the volume of construction and modernization of power networks and substations, which would further contribute to reduction of costs and would shorten the time for connecting new consumers to power networks; in addition, that would mean improvement of the quality of services on distribution of electricity to existing consumers and decrease in the volume of consumption of electricity in the power grid.

The decision of the NEURC was made taking into consideration the regulatory framework of the incentive tariff design for distribution system operators that had been improved by the Regulator (approved on August 26, 2020); according to which the rate of return for the "new" asset base is 16.74%; and the rate of return for the "old" asset base is 3 %; mandatory reinvestment into construction and modernization of networks of distribution system operators comprises 50% of funds that represent return on the "old" asset base.

On April 07, 2021, the NEURC at its meeting adopted a decree "On approving changes and amendments to certain decrees of NEURC" (approval of changes to the Rules of Supply and the Model Agreement on

<sup>1</sup> A refrigeration tonne (TR) is the standard unit of cooling. Producing one TR requires approximately one kilowatt of electricity from the type of chillers typically used in district cooling.

Supply of Natural Gas to Residential Consumers).

The Decision is aimed at ensuring protection of rights of residential consumers against price fluctuations in the natural gas market. Residential consumers are given the opportunity to consume natural gas during the year at the same fixed price which would be offered by suppliers and would be valid from May 1 of the current year until April 30 of the following year.

At the same time, suppliers of natural gas would be able to offer other commercial proposals related to consumption to residential consumers. ■



## NARUC USA

### Recent Developments

**Cybersecurity Infographic** (October 5, 2020) – With support from USAID, the **National Association of Regulatory Utility Commissioners (NARUC)** produced an infographic titled “[Modernized Grids can Increase Cybersecurity Risks.](#)” The focus of the infographic is to provide clear and concise information on cyber preparedness, as well as resources on cybersecurity strategies.

**Roadmap for the Development of Downstream Natural Gas Markets** (October 8, 2020) – Under the auspices of the USAID Regional Development Mission for Asia (USAID/ RDMA) and in support of the Asia EDGE initiative, NARUC, together with the U.S. Energy Association (USEA), is engaged in the Asia Gas Partnership (AGP) Program to establish a public-private partnership involving government and industry representatives from the U.S. and Indo-Pacific countries. In this context, NARUC created [an informative step-by-step reference](#) for energy regulators and energy sector decision makers in countries introducing liquefied natural gas (LNG) imports and subsequently

overseeing domestic regulation of nascent downstream natural gas markets.

**Understanding Cybersecurity Maturity Models within the Context of Energy Regulation** (October 14, 2021) – With support from USAID, NARUC published a [primer](#) discussing cybersecurity maturity models within the context of energy regulation as a means of providing a fundamental understanding of their application, benefits, and the value that they can afford in the regulatory process.

**Natural Gas Markets Infographic** (October 16, 2021) – With support from USAID, NARUC produced an infographic titled “[Developing Natural Gas Infrastructure and Markets.](#)” The focus of the infographic is to provide clear and concise information on natural gas flow from production to consumption and steps for regulatory reforms.

**Two New Primers on Market Performance** (October 21, 2021) – With support from USAID, NARUC developed two primers: “[A Regulator’s Guide to the Use of Load Flow Study Tools for Transmission Planning](#)” and “[A Regulator’s Guide to the Use of Production Simulation Tools for Market Analysis.](#)” These primers were developed to help regulators better understand the benefits and challenges of market coupling and extend their knowledge of tools commonly used by transmission system operators (TSOs) and other relevant stakeholders to evaluate market scenarios and perform a wide range of analyses.

**New NARUC-NASEO Reports on Microgrid Financing and Use Cases** (January 13, 2021) – NARUC and the National Association of State Energy Officials (NASEO) announced the release of [two new reports](#) on design approaches and funding and financing options for states to consider in actions they take to support microgrid deployment.

**New National Regulatory Research Institute Paper Challenges FERC to Adopt More Prudent Regulation in the Face of a Changing Energy Landscape** (January 15, 2021) – A [new paper](#) calls for the Federal Energy Regulatory Commission to re-assess its long-established theories of regulation. Whither the FERC?: Overcoming the Existential Threat to Its Magic Pricing Formula through Prudent Regulation, by Carl Pechman, PhD, takes a critical look at the agency’s ability to adapt to overall industry changes and the evolving nature of utility customers.

**Revised Data Collection Templates and Common Set of Metrics and Method(s) for Establishing Performance Benchmarks** (February 19, 2021) – With support from USAID, NARUC developed a new [publication](#) containing information on data collection templates, a common set of metrics/indicators, and methods for establishing performance benchmarks regulators can use.

**New Research Paper Examines the Questions Underlying the Regulatory and Market Issues of the Texas Energy Crisis** (March 8, 2021) – In response to the February extreme cold weather event in Texas, resulting in significant electric outages across the Electric Reliability Council of Texas system, the National Regulatory Research Institute has published a [new paper](#) in its Insights series: “Regulatory Questions Engendered by the Texas Energy Crisis of 2021.”

**NARUC Continues to Develop Cost-Reflective Tariff Toolkit** (April 5, 2021) – With support from USAID, NARUC began developing a [Cost-Reflective Tariff Toolkit](#) in 2019. This toolkit consists of a series of primers focusing on the regulator’s role in achieving cost-reflective tariffs. The [Primer on Rate Design for Cost-Reflective Tariffs](#) (January 2021) is a resource for electricity regulators and utilities outlining the fundamental principles of cost-reflective rate

design and describing key rate design processes. [The Primer on Primary Drivers of Electricity Tariffs for Utility Regulators \(April 2021\)](#) is meant to help utility regulators around the world understand the primary drivers of electricity tariffs based on the revenue requirement concept, with a specific focus on the expenses that are incorporated into revenue requirements. Additional primers will be released in the coming months.

### **Significant Energy News**

**Twelve States Announce Action Steps to Plan for Grid of the Future** (February 11, 2021) – As part of the conclusion of a national, two-year initiative hosted by the National Association of Regulatory Utility Commissioners and the National Association of State Energy Officials, [12 states made commitments](#) to implement key innovations to electricity planning in their states to better meet system and customer needs and state policy goals. To advance the state-of-the-art of electricity planning, NARUC and NASEO jointly released a [Blueprint for State Action](#), five [Roadmaps for Comprehensive Electricity Planning](#), an online library and additional resources for states.

### **NARUC Praises FCC Order Granting States Access to Communications Outage Data during Emergencies**

(March 18, 2021) – The National Association of Regulatory Utility Commissioners supports the decision by the Federal Communications Commission to adopt a second report and order that provides states access to the agency's outage reporting data. This move helps NARUC members' and other state officials' emergency response efforts through accurate and timely communications outage and infrastructure status information via the FCC's Network Outage Reporting System and Disaster Information Reporting System. This [Second Report and Order](#) will adopt a framework to provide state and other federal agencies with access to outage information that improves their situational awareness and enhances their ability to respond more quickly to outages affecting their communities. ■

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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