

# ERRA MEMBERS' NEWSLETTER

ENERGY REGULATORS REGIONAL ASSOCIATION (ERRA)

## 2021/2



### INTERVIEW WITH DR. WOLFGANG URBANTSCHITSCH, EXECUTIVE DIRECTOR, E-CONTROL AUSTRIA



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**Director Urbantschitsch, please accept ERRA Secretariat's heartiest congratulations for E-Control's 20th anniversary! In our first question we would like to ask you how has E-Control's evolving role helped in shaping the modern Austrian energy system?**

Thank you! Within its 20 years of work, E-Control has significantly shaped the Austrian energy system. The system has undergone a fundamental transformation. In order to create a level playing field for new and international actors, which have been more and more actively participating in the Austrian energy market since the liberalisation of the energy market, E-Control has developed transparent and clear market rules.

Although Austria, situated in the heart of Europe, is a small country, it plays a vital role in the European energy system, as Austria has many gas and electricity interconnectors with its neighbouring countries. Therefore, Austria highly depends not only on well-working, domestic market rules, but also on a transparent and future-proof market design at European level. Therefore, E-Control has continuously cooperated at European level with NRAs to adapt the regulatory framework to new challenges and circumstances.

By developing a transparent regulatory framework at national and regional level we can make sure that energy customers profit from the benefits of the liberalisation and that Austria stays an attractive business hub.

**The twenty years of E-Control's operation is marked by many worthwhile achievements. Do you see any particular breakthroughs/milestones worth mentioning?**

We can look back on many worthwhile achievements of the last 20 years. All of these achievements have one thing in common – they all created benefits for the domestic consumers. The liberalization of the electricity and gas markets has created financial advantages such as savings in network charges or electricity and gas prices. Since the liberalisation of the electricity market Austrian energy consumers were able to save over 13 billion Euros. Similar savings can be observed for gas consumers.

Furthermore, we can see that the quality of customer service of

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electricity and gas companies has significantly increased over the past 20 years. The Austrian economy has also benefited from the liberalization of the energy market. In the last 20 years, around 10,000 net jobs have been created, and the gross domestic product has increased by 0.4 percent compared to a scenario without the liberalization of the energy market. What is particularly valuable, however, is that the number of energy suppliers and offers, that consumers can choose from, has increased significantly.

**E-Control is put as an example of an NRA that often shares its knowledge with other institutions internationally, particularly those from emerging economies of the Eastern Partnership. What is the importance of a modern energy regulatory agency towards creating international best practice for the sector?**

First of all, it is important that regulatory authorities can operate



independently – not only with regard to their regulatory tasks, but also when it comes to their budget. NRAs need to have adequate resources to accumulate the expertise necessary to tackle all the different regulatory challenges.

Furthermore, we have also observed that close cooperation at European and international level amongst NRAs facilitates meeting new challenges, identifying future trends and developing adequate measures.

**What are the key domestic and regional challenges for E-Control for the next 5-10 years? How will the regulator address these and what role can regional cooperation play in this respect?**

I believe that digitalisation, decarbonisation and decentralisation of the energy system are the key challenges in the future.

In order to successfully shape this transformation, we will need future-proof regulation which facilitates decarbonisation of the energy sector, promotes a competitive Internal Energy Market and maximises the opportunities arising from new developments and technologies. It will be key to apply a well-balanced, dynamic regulatory approach based on periodic market monitoring to adequately address these future challenges. Regional cooperation will be key to strengthen the dialog amongst NRAs and to ensure coherence of the applied measures. ■

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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.



## CREG Algeria

### Recent Developments

On the regulatory level, **Commission for Electricity and Gas Regulation (CREG) of Algeria** has continued the consultation process with all operators, in the context of updating the regulations and procedures governing their activities such as:

- Approval of a simplified procedure for processing applications for connection of electrical energy to the high voltage and low voltage distribution network;
- Updating of the decrees setting the technical specifications for the design, construction, operation and maintenance of electricity and gas distribution works;
- Elaboration of a draft amendment of the completed executive decree fixing the procedure for granting authorizations to operate electricity production facilities;
- Elaboration of a draft amendment of the executive decree fixing the economic rules for the rights of connection to the networks and other actions necessary to satisfy the requests of supply of the customers in electricity and gas;
- Elaboration of model contracts for energy supply and connection for all types of customers.

### Significant Energy News

As all countries in the world, Algeria has initiated a process of energy transition for several years, a topic that has become an important political issue for many reasons, including environmental and climate problems, public health issues or the issue related to the energy market and economic growth.

The dimension relating to the energy transition towards new and renewable energies within the framework of the Algerian government's economic recovery plan aims to achieve "green" growth through the use of innovative

and digitalized energy technologies for a new development architecture where the fossil fuel rent gives way to sustainable models that value social ties and sustainable jobs, while promoting a better quality of life and resilience to the various crises and major risks. The recovery plan provides for the transitional energy sector to be at the centre of its vocation for the construction, in harmony with the efforts of the international community in this field, of a "post-crisis Algeria" with a low carbon footprint, rational and efficient in its energy consumption, which enhances all its hibernating potential, particularly in the field of energy, and creates new wealth for the nation on a sustainable basis.

Among the measures to support the energy transition is the elaboration of an action plan on the normative dimension of the energy transition, in terms of standards to be updated, new standards to be adopted, means of calibration and benchmarking to be put in place.

As well as - the creation of an Institute for Energy Transition and Renewable Energies, as a centre of excellence open to the international community, which concentrates on short-cycle training, graduate and post-graduate higher education, R&D and assistance with the industrial development of innovations.

Also, Algeria recorded, on August, 15th 2021, a new record of the electricity demand, reaching 16224 MW, 10.3% higher than the peak of 2020. The last historical peak power demand of 15 672 MW was recorded on 2019. This high increase in electricity demand is partly due to the use of air conditioners and electric fans during the heat wave that affected the country. ■



## PSRC Armenia

### Recent Developments

- The **Public Services Regulatory Commission (PSRC) of Armenia** informed that in 2021, new tariffs on RES have entered into force on July 1. As a result of the recalculation, comparing with tariffs entered into force from July 1, 2020, new tariffs for small hydroelectric power plants and tariffs for electricity delivered from wind, solar and biomass power plants increased by 7.31-7.74%, taking into account changes of inflation and AMD exchange rate in adjustment mechanism.

- Water supply company, in accordance with the terms of the license applied for drinking water supply, drainage (wastewater treatment) services tariff review for the 6th contractual lease year (2022) on August 9, 2021, taking into account changes in retail water supply, inflation, changes in electricity tariffs, as well as additional revenue from the use of the water for irrigation and water system for other purposes. Currently, application is under discussion.

- Review of tariffs for electricity has been started.

- PSRC renewed its procedure for approving energy sector licensees' investment projects, as well as set procedure for investment activities monitoring. These, inter alia, includes requirements for investment projects submitting, its structure, and regulatory tools for investments evaluation. ■



## AERA Azerbaijan

### Recent Developments

– After consecutive discussions of the **Azerbaijan Energy Regulatory Agency (AERA)**, draft of Electricity Tariff Methodology has almost been agreed with regulated companies. The Methodology has redesigned based on suggestions of regulated companies and still Tariff Sector is working on some parts to improve and adjust it to the international standards.

– On 04.10.2021 the “Sugovushan-1” and “Sugovushan-2” small hydro-power plants, located in Tartar district, were inaugurated after renovation.

– On 04.10.2021 the opening ceremony of 110/35/10 kV “Jabrayıl” substation was held.

– The opening ceremony of the new 110/35/10 kV substation in Fizuli was held on 14.06.2021, which has been built in accordance with the order of the President Ilham Aliyev to secure the energy supply of the liberated territories. This substation will supply electricity to all infrastructure to be built in Fizuli and surrounding villages, including the Fizuli airport.

### Significant Energy News

Law of the Republic of Azerbaijan “On the efficient use of energy resources and energy efficiency” No. 359-VIQ dated 09.07.2021. In accordance with the Order of the Cabinet of Ministers No. 529s dated 31.08.2021 subsequent secondary legislation shall be prepared.

Law of the Republic of Azerbaijan “On the use of renewable energy sources in the production of electricity” No. 339-VIQ dated 31.05.2021 In accordance with the Order of the Cabinet of Ministers No. 447s dated 17.07.2021 subsequent secondary legislation shall be prepared. ■



## SERC Bosnia and Herzegovina

### Recent Developments

**The State Electricity Regulatory Commission (SERC) of Bosnia and Herzegovina amended Tariff Pricing Methodology for Services of Electricity Transmission, Independent System Operator and Ancillary Services and approved New Market Rules.**

The market principles in the segment of ancillary services and power system balancing have become fully operational in BIH (as of January 1, 2016) and set an example of a successful model in South East Europe. However, having analysed the current operation of the balancing market in BIH and the development of European Union energy rules which become obligatory for BIH under the Energy Community mechanisms, SERC concluded that there were justified reasons for improvement of the applicable Tariff Pricing Methodology for Services of Electricity Transmission, Independent System Operator and Ancillary Services. In view of this, SERC initiated activities on amending this document coordinating its steps with activities of the Independent System Operator in Bosnia and Herzegovina (ISO BIH) which acts in accordance with the ENTSO-E requirements while developing its rules.

Namely, in 2021 as an ENTSO-E member, the ISO BIH prepared new Market Rules in compliance with ENTSO-E requirements on operation in the synchronous area Continental Europe, which is defined by Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation, and the balancing mechanism and balancing market operation defined by Commission Regulation (EU) 2017/2195 of 23 November 2017

establishing a guideline on electricity balancing. The New Market Rules were adopted by the ISO BIH Steering Board in June 2021 and submitted to SERC for approval.

Aware of the obligations of the ISO BIH as an ENTSO-E member as well as international obligations of Bosnia and Herzegovina and, consequently, of all energy sector institutions to create a stable and harmonised legal framework through gradual transposition of the EU acquis and continued transposition of network codes, including these two regulations, into the legal system of the Energy Community and, consequently, the obligation to transpose them into the legal system of Bosnia and Herzegovina, SERC prepared a new text of the Methodology as a step forward in early implementation of the obligations on the creation of preconditions for integration of Bosnia and Herzegovina into the European energy market.

- As a result, at its session held on 13 October 2021, SERC adopted a Decision on amendments to the Tariff Pricing Methodology for Services of Electricity Transmission, Independent System Operator and Ancillary Services and approved new Market Rules. ■



## FERC Bosnia and Herzegovina

### Recent Developments

Considering the **Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK)**'s obligation to constantly monitor and analyse the current application of its rules and regulations in accordance with its competencies, it was assessed that it is necessary to change the methodology of calculating the referent electricity price. The methodology prescribed that the referent electricity price is determined as a product of the weighted realized



price of electricity trade in the FBiH in the period of the previous 12 months and the coefficient 1.2. By continuous monitoring and analysis of the movement of electricity prices on the market, as well as the realized trade prices of the FERK's licensees for power supply, it was determined that there were significant disturbances in electricity prices on the market. The reasons for this are the poor hydrological year, and global price disturbances caused by the appearance of the SARS virus - CoV-z. Analysing the effects of the trend of electricity prices on the amount of the referent electricity price, as well as its meaning that it serves as the purchase price of electricity from plants using RES and CoGen, whose generation is not incentivized and that it is used to determine fees paid for renewables, there was a need to change the existing methodology. As prices on the electricity market have increased significantly it was necessary to abolish the coefficient of 1.2 in order for the referent price to serve the purpose for which it has been determined. The amendments to the methodology were adopted in September 2021.

### Significant Energy News

FBiH Government has made the Decree determining the plants and facilities that must have an environmental permit and the Decree on projects for which environmental impact assessment is mandatory and projects for which the need is decided for environmental impact assessment. The mentioned bylaws, in terms of environmental protection, provide for the issuance of an environmental permit or a decision on a preliminary environmental impact assessment. These decrees derive from the new Law on Environmental Protection from February 2021.

In addition, the new Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina was also adopted in February 2021.

In accordance with the above, it was necessary to amend the provisions of the FERK'S Rulebook on Licensing and Rulebook on Licensing of Energy Activities in Oil Sector relating to the environmental permits and certain accounting and auditing rules, so FERK has adopted those amendments in September 2021. ■



## **EWRC Bulgaria**

### Recent Developments

Following the amendments to the Energy Act (Energy Act amendment, prom. SG, issue 57 of 2020), as of 1 October 2021 the activity "trade in natural gas" shall be carried out on the basis of an issued license under Art. 39, para. 1, item 5 of the Energy Act. The applications for issuance of a license shall be submitted by the natural gas traders to **Energy and Water Regulatory Commission (EWRC) of Bulgaria**.

Currently, EWRC has issued more than 30 licenses for carrying out the activity "trade in natural gas".

### Significant Energy News

As of 1 July 2021, all non-household consumers who did not choose an electricity supplier by entering the free market within the specified period, were bound to receive electricity from suppliers of last resort at tariffs higher than the exchange rates on the liberalized market.

According to a proposal of EWRC, as of 1 November 2021, such non-household customers shall receive a reduction in their bills from BGN 15 to BGN 30 per MWh in accordance with a new formula, proposed by EWRC. This measure will cover more than 250,000 companies and is envisaged to be of a short-term - 3 months. During this period an awareness campaign will be conducted to encourage customers of suppliers of last resort to enter into contracts with suppliers of their choice and thus not

to be obliged to pay for electricity at the highest rates.

The proposed amendments are due to be adopted during a closed session of EWRC on 26 October 2021 so that they could enter into force on 1 November 2021.

Around 624,000 non-household customers have already entered the free energy market according to statistics given by the Ministry of Energy. ■



## **HERA Croatia**

### Recent Developments

On 9 September 2021 the Board of Commissioners of the **Croatian Energy Regulatory Agency (HERA)** adopted:

- Amendments to the General terms and conditions of gas supply,
- Amendments to the Gas distribution system network code,
- Decision on approval of amendments to the Transmission system network code proposed by the Croatian gas TSO PLINACRO Ltd.

The Croatian Parliament appointed a new President of the Board of Commissioners, Mr. Danijel Žamboki, because Mr. Tomislav Jureković's term had ended. Mr. Žamboki has already served as President of the Board of Commissioners from 2010 to 2013.

### Significant Energy News

New Electricity Energy Act was adopted which transposes into Croatian legislation Directive (EU) 2019/944 on common rules for the internal market for electricity.

From the start of commercial operation on 1st January 2021 to 8th September 2021, the LNG Terminal sent more than one billion cubic meters of natural gas to the transport system of the Republic of Croatia. That translates to more than 1,600,000 cubic meters of liquefied natural gas

that were regasified and brought to the Terminal by 12 LNG carriers. All of the above proves the importance of the Terminal for the gas market in the Republic of Croatia and this part of Europe and the impact on regional gas flows. ■



## ERO Czech Republic

### Recent Developments

**Free online ERO webinars for students.** The **Energy Regulatory Office (ERO)** has prepared a series of free online webinars for university students focusing on the activities that the ERO, as the regulator of the energy market, deals with. The main goal of the project is to deepen students' professional and practical knowledge in the field. The first webinar on the topic of Monitoring the Retail Electricity and Gas Market took place 27 May 2021.

**Lockdown increased household electricity consumption in the first quarter.** In the first quarter 2021, domestic electricity consumption (gross) in the Czech Republic increased by 0.7% year-on-year and reached 20.3 TWh. Even in January, however, it showed a year-on-year decline (-1.4%), growth was only slightly reflected in February (+ 0.3%), and especially in March (+ 3.5%). Households contributed massively to the year-on-year increase in consumption (+ 14.8%).

Electricity production (gross) grew much more sharply than consumption in the first quarter. It reached 23 TWh, which represents a year-on-year increase of 3.6%. Specifically, in March, production rose by as much as 7.7% year on year.

The total consumption of natural gas in the first quarter reached 3.53 billion m<sup>3</sup>, which is 13.4% more than in the first quarter of last year.

**In four years, the production of heat from brown coal has fallen by more than a tenth.** Heat production (gross) in the Czech Republic reached 156,918 TJ last year, which is 4,987 TJ less than in 2019. Almost a third of this volume (31%) was consumed in-house, while heat supply accounted for 55% of the total volume (the remaining part consists of own technological consumption and losses). The structure of heat production on a local scale is governed primarily by the local availability of fuel. Coal (40%) continues to lead the country nationwide, followed by natural gas (20%) and biomass (14%).

"The domestic heating industry is gradually deviating from coal. Over the last four years, heat production from brown coal has fallen by more than a tenth, from hard coal even by more than a quarter. In contrast, biomass production has increased by almost a quarter over the same period. However, we observe significant differences across localities," explains Stanislav Trávníček Chairman of the ERO Council.

### Significant Energy News

**Amendment to the Energy Act.** The amendment to the Energy Act will take effect from January 2022, and from July, intermediaries will have to register with the ERO. The register will be publicly accessible and any consumer will be able to easily check whether the intermediary who contacted him has the necessary authorization and has met the basic conditions. These will be, for example, education, integrity or reliability.

**The ERO issued a new price decision for the heating industry.** The new approach takes into account the competition that district heating systems have faced in recent years and which is in itself a strong motivation for them. In a competitive environment, only those suppliers of thermal energy who apply a fair approach to customers and whose

long-term goal is a satisfied customer will succeed.

As part of the calculation rules, the approach to assets that better reflects reality is newly adjusted. For example, it does not distinguish between own and leased property. The customer thus pays the same price, whether the heating plant rents the assets or owns them. The division of costs between individual business activities is also more accurate.

For the first time ever, the pricing decision sets a reasonable profit, which has been a much-discussed issue in the heating industry for decades. The calculation of reasonable profit is defined by a formula, relates to the acquisition value of assets and is indexed (based on the EBIT method).

**Act on Supported Energy Sources.** The Czech deputies approved the draft amendment to the Act on Supported Energy Sources (SES). The new legal regulations will have a positive effect not only on the transformation of the Czech heating industry.

The key amendments to the Act on Supported Energy Sources include the establishment of a basic strategic framework for meeting the set new climate goals, which is essential for the modernization and decarbonisation of energy.

The Ministry of Industry and Trade prepared an amendment to the SES Act in response to new European climate goals, which emphasize a more sustainable environment, ie. reducing emissions and the related reduction of coal, and at the same time in relation to obligations from notification decisions.

**The energy supplier went bankrupt, you are protected by a supplier of last resort.** The supplier Bohemia Energy and other companies from the Bohemia Energy entity group announced the termination of their activities on 8 October 2021. More than 900 000 consumers will not be

disconnected. Suppliers of last resort will take care of the uninterrupted supply of electricity or gas (consumers whose years' consumption is up to 630MWh, according to Energy Act 458/2000).

For now, Czech government is taking actions on how to minimize the damage on the consumers' side. For November and December 2021, minister of finance has already approved, that the VAT of electricity and gas will be reduced to 0%. ■



## GasReg Egypt

### Recent Developments

A virtual workshop between Gas Regulatory Authority (GasReg) with its Jordanian counterpart.



In order to strengthen the continuous cooperation between the Arab Republic of Egypt and the Hashemite Kingdom of Jordan in all fields, the most important of which is the energy sector, a Virtual workshop was organized between the Egyptian Gas Regulatory Authority with its Jordanian counterpart, where the two sides discussed a number of common topics in the field. Eng. Karem Mahmoud, the CEO of the Gas Regulatory Authority has started the meeting with an overview about GasReg, an explanation of its establishment law of and its executive regulations. Moreover, the meeting also discussed the Egyptian experience and how to transfer this experience to its Jordanian counterpart.

**GASREG participates in the panel discussion organized by Al-Ahram**

### Center for Political and Strategic Studies.



Al-Ahram Center for Political and Strategic Studies organized a panel discussion entitled "Prospects for Energy Transition in Egypt: Opportunities and Challenges." The seminar was attended by Eng. Mohamed El-Tahan, Assistant of GasReg CEO for Technical affairs, representing Gas Regulatory Authority along with a large number of experts, specialists and academics.

The seminar discussed two main topics: The first dealt with the state of renewable energy and energy efficiency projects in Egypt. The second topic discussed the legal, regulatory and technical dimensions of the energy transition in Egypt.

### GASREG participated in the Middle East and North Africa Energy Forum" MENA".



The 2<sup>nd</sup> edition of MENA virtual expo and summit was held on August 30 and 31, 2021 under the auspices of Omani's Ministry of Energy and Minerals. A distinguished roster of participants and speakers, representing some of the energy-related organizations in the region, presented important topics as green hydrogen, energy security, digital transformation, wind energy, and floating solar. In addition to the latest storage technologies, importance of decarbonization and reduction of greenhouse gas emissions. The Egyptian Gas Regulatory Authority participated in MENA and was represented by Economist, Hatem Mahmoud, General Manager of Economic Affairs, who

presented the latest Egyptian natural gas market reforms. He mentioned the GasReg's achievements and its role in monitoring and regulation to qualify the gas market for competition and gradual liberalization to attract new participants in various activities; storage, transportation distribution & supply.

### Significant Energy News

#### Lebanon to get Egyptian gas via Syria in plan to ease crisis.



Egyptian natural gas will be piped to Lebanon via Jordan and Syria to help boost its electricity output under a plan agreed by the four governments on Wednesday to ease a crippling power crisis. The plan, which an Egyptian minister said would be implemented as soon as possible, is part of a U.S.-backed effort to address Lebanon's power shortages using Egyptian gas to be supplied via an Arab pipeline established some 20 years ago.

**Egypt becomes Arab World's biggest LNG exporter in Q2 2021.** The Arab countries' total global market share of the world's exports of liquified natural gas (LNG) amounted to 30% during the second quarter (Q2) of 2021, according to a report conducted by Expert Engineer at the Organization of Arab Petroleum Exporting Countries (OAPEC).

Egypt captured the lion's share of the Arab World's total LNG exports, as its total exports of LNG amounted to around 1.4 million tones in Q2 2021, the report highlighted.

**Egypt to Host 8<sup>th</sup> IEF-IGU Ministerial Gas Forum in 2022.** Egypt will host the 8th edition of the Ministerial Gas



Forum co-organized by the International Energy Forum (IEF) and the International Gas Union (IGU). The forum on natural gas will debate the global economic rebound after the shock caused by the COVID-19 pandemic, and the sharp rise of natural gas prices in 2021. Ministers will also take stock of global climate and energy issues in the aftermath of the COP26 UN climate conference, due to be held in November 2021.

### **Cyprus Aims to Export Gas via Egypt.**

A new pipeline agreement will further establish Egypt as the energy hub of the Eastern Mediterranean. During a September 19 meeting in Nicosia, the energy ministers of Egypt and Cyprus agreed to set up a committee within thirty days to work out details for an undersea pipeline connecting the offshore Aphrodite natural gas field with an Egyptian liquefaction plant. In an apparent bid to win European Union backing, Cypriot minister George Lakkotrypis stated, "We are essentially talking about a European pipeline, intended to transport Cypriot natural gas to Egypt for re-export to Europe in the form of liquefied natural gas." In reality, tankers could transport these LNG exports anywhere in the world. ■



## **ECA Estonia**

### **Recent Developments**

– The **Estonian Competition Authority (ECA)** conducted an analysis to investigate the delay in the commissioning of the Balticconnector gas pipeline between Estonia and Finland due to the delay in the completion of the Puiatu and Paldiski compressor stations. According to the Competition Authority, the project has been carried out in accordance with the Regulation and its delay has not exceeded the two-year limit. Construction of the project is completed with the contractor during 2021. The additional capacity

achievable with the Puiatu compressor station has been made available to the market since 29.04.2021, the additional capacity of the Paldiski compressor station reached the market from 19.06.2021. Both Puiatu and Paldiski compressor stations have passed all acceptance tests and can be operated according to the designed capacity. Today, Puiatu and Paldiski compressor stations and the Estonian gas transmission system are not the limiting elements in determining the technical size of Balticconnector's transmission capacity that can be given for market use.

– Due to very high and volatile energy prices, The Estonian Competition Authority advises consumers to be very careful when changing the electricity and gas package. The price of electricity has been very high in the last month, rising above 130 euros per megawatt-hour (MWh) on several days. It is important for consumers to assess whether the chosen electricity package is the most affordable and whether they can do something to use less electricity. The consumer can choose a package based on the stock exchange price, a fixed price package (contract length from six months to 36 months), or a combination package (stock exchange and fixed price package). Even though it is difficult to predict the increase and decrease of electricity and gas prices, the consumer should think carefully about all options and consult, for example, electricity price comparison portals.

### **Significant Energy News**

A legislative amendment has been approved by the government according to which companies in a monopoly status will have to pay a supervisory fee ranging from 0.02 to 0.2 percent of the revenue of the regulated company. The draft legislation is intended to change the model of financing of the Competition Authority so that part of its budget would come from supervisory fees

charged to monopolies with regulated prices. Such fee would be paid by electricity and gas network companies and, in the district heating sector, by network operators and heat producers. The levying of the fee would take place on a similar basis in the water sector. A supervision fee would also be paid by the universal postal service provider, railway infrastructure companies and the businesses running airports and ports.

The supervision fee will be included in the price of the services provided to final customers. The rates are set by law and cannot be negotiated.

The amendment is expected to enter into force on January, 1<sup>st</sup> 2022. ■



## **CRE France**

### **Recent Developments**

**The Energy Regulatory Commission (CRE) is continuing the 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. The negotiations are closing in, and companies impacted will be able to ask for a protection clause in which their situation will be studied in detail, in case they may be in financial risk due to their new tariffs.

**Regulatory sandbox – CRE is launching a second window for 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, and in March 2021 the CRE granted a derogation to 9 projects. After gathering the opinions of the players involved, CRE is today publishing positive feedback on this first window. Given the successes and lessons learned from this first window, CRE has decided to open a second window for applications to the regulatory experimentation system under the same conditions. Applications are expected between 15 September and 31 December 2021.

### **Significant Energy News**

#### **Energy prices surging in Europe:**

France is facing a surge in electricity and gas prices since the beginning of the year, as the global economic recovery high, high carbon prices and low gas storage increases gas demand in all European countries. The situation is seen as a real crisis by several EU member states, France among them. Gas prices have risen by 57% since January 2021 while electricity prices rose sharply from under 50€/MWh in January 2021 to well above 100€/MWh at the end of September. The French government has planned a range of measures to tackle this growing issue. The French Prime minister announced a freeze on gas prices that would last until April 2022, when they are expected to fall. Electricity prices increases will be limited as well, and an "energy check" of 100€ has already been distributed to low-income consumers to help them pay their energy bills. Another one is planned for December. The situation has also started a debate between EU member states on the European electricity market and the way prices are formed.

#### **France 2030 – France to invest billions of euros into energy projects in new national investment plan:**

Emmanuel Macron unveiled a new national investment plan called "France 2030" on Tuesday 12th of October, aiming to spend €30 billion by the end of the decade to foster innovation and regaining industrial independence in several key sectors, including energy, and specifically in nuclear technology. Up to €8 billion will be dedicated to energy projects, to become a "leader in green hydrogen" by 2030, with the construction of "two gigafactories or electrolyzers", to continue the decarbonisation of industry and to develop the nuclear power of tomorrow. €1 billion is dedicated to research in the nuclear sector, including of "small modular reactors" (SMR), which are seen by several energy actors as a key technology for the future of the energy mix, allowing for a better integration of renewable energy sources. €500 million will also be targeted toward investment in renewable energy technology, aiming to foster wind turbine production in France. ■



### **GNERC Georgia**

#### **Recent Developments**

#### **Retail electricity market is launched.**

Since July 1 new electricity distribution companies serve household and non-household consumers in Georgia. Tbilisi Electricity Supply Company (Telmiko) serves subscribers in Tbilisi instead of Telasi, and EP Georgia Distribution instead of Energo-pro Georgia.

The change was made as part of the electricity market reform in accordance with the directives of the EU legislation on the liberalization of the gas and electricity markets under the EU Third Energy Package. As part of the reform, electricity distribution companies were required to unbundle supply and distribution activities.

The Georgian National Energy and Water Supply Regulatory Commission (GNERC) has enacted concessional conditions for the purpose of promoting electric vehicles. GNERC has enacted concessional conditions for the purpose of promoting electric vehicles. Specifically, fee for connecting electric vehicle chargers to the electricity network has been reduced by 50%.

Concessionary conditions apply to the connection of those charging devices the use of which is not limited to specific group of people and is not designed for personal consumption.

Use of charging stations (electricity consumption) for other purposes is prohibited. Connection capacity of the station does not participate in calculation of the connection capacity of the unit at its location or specific territory.

### **Significant energy news**

The fourth Twinning project "Development of Network Tariff Setting Methodologies, Energy Efficiency and Renewable Energy Regulatory Strategy and Creating Regulatory Framework for Enabling Demand Side Involvement" has been launched.



The fourth Twinning project, funded by EU, with the project title Development of Network Tariff Setting Methodologies, Energy Efficiency and Renewable Energy Regulatory Strategy and Creating Regulatory Framework for Enabling Demand Side Involvement has been

launched at Georgian National Energy and Water Regulatory Commission.

The project opening ceremony was organized remotely. The representatives from GNERC, Government, EU Member Country institutions, diplomatic corps, international and donors, private sector and civil society organizations participated in the event.

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.

The project duration is 27 months and is implemented by Energy Regulatory Body of Austria (E-Control) in cooperation with German Regulator BNetzA. The direct beneficiary of the project is Georgian National Energy and Water Supply Regulatory Commission.

**The trilateral memorandum of cooperation has been signed between Georgian National Energy and Water Supply Regulatory Commission, Energy Ombudsman and Legal Aid Service.** The memorandum has been signed by the Chairman of the Commission, Mr. Davit Narmania, Director of the Legal Aid Service, Mr. Razhden Kuprashvili and Energy Ombudsman, Mrs. Salome Vardiashvili.

The memorandum aims at protecting consumers' rights in electricity, natural gas and water supply sectors and providing information to the

public. Based on the agreement between the parties, working groups will be created that will promote raising of the consumer knowledge of the citizens.

**A conference has been organized by GNERC** on the status of the reforms in the electricity sector. Chairman of GNERC, Davit Narmania and Chairman of the Committee of Sectoral Economy and Economic Policy, Davit Songhulashvili have opened the event.

Novelties of the retail electricity market which are in force since July 1 have been discussed in details throughout the conference. Hereby, changes at the wholesale electricity market have been brought to attention. ■



## HEA Hungary

### Recent Developments

**Successful go-live of Interim Coupling - 17 June 2021.** The 4MMC countries' day-ahead market was integrated in the Pan-European day-ahead power market. The Interim Coupling project was launched in December 2018 following the request of the relevant national regulatory authorities (NRAs) in order to further develop regional integration of day-ahead electricity markets. The project aimed to connect the borders of 4MMC (Czech-Slovak-Hungarian-Romanian market coupling) with the Multi-Regional Coupling (MRC) by introducing Net Transmission Capacity (NTC) based implicit capacity allocation on the PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT borders. The successful market coupling is the result of the close cooperation among the Interim Coupling Project NEMOs and TSOs, together with the respective NRAs. This NTC-based market coupling represents a major step towards the achievement of European Single Day-ahead Coupling (SDAC).

**New market participants on the electricity market.** In line with the new rules established by the implementation of the Clean Energy Package the **Hungarian Energy and Public Utility Regulatory Authority (HEA)** so far registered 12 aggregators. Due to the development of renewable sources and smart technologies, many decentralized small actors (households, small enterprises) do not only participate in the market as consumers but also as generators. Being registered as an aggregator enables them to establish a wider portfolio and enter markets (e.g. power exchange or flexibility market) they could not reach as sole consumers.

**Consumer Satisfaction Surveys (CUS).** HEA conducted CUS for the year 2020, covering natural gas and water utility suppliers. According to the results, residential customers are widely satisfied with the activities of their gas suppliers and water utility service providers. The high level of consumer satisfaction is indicated by the so-called satisfaction index, which characterizes the consumer satisfaction with a score between 0 and 1000. Based on this, all natural gas suppliers scored above 850 points. In the case of public water supply services, the average index was 875 points. The outcome of the CUS indicates that achieving consumer satisfaction and taking consumer expectations into account has become a key aspect in the decision-making of the top management of energy companies. For that purpose, natural gas suppliers and water utility providers were able to take effective steps despite the challenges of the COVID-19 epidemic.

### Significant energy news

**New long-term gas contract.** In September 2021 a long-term gas purchase contract was signed between MVM CEEnergy Ltd (Hungarian state owned gas wholesale trader responsible for the supply of

the universal service sector) and Gazprom Export. The contracted volume (4.5 bcma) will cover the needs of the universal service sector of Hungary. The agreement is effective for 15 years.

#### Serbian-Hungarian IP in operation.

The Hungarian gas transmission system operator FGSZ finished the construction of the Serbia-Hungary interconnection point in Kiskundorozsma. The IP operates with an 8.5 bcma capacity (instead of the initially planned 6 bcma) since 1 October 2021. The new facility is an important development in terms of security of supply and diversification as it provides (as the southern entry point of Hungary) access to the TurkStream route and the gas pipelines of Southeast Europe. ■



**ERO Kosovo\***

#### Recent Developments

**Completion of the Board of Energy Regulatory Office after seven months of dysfunctionality.** On 2 August 2021, the Assembly of the Republic of Kosovo elected the chairman and two members of the Board of the Energy Regulatory Office (ERO). The deputies of the Assembly elected Mr. Ymer Fejzullahu for the position of the chairman of the Board and Mr. Gani Buçaj and Mrs. Lutfije Dervishi for the positions of board members.

For seven months (December 2020 – August 2021), with only two members (Mr. Izet Rushiti, Acting-Chairman and Mr. Selman Hoti) the Board of ERO has been dysfunctional, due to the absence of the necessary quorum of three members for decision-making. Whereas the position of Chairman has been filled after more than five years of absence.

After the completion of the Board the Regulator has continued to exercise its



ERO Board during its II session for 2021

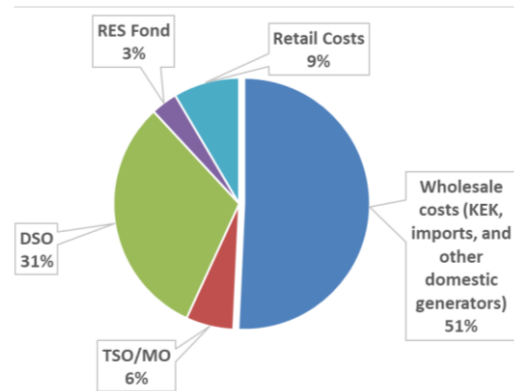
independent regulatory role, where within less than two months, there have been held 4 sessions in which more than a 100 decisions have been taken.

A new wind plant, of the company SOWI KOSOVO LLC – Selac 1, with a capacity of 34.47 MW was licensed and has entered into operation and there were issued 37 authorizations for installation of solar panels for self-consumption of customers, in a total capacity of about 1 MW. Upon the issuance of these authorizations, a number of about 137 electricity prosumers has been reached, with a capacity of more than 3 MW.

**Approval of Maximum Allowed Revenues.** ERO Board has approved the Maximum Allowed Revenues for regulated operators (Transmission System and Market Operator/KOSTT; Distribution System Operator/KEDS and Universal Service of Supply Operator USS/KESCO). Maximum Allowed Revenues for the Universal Service Supplier USS/KESCO are approved in the amount of € 290.1 million, for the Transmission System and Market Operator/KOSTT are approved in the amount of € 38.94 million, for the Distribution System Operator/KEDS are approved in the amount of € 90.51 million. These revenues will enable operators to perform operating functions in optimal conditions.

With the approval of these revenues, ERO, among others, has taken into consideration the increase of import

prices which are beyond the control of operators. However, the increase in revenues, as a result of the increase in electricity consumption, has neutralized the overall costs of electricity supply, therefore the allowed revenues will not reflect the increase in electricity prices for final customers in the tariff year 2021.



MAR Splitting according to energy activities

#### Strengthening the market operation through new Rules and procedures.

The ERO Board has approved Common Settlement Rules for intended and unintended exchanges of electricity as a result of the frequency containment process and ramping period. These rules are in line with Articles 50 (3) and 51 (1) of Commission Regulation (EU) 2017/2195 on establishing an energy balancing guide.

The Methodology on Evaluation of NTC (Net Transfer Capacity) in Kosovo Interconnection Lines was also subject to approval by the Board. This document refers to the calculation of transmission capacity for import or export conditions from Kosovo interconnection lines and will be implemented by the Transmission System Operator (KOSTT) in the

\* 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.



annual, monthly and daily calculations of transmission capacities of interconnection lines with neighbouring systems.

ERO has decided also to publish the National Register of Market Participants, an action based on Article 7 (3) of the Rule on Integrity and Transparency of the Wholesale Energy Market (REMIT), which makes ERO one of the first two regulators in the Energy Community that makes these registers public, showing an increasing commitment to transparency. ■



## State Agency, Kyrgyz Republic

### Recent Developments

– By Decrees of the Cabinet of Ministers of the Kyrgyz Republic as of September 30, 2021, No. 192, No. 193 “On Approving the Mid-Term Tariff Policy of the Kyrgyz Republic for Electricity for Years 2021 – 2025”, “On Approving the Mid-Term Tariff Policy of the Kyrgyz Republic for Heat for Years 2021 – 2025” tariffs for electricity and heat were approved for final consumers in the Kyrgyz Republic for the period up to 2025.

– According to Decree of the Government of the Kyrgyz Republic as of March 5, 2021, No. 80 „On Issues of the Ministry of Energy and Industry of the Kyrgyz Republic”, the **State Agency for Regulation of the Fuel and Energy Complex under the Government of the Kyrgyz Republic** was transformed into the State Agency for Fuel and Energy Complex Regulation under the Ministry of Energy and Industry of the Kyrgyz Republic. ■



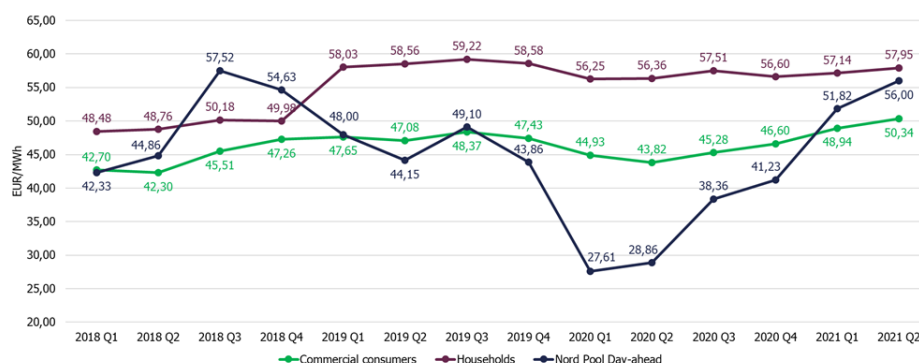
## PUC Latvia

### Recent Developments

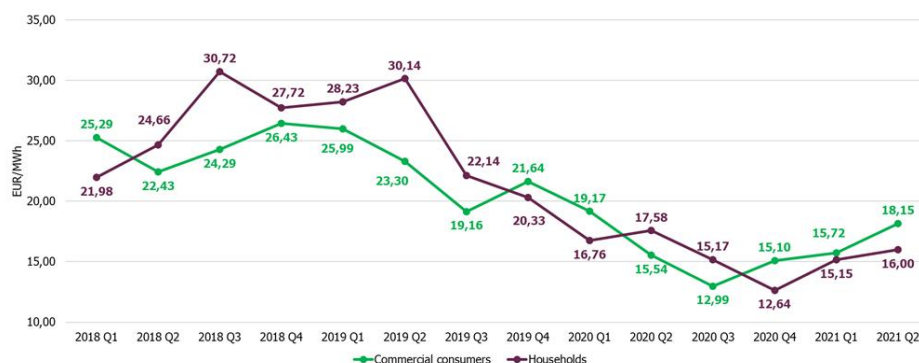
**New Public Utilities Commission (PUC) Board.** On 2 July 2021, a new PUC Board took up its duties for the next five-year period. – the first time with staggered board terms. The new Board is chaired by Ms. Alda Ozola.

**Electricity and natural gas price increase.** Due to rising wholesale prices driven by increased demand, high emission allowances and high gas prices, consumers are faced with higher electricity and natural gas bills:

- The average retail **electricity** price without taxes and system services in 2021 Q2 was 50.34 EUR/MWh for commercial consumers (+14.88% compared to 2020 Q2) and 57.95 EUR/MWh for households (+2.82% compared to 2020 Q2).



- The weighted average retail **gas** price without taxes and system services in 2021 Q2 was 18.15 EUR/MWh for commercial consumers (+16.80% compared to 2020 Q2) and 16.00 EUR/MWh for households (-8.99% compared to 2020 Q2).



**More efficient and simple mechanism to support vulnerable electricity consumers.** From 1 September 2021 vulnerable electricity consumers (poor or low-income families, families with 3 or more children, families caring for a disabled child, persons with disability group I) can receive electricity bill reduction automatically without application from any electricity supplier.

**New tariffs for the captive consumers of natural gas.** In Latvia, households can choose to receive natural gas either from a registered service provider at a market price or from the public trader JSC Latvijas Gaze at the captive user price (regulated tariffs) reviewed semi-annually (1. July/ 1. January). In the 2nd half of 2021 natural gas tariffs were 25% to 43.1% higher, depending on the volume of consumption.

**New natural gas distribution tariffs from 1 July.** On 30 April 2021, the PUC approved new distribution system tariffs. The tariff period was set for 54 months, but the Regulator allowed the system operator to calculate new tariff values itself, in accordance with the methodology.

The tariff structure determines eight consumption groups and seven load groups for calculating and applying tariffs for the natural gas distribution system service. The only user group for which the tariff variable part will increase is those users whose annual consumption of natural gas is up to 2 635 kilowatt hours (households where gas is used for gas cookers). For all other seven consumption groups, the variable tariff part decreases. For the fixed part of the tariff, an increase is planned for all load groups and it will be between 11.9% and 52.5%, depending on the load group.

Overall, the new tariffs lead to higher cost increases directly for households linked to the principles of extending costs to each user group, with the aim of moving as close as possible to the principle that costs are borne by those

users who create them (cost reflective tariff).

**New reduced WACC rates for electricity and natural gas industry from 2022 approved on 23 August.** Decrease depends on size of company and is from 0,46% till 0,76%. For historical monopolies WACC for tariff calculation from 2022 will be 2,63% (in 2021 was 2,65%).

**New system connection rules from 1 July for distribution system users. The main changes in regulation.**

- Simplified connection for users with 100A (simple cases). Distance till system operator lines 50m and without obstacles. Charge is set for required amp (A). Each year one amp charge is revised.
- Reconnection rules for system users when all necessary infrastructure elements are in place. Charge is dependent from time when is no valid electricity trade agreement and electricity is not supplied within the last guaranteed supply, but not more than 24 months. The reconnection charge is tied to a fixed tariff component.
- Simplified procedures to get faster connection to the grid and rules to make it more user friendly.

**The 1<sup>st</sup> distribution system operator's 10-year investment plan approved on 24 September.** The planned investment for 2022-2031 is EUR 865 230 000, mainly into electricity line renewal to ensure safe provision of service. A part of investments is foreseen for smart meters and innovative equipment for the electricity network to ensure that planned network meets users' requirements.

#### Significant energy news

**Derogation from MARI platform.** Baltic States' NRAs adopted decisions on the derogation on joining the European Union balancing platform for frequency restoration reserves with manual activation (MARI

platform) till not later than 24 July 2024.

**Battery energy storage systems (BESS) can be a property of Transmission System Operator.** Latvian Cabinet of Ministers issued a decision that Latvian TSO can be the owner of BESS as after the synchronization with the Continental Europe new services - fast frequencies restoration reserves - should be in place and the market test shows that not all necessary volumes can be ensured by balancing the energy market.

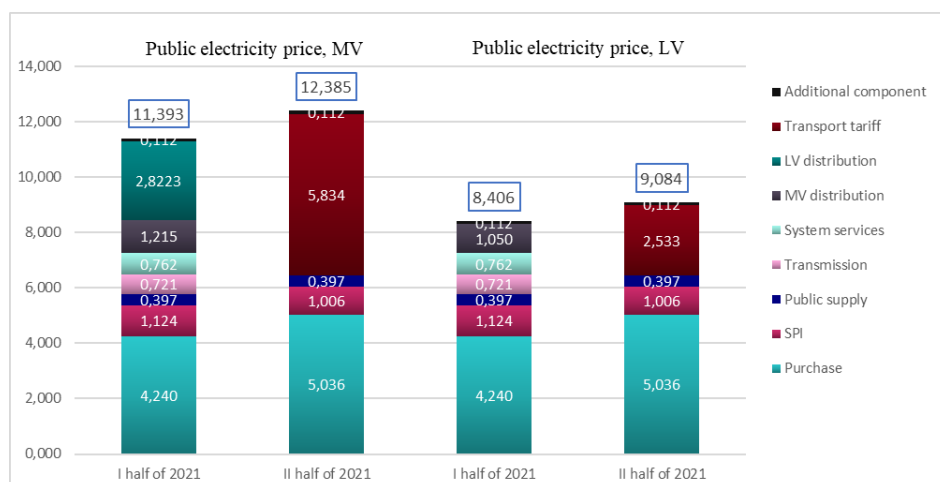
**The first auction on guarantees of origin (GO).** The company that has the obligation to buy all the electricity from supported electricity producers (electricity produced from renewable energy resources and in an effective cogeneration) and therefore to receive GO for that electricity, organized the first auction on GO on 29 September 2021. ■



## NERC Lithuania

### Recent Developments

**New electricity tariffs for II half of 2021.** The **National Energy Regulatory Council (NERC)** increased the public electricity price cap in medium and low voltage networks. Increase was mainly due to the changes in raw material markets, which led to an increase in the purchase price of the electricity product. From 1<sup>st</sup> July 2021 public electricity price cap for household customers purchasing electricity from medium voltage networks is 9,084 c/kWh (excluding VAT), and for those purchasing electricity from low voltage networks - 12,385 c/kWh (excluding VAT). The public price cap applies only to household customers using less than 5000 kWh/year.



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

From 1<sup>st</sup> July 2021 new tariffs of natural gas for household consumers.

Group of household customers	Part of the tariff	2021 1 <sup>st</sup> half	2021 2 <sup>nd</sup> half	Variation, %
For users of 1 <sup>st</sup> subset $Q \leq 300 \text{ m}^3$	fixed part of the tariff, EUR/mo.	0,56	0,56	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,50	0,63	+26
For users of 2 <sup>nd</sup> subset $300 < Q \leq 20 \text{ thous. m}^3$	fixed part of the tariff, EUR/mo.	3,99	3,99	-
	variable part of the tariff, EUR/m <sup>3</sup>	0,28	0,41	+46
For users of 3 <sup>rd</sup> subset $Q > 20 \text{ thous. m}^3$	fixed part of the tariff, EUR/mo.	3,99	3,99	-

Natural gas tariffs for household customers (VAT included) in 2021

When setting the natural gas tariffs for household consumers for the 2nd half of 2021, NERC assessed only the change in the price of the natural gas product and the current price of the additional security component of the natural gas supply (0,7 % higher than in 2020), the remaining tariff components remain unchanged.

Difference of EUR 96 thousand between the forecasted and actual purchase prices of the natural gas product in previous tariff periods and the cash price for additional income received in previous periods due to the price difference returned to consumers, was included in the final purchase price of a natural gas product, thus reducing tariffs by the amount mentioned.

After checking whether the prices of natural gas transmission services provided by AB Amber Grid are reasonable and objective, NERC decided to approve on average 29% lower prices to be applied by AB Amber Grid from 1<sup>st</sup> January 2022. In order to ensure competition between

natural gas import sources and suppliers, not to create additional market barriers to the use of LNG terminal gas and taking into account FINESTLAT natural gas transmission pricing decisions, NERC set a cost allocation ratio of 82.11% for entry points and 17.89% for exit points. NERC, considering that the discount at the Klaipėda gas metering station entry point will increase the competition in the natural gas market and promote the use of the LNG terminal, agreed to apply a 75% discount to the entry point of this station.

### Significant Energy News

— On 14 June 2021, the Seimas of the Republic of Lithuania for a five-year term appointed the members of the NERC – Jelena Dilienė and the member of the NERC Donatas Jasas for the second term of office.

— NERC, implementing the Law on Necessary Measures of Protection against the Threats Posed by Unsafe Nuclear Power Plants in Third

Countries, approved the Methodology on Cross-Zonal Capacity Calculation and Allocation with Third Countries prepared by the TSO AB Litgrid. The Methodology was adopted unilaterally due to the failure to reach a common agreement with the Latvian and Estonian TSO's on a common coordinated methodology of Baltic countries. The Methodology defines the principles for calculating the technical flow between Belarus and Lithuania, and the technical flow is determined according to the BRELL operating instructions. The Methodology determines that: in the LT-BY cross-system interconnection the NTC is 0 MW; in the LT-BY cross-system interconnection, the TSO AB Litgrid will set TTC only to the extent necessary for the technical flow; the determination of the LT-BY cross-system interconnection capacity will not restrict electricity trade between Latvia and Russia.

— NERC, striving to a competitive market, in preparation



for the commissioning of the GIPL in 2022 and taking into account Commission Regulation (EU) No. 2017/460, has changed the Methodology for the Determination of the Revenue and Prices of the State Regulated Natural Gas Transmission Activities. The amendments provide for new GIPL (Santaka) entry / exit points in the natural gas transmission system and distinguish two (there was one) internal exit points; the ratio of income distribution between capacity and quantity has been changed – 0,9 / 0,1 (currently 0,7 / 0,3), the quantity component is reduced to 0,1; the established forecasting assumptions will be applied not only for the first year, but also for the second-fifth years of the regulatory period; adjustment of return on investment due to change in WACC is foreseen; regulated calculation of compensation for Poland and other.



– To encourage energy companies to invest in innovative projects, as well as to implement investments that mitigate climate change, NERC has changed several legal acts. Main changes establish that an additional component will be allocated to energy companies to cover no more than half of the value of innovation, but not exceeding 0.5% of the company's income from regulated activities, and if a project in a sandbox environment will be proven successful an incentive of 1 percentage point return on investment will be provided for 5 years. It also sets out the criteria by which companies will be able to receive a 1% return on investment bonus for projects that contribute to environmental and climate change mitigation goals.

– NERC, in order to approve the LRAIC accounting model (LRAIC model) and the results of the LRAIC model of LITGRID, AB and AB „Energijos skirstymo operatorius“ for the regulatory period of 2022-2026, and taking into account the LRAIC guidelines, has published a public consultation and approved LRAIC model and its results for 2022-2026. In the LRAIC model, demand is forecasted based on available information on the transmission system and distribution networks, considering the network development foreseen by operators (also for a production from renewable energy sources and prosumers) and the introduction of innovative technologies. The LRAIC model is based on the existing network topology and must promote the efficient use of the existing infrastructure and the renewal of network elements. The LRAIC model uses a bottom-up approach and includes data on the operator's investments planned for a period of 5 and 10 years, structural changes in the market related to the growth of electricity production from renewable energy sources, and the increase in the number of prosumers. ■



## ANRE Moldova

### Significant Energy News

**Certification of the TSO Vestmoldtransgaz, new opportunities for the European gas suppliers.** On September 3, 2021, the **National Energy Regulatory Agency (ANRE)** has certified the transmission system operator (TSO) of natural gas Vestmoldtransgaz.

Vesmoldtransgaz is the first TSO in the Republic of Moldova that has successfully completed the Certification procedure. During the certification process, ANRE took into account all the recommendations of the Energy Community Secretariat that has examined the necessary documents to verify whether the TSO meets the certification requirements.

The obligation to certify the TSOs is established by the Directive 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas, for all the Member States of the Treaty establishing the Energy Community.

The certification of the TSO will ensure its independence from gas producers and suppliers, as well as, avoid discriminatory behavior in favor of related companies.

Moreover, on October 12, 2021, ANRE has approved the Entry-Exit transmission tariffs for the natural gas provided by Vestmoldtransgaz, according to the Tariff Methodology and Natural gas Network Code that transposed the EU Regulation no 460/2017 on harmonized transmission tariff structures for gas, complying with the principle of maximum efficiency at minimum costs.

The certification of the TSO is an important step forward as it meets the country's long-awaited goal of connecting the national gas transmission systems to Romanian gas

networks. This objective was transposed in the Energy Strategy of the Republic of Moldova 2030 approved in 2013 and the Action Plan between the Governments of both countries signed 2012.

The TSO Vestmoldtransgaz was founded in 2014 by the Ministry of Economy and Infrastructure. In 2018, Vestmoldtransgaz was taken over by Eurotransgaz, the Moldovan subsidiary of the Romanian natural gas transmission company Transgaz SA, the company operating the Romanian natural gas transmission system.

The European Bank for Reconstruction and Development (EBRD) has acquired a 25 per cent stake in Vestmoldtransgaz, investing €20 million as part of a capital increase. The construction of the €90 million pipeline has also been supported by a €38 million loan from the European Investment Bank (EIB) and an equity investment from Eurotransgaz.

Vestmoldtransgaz owns and manages the newly built 120 km Ungheni-Chisinau gas pipeline (in western Moldova) and provides natural gas transport services. The gas pipeline is operational and able to connect Moldova to the gas transmission systems of Romania and other European countries.

The Republic of Moldova is more than 90 per cent dependent on energy imports. The new gas pipeline will enable Moldova to diversify its energy sources. ■



## ERC North Macedonia

### Recent Developments

– Two new members of the Commission were elected by the Parliament in May 2021 and **Energy and Water Services Regulatory Commission (ERC)** now has 7 Commissioners. ERC has 37 persons

employed in professional and administrative services.

– In relation to the pandemic crises caused by COVID 19 Energy and Water Services Regulatory Commission of the Republic of North Macedonia (ERC) has been following the recommendations issued by the Government and the health authorities.

– In the reporting period ERC approved:

- Development plan of the electricity transmission system for the period 2021-2030 of the MEPSO JSC (Electricity TSO),
- Plan for reduction of electricity losses in the electricity distribution system for the period 2021-2023 of the LLCSP Elektrodistribucija (Electricity DSO),
- Developments plans of the natural gas distribution systems for the period 2021-2025,
- Distribution Grid Codes for Thermal Energy for Heating,
- Changes of the Electricity Balancing Rules,
- Plan for Maintenance of the Electricity Distribution Grid for 2021 of ESM JSC – Subsidiary Energetika,
- Annual Report for implementation of the Compliance program in 2020 of the Compliance Officer of LLCSP Elektrodistribucija (Electricity DSO),
- Rules for Personal Data Protection in accordance with the new Law on Personal Data Protection.

– At the end of June 2021 ERC adopted new prices and tariffs for electricity. The average electricity transmission tariff for MEPSO JSC (Electricity TSO) for 2021 is 0,2754 MKD/kWh and it was increased by 41,06% compared to the previous one (0,1952 MKD/kWh). The average electricity tariff for organization and operation of the electricity market for MEMO LLC (Electricity MO) for 2021 is 0,0080 MKD/kWh and it was

decreased by -0,89% compared to the previous one (0,0081 MKD/kWh). The average electricity distribution tariff for LLCSP Elektrodistribucija (Electricity DSO) for 2021 is 1,5192 MKD/kWh and it was decreased by 1,31% compared to the previous one (1,5393 MKD/kWh). On 15th of July 2021 the Parliament adopted changes of the Law on Value Added Tax, by which the VAT for the electricity for households is decreased from 18% to 5% until 30th of June 2022, and 10% for the period of 1st of July 2022 to 30th of June 2023. With these changes the electricity prices (including VAT) for households supplied by the universal supplier for 2021 remained on the same level as in 2020.

– At the end of July 2021 ERC adopted new prices and tariffs for district heating. The tariff of the regulated heat producer was increased by 7,01%, the tariff for distribution decreased by 9,73%, while the final price for customers decreased by -4,35%.

– In the segment of renewables, from May 2021 until now ERC has issued 25 licenses for generation of electricity for PV power plants. ERC issues resolutions and decisions for preferential producers using feed-in tariffs. The total installed capacity of 203 preferential producers using feed-in tariffs is 148,46 MW.

– ERC actively participates in the Commission established by the Government of the Republic of North Macedonia for preparation of public call and tender documentation for awarding public-private partnership for financing, design, construction, management, maintenance and development of the natural gas distribution system in the Republic of Northern Macedonia. The purpose of this activity is to develop and provide an efficient and safe functioning system for distribution of natural gas in the Republic of Northern Macedonia. The project will be

designed, built, funded, managed and maintained by a private partner selected by the Commission in accordance with the three-phase competitive dialogue procedure, which is expected to be completed by the end of this year.

– The Energy and Water Services Regulatory Commission in 2021 continued with the implementation of activities that are in accordance with the legal provisions of the Law on Setting Prices of Water Services. Namely, for that purpose, the Energy and Water Services Regulatory Commission continued to monitor the application of prices for water services. At the same time, in accordance with its legal competencies, the compliance of the application of the tariffs for water services with the implementation of the business plan of the water service providers is monitored. 2021 is the last year of the first regulated period 2019-2021 for water service providers in areas smaller than 10,000 equivalent inhabitants. In accordance with the legal provisions, the water service providers submitted requests for setting tariffs for water services. Based on this, the procedure for setting tariffs for the second regulated period 2022-2024 and consequently the submission of requests on this basis began in April 2021 and were completed in accordance with the given deadlines.

– The Energy and Water Services Regulatory Commission during 2021, after the submitted reports on the implementation of the established tariffs for water services and the implementation of the Adjustment Plan and business plan by all water service providers, compared the same parameters with the previously approved in the Decisions on water service tariffs.

– In cooperation with NARUC and USAID started a project for technical assistance to the commission on three

areas of natural gas market reform on the following topics:

- Capacity allocation methodology / congestion management regulation
- Transmission tariff regulation under a capacity-based regime (exit/entry)
- Balancing methodology regulation under a competitive market construct.
- The Assembly of the Republic of North Macedonia on 17th of September 2021 adopted the Waste Management Law, in which new competencies for ERC are prescribed.
- ERC members and employees continued with active engagement in various events organized online by the international organizations and partners and regular activities within ECRB and its working groups as well as ERRA and its Committees.

### Significant Energy News

- On 27th of August 2021 the Government finally resolved the long-standing dispute with the private supplier Makpetrol, brokered by the Secretariat's Dispute Resolution and Negotiation Centre, which will enable the establishment of an unbundled transmission system operator. The issue was finally settled by the transfer of Makpetrol's shares in GA-MA, a company operating as transmission system operator between the North Macedonian-Bulgarian border and Skopje, to the Government. The Ministry of Economy shall be the full owner of the natural gas transmission system operator. The process for certification of the natural gas transmission system operator is expected to begin. The establishment of a functional transmission system operator should ultimately unlock progress on other pending issues, such as the proper implementation of the Network Codes, related to capacity allocation, congestion management, tariffs, balancing, interoperability, and cooperation with neighbouring transmission system operators.

- DESFA – Hellenic Gas TSO and NER JSC Skopje on 10th of September 2021 signed a Cooperation Agreement for the development and construction of the Greece-North Macedonia Gas Interconnector. The Cooperation Agreement establishes the cooperation principles pursuant to which DESFA and NER intend to coordinate the main phases, respective commitments and accompanying milestones of the development of the project. With a total length of 123 km and an initial transmission capacity of 1.5 billion c.m./year (possibility to reach 3 billion c.m./year), the pipeline will extend from Nea Mesimvria, near Thessaloniki, to Negotino via the Evzoni/Gevgelija interconnection point, connecting the national gas transmission systems of Greece and North Macedonia.

- The Ministry of Economy in August 2021 launched a public call for construction of PV plants with a total installed capacity of 80 MW in the form of premiums on private and state land. ■



## PERC Palestine

### Recent Developments

- The **Palestinian Electricity Regulatory Council (PERC)** recommend to license 2 RE projects, 1 MWp for each one.
- Set a new tariff for end-users.
- Set a new tariff for transmission system.
- Publish a modified version of RE licensing requirements.
- Publish a clarification about residential tariff invoice calculations. ■



## Osinerghmin Peru

### Recent Developments

- The **Regulatory Agency for Investment in Energy and Mining of Peru (Osinerghmin)** has published a draft on the standard for the two-energy rate option (BT5F). This will allow domestic users a billing reduction of their electricity consumption, with different prices at peak hours and off-peak times.
- A Georeferenced Information System has been implemented to improve and reduce supervision time from 10 to 6 days for every 700 users; reducing as well information processing time from 14 to 8 days.
- The Concession Contract Supervision System has been implemented, a platform that facilitates the exchange of information for the inspection of contracts.
- Osinerghmin also presented a normative proposal to extend the coverage of the bonus for the Energy Social Inclusion Fund (FISE by its Spanish acronym) to benefit one million more households as a result of the Covid-19 pandemic and price volatility of energy markets.

- Finally, the Government has once again included LPG cylinders in the Stabilization Fund to control the volatility of international prices to reduce the price of domestic gas (most of Peruvian domestic consumers use LPG for cooking). LPG cylinders were excluded of this Fund in 2020 as they generated market distortion and unsafe practices (cylinders were emptied for wholesaling/ bulk sale).

Note: This Stabilization Fund exists since 2004 and operates with two price bands set by Osinerghmin, as a maximum and minimum limit, for public retail. When the international price of fuel rises, the State contributes with the difference so as not to affect importers and producers. When the price falls beyond the



established margin, the State receives the difference.

### **Significant Energy News**

Last June, within the framework of the Bicentennial of Peru's independence, Osinergmin hosted the **International Forum: The challenges of the energy sector after the pandemic**. The event had the participation of ERRA's Vice-Chair, Pál SÁGVÁRI, and the record is available here in English: <https://www.youtube.com/watch?v=cAEbvr4wp5c&t=459s> ■



## **ERO Poland**

### **Recent Developments**

**Energy regulators from Poland and Denmark signed a memorandum on joint activities on the Baltic Pipe project.** The **Energy Regulatory Office (ERO)** informed that conclusion of the Memorandum between regulators is governed by the intergovernmental agreement on the construction of the Baltic Pipe, entered into by and between Poland and the Kingdom of Denmark in 2018. It is intended to facilitate cooperation between the Polish Energy Regulatory Office (URE) and Danish Utility Regulator (DUR).

In the Intergovernmental Agreement of 2018, the parties agreed that the part of the Baltic Pipe project infrastructure running from the last dry weld on the Danish coast through the Danish territorial sea, the exclusive economic zone and the continental shelf in the Baltic Sea up to the point of connection with the Polish gas transmission system will be an integral part of the Polish gas transmission system. This means that it will be the exclusive property of the Polish operator and will be operated by GAZ-SYSTEM S.A., which will act as the TSO in relation to the Interconnector. As the Decision of 28 November 2018 by the Danish Energy Agency (Energistyrelsen), under the Danish Gas Supply Act, granted an

exemption for GAZ-SYSTEM S.A. from the provisions of this Act with regard to the infrastructure indicated above, it became necessary to establish the principles of cooperation between DUR and URE in order to ensure the operation of the Baltic Pipe project infrastructure in accordance with EU law. The memorandum, signed in September 2021, sets out the principles of this cooperation.

In the memorandum DUR and URE agreed, among others, to exchange information on any circumstances and actions that may affect the proper enforcement of the EU law in relation to the infrastructure of the Baltic Pipe project. This refers to any kind of administrative decisions or proceedings concerning both transmission operators (such as changes in licences and permits, decisions granting independence certificates, etc.).

The Baltic Pipe is a strategic infrastructure project designed to create a new gas supply corridor in the European market. It will allow, for the first time in history, to transmit gas directly from deposits located in Norway to Denmark and Poland, as well as to neighbouring countries. The Baltic Pipe will also make it possible to supply gas from Poland to the Danish and Swedish markets. According to the schedule, the pipeline is to become operational on 1 October 2022.

### **Significant Energy News**

**Poland fully integrated within the European Day-Ahead Market Coupling Mechanism.** On 17 June 2021 the Interim Coupling Project was launched. The aim of the project is to couple the borders of 4M MC (i.e. the Czech Republic, Slovakia, Hungary and Romania) with the Multi-Regional Coupling (MRC) by introducing NTC-based implicit capacity allocation on six borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT).

This was possible thanks to intensive work of TSOs and NEMOs of AT, CZ,

DE, HU, PL, RO and SK, including Polish TSO PSE S.A. as well as NEMOs active at the Polish bidding zone: EPEX SPOT, Nord Pool EMCO, and Polish Power Exchange TGE S.A.

To date, the Single Day-Ahead Coupling (SDAC) mechanism had been applied on the interconnection with Sweden (SwePol Link) and on the interconnection with Lithuania (LitPol Link). In June it was extended to include new connections, i.e. with Germany, the Czech Republic and Slovakia and now SDAC is applied on all Polish interconnectors.

Implementation of this project is an important step towards creation of an integrated European electricity market.

**The new regulations to improve the Polish energy sector and start its gradual digitization.** In the beginning of July an amendment to the Energy Law Act entered into force, which aim is to improve the Polish energy sector and start its gradual digitization and to stimulate the active participation of consumers in the energy market. The amendment is a milestone in improving the market transparency, which in turn should contribute to the improvement of competition in the market.

The amendment is related to the partial implementation of the EU directive on common rules for the internal market in electricity, which aims to create tools for further promotion of active involvement of consumers in the electricity market.

**Smart metering roll-out.** The most important changes include the installation of smart metering and remote reading meters as well as building the Central Electricity Market Information System (CSIRE). According to the regulations, in the next seven years the smart meters will be installed in at least 80% of customers. Data and information obtained from meters will be collected in the CSIRE, managed by the Energy

Market Information Operator (OIRE). This function will be performed by the TSO, i.e. PSE S.A. The role of the regulator will be to approve the rules of cooperation between OIRE and system users.

By providing customers with accurate information on how much electricity they consume, they will be able to effectively and consciously manage their electricity consumption, and consequently optimize the costs incurred on this account. These solutions will also facilitate the supplier switching and allow for introduction of dynamic tariffs.

**Market development.** Amended law aims to promote energy storage which may have big impact on functioning and secure operation of the electricity system (they ensure supply of electricity generated in RES units in the time when these units are out of operation for technological reasons). It introduces and unifies the definition of energy storage, defines the rules for connecting the storage facilities to the grid and introduces favorable solutions for the settlement of energy storage. The amendment also introduced the requirement to obtain a license for energy storage facilities with a capacity above 10 MW, while storages with a capacity of 50 kW to 10 MW will only require an entry in the appropriate registers kept by electricity system operators.

**Door-to-door energy sales ban.** One of the most important changes from the point of view of consumer right protection is the prohibition of concluding electricity and gas sales contracts with households in the door-to-door formula. This solution was proposed, among others, by the President of URE, in connection with numerous cases of door-to-door sales scams.

Other important changes introduced by the Energy Law Act amendment include: providing transparency to gas storage services by requirement to draw up network code for gas storage

and liquefaction; implementation of closed distribution systems and setting terms and conditions for the classification of the distribution system as a closed one; changes to licensing requirements and reporting obligations in the liquid fuels market. ■



## ANRE Romania

### Recent Developments

— The finalisation of the 4MMC project – meaning the coupling of 4MMc with the DE and AT.

### Significant Energy News

— **September 2021:** European Commission approved the positive evaluation of Romania's Recovery and Resilience Plan, which will thus be able to receive from the EU, grants worth 14.2 billion euros and loans worth 14.9 billion euros, within the Recovery and Resilience Mechanism. The financing will support the implementation of the essential measures in terms of investments and reforms, included in the National Recovery and Resilience Plan, and will crucially contribute to Romania's stronger exit from the COVID-19 pandemic.

— **In May -September 2021,** the **Romanian Energy Regulatory Authority (ANRE)** issued the following regulations with an impact on the wholesale and retail Markets:

- Approval of the regulated tariff for electricity exchanges with the perimeter countries, applied by the National Electricity Transmission Company "Transelectrica" S.A.;
- Establishment of economic operators who have not fulfilled their mandatory quota for the acquisition of green certificates and those who have not fulfilled their legal obligation to purchase green certificates in the centralized anonymous green certificates spot market for 2020;

- Approval of quantities produced in high efficiency cogeneration units benefiting from the bonus scheme for March 2021;
- Modification and completion of the Performance Standard for the electricity transmission service and for the system service, approved in 2016.
- Approval of the Framework Conditions for validity associated with the license for the activity of natural gas trader;
- Modification of the Regulation for issuing green certificates, the approval of the regulated tariffs for the electricity distribution service,
- Amending and supplementing the Methodology for assessing the conditions for financing investments for the electrification of localities or for the extension of electricity distribution networks,
- Approval of the rules for the sale of electricity produced in power plants from renewable sources with installed power of up to 100 kW belonging to prosumers;
- Approval of the Methodology for monitoring the system for promoting the production of electricity from renewable energy sources.
- Publication of Reports on the evolution of the gas and electricity in markets the first quarter of 2021
- Approval of the Performance Standard for the electricity distribution service;
- Approval of the Performance Standard for the activity of electricity / natural gas supply;
- Amendment of the Regulation on the accounting separation of activities carried out by licensees in the natural gas sector;
- Amending and supplementing the Framework Conditions for achieving the implementation schedule of intelligent electricity metering systems at national level,
- Approval of the modified framework contracts for the supply of electricity

to domestic and non-household customers of last resort suppliers, the general conditions for the supply of electricity to final customers of last resort suppliers, the model electricity bill and the model agreement electricity consumption, used by suppliers of last resort;

- Approval of the Regulation on the organized trading framework for standardized products on the centralized natural gas markets administered by the Romanian Commodity Exchange Company - S.A.,
- Publication of the Law no. 226/2021 on the establishment of social protection measures for the vulnerable energy consumer;
- ANRE completed control actions carried out at natural gas suppliers applying fines for a total amount of 400,000 lei
- Through the control actions carried out, ANRE verified, through the sampling method, the observance of the provisions of the Performance Standard for the natural gas supply activity.

At the same time, the suppliers were ordered to pay to the final customers who did not receive answers within the legal term, the penalties due in accordance with the provisions of the Performance Standard for the natural gas supply activity, approved by ANRE Order no. 37/2007, with subsequent amendments and completions, as follows:

- 30 lei for non-compliance with the response term of 15 days from the date of registration of the request;
- 5 lei for each additional day of delay.

ANRE introduces the classification system of electricity and natural gas suppliers according to the degree of compliance with quality indicators and imposes the automatic payment of compensation to all affected customers,

- Approval of the Performance Standard for the activity of electricity / natural gas supply.

Given the need to develop specific IT platforms in order to ensure new reports related to offsets, both for electricity and natural gas, as well as their payment flow, the new Performance Standard for the activity of electricity / gas supply will take effect on the date January 2022. ■



## AERS Serbia

### Recent Developments

– **June 30, 2021:** On the extraordinary session of June 30, 2021, acting in line with the legal deadline prescribed by the Amendments to the Energy Law, the Council of the **Energy Agency of the Republic of Serbia (AERS)** has adopted Instructions for Drafting Electricity and Natural Gas Network Codes.

– **July 8, 2021:** On the session held on July 8, 2021, amendments to methodologies for setting electricity transmission and distribution use-of-system charges were adopted by the Council of the Energy Agency of the Republic of Serbia. These amendments serve for harmonization with recently adopted amendments to the Energy Law. Methodologies introduced two new transmission and distribution system users i.e. prosumer and electricity storage and a method for calculation of electricity transmission and distribution use-of-system charges for these users were defined.

– **August 27, 2021:** On the session held on 26/08/2021, the Council of the Energy Agency of the Republic of Serbia has adopted a decision on compliance of texts of three network codes which regulate the connection of production units, customers' facilities and of high voltage direct circuit systems to electricity transmission and distribution systems.

– **September 2, 2021:** On the session held on 02/09/2021, the Council of the Energy Agency of the Republic of Serbia has adopted decisions confirming the compliance of adapted texts of three network codes on natural gas transmission capacity calculation and allocation, publication of data and congestion management in the transmission system, cooperation of transmission system operators and rules on data exchange.

– **September 17, 2021:** On the session held on 16/09/2021, the Council of the Energy Agency of the Republic of Serbia has given their approval thereby confirming Adapted Texts of Network Codes on Harmonized Natural Gas Tariffs and Network Code on Rules for Natural Gas Transmission System Balancing.

– **October 4, 2021:** The Energy Agency of the Republic of Serbia prepared a draft Methodology for determining the maximum purchase price for electricity and a draft Methodology for determining the maximum feed-in tariff for electricity and put them up for public discussion.

– **October 11, 2021:** The Energy Agency of the Republic of Serbia has prepared a Draft Rule on Prevention of Abuse in the Electricity and Natural Gas Market, which proposes more detailed regulation of the manner of monitoring transparency and abuse in that market (adjusted REMIT rules). All interested parties are invited to submit their remarks and suggestions to the Agency by Friday, October 22, 2021. ■



## ÚRSO Slovakia

### Recent Developments

— In August 2021, the **Regulatory Office for Network Industries (ÚRSO)** issued an amendment to its decree, introducing the institute of **prolongation of RES support period** from the former 15 years by additional five years (to 20 years). The amendment's aim is to reduce the costs of the support for RES electricity producers, while extending their 15-year support. The result of the prolongation will be a positive impact on the so called "system operation tariff" which enters and significantly affects the final electricity price for all customers. **Next year, savings for Slovak electricity customers should reach up to 60 million euros.** The actual amount of savings will be known after all tariff procedures have been completed at the end of this year. The established institute of prolongation should also aid in repaying the state's hundreds of millions (€) of debts in the area of supporting green electricity from the past, while partly contributing also to responding to the current dramatic rise in electricity prices on world stock exchanges.

— After a thorough assessment of feedback from the public consultation, ÚRSO has decided to proceed to the **next step in the implementation of the regulatory sandbox scheme.** In order to promote innovation in the regulated sectors in Slovakia, the Office recently created an opportunity to apply for the regulatory sandbox to **all interested parties.** Regulatory sandbox is 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.

— In January 2021, ÚRSO's **Consumer Protection Department (CPD)** was established by separation from the Legal Department. Already at its inception, it formed a strategy focused

on consumer protection in 4 directions - legislation, communication, protection of customer rights and dispute resolution. In each area CPD has set both short- and long-term objectives. Among the most important, we would mention cooperation with Slovak consumer protection entities within the Consumer Protection Platform established by ÚRSO, which focuses mainly on compliance with customer rights and, in this context, the possible need for adjustments in legislation. CPD also considers it necessary to be closer to consumers by educating and providing information on how to prevent or resolve disputes. CPD intends to achieve this objective, within the limits of its capabilities, in particular through a number of conciliations, short articles and consumer information on its website, as well as more graphically engaging infographics that will increase consumers' energy literacy in their scope and content.

— Following similar developments in other European countries, rising energy prices on commodity exchanges have taken the first major toll also on Slovakia's electricity and gas supply markets. Slovakia's biggest alternative energy supplier **Slovakia Energy**, with its 4-6% market share in electricity supply to households and small enterprises and 2% market share in gas supply to household consumers and small enterprises, **officially requested for the cancellation of their energy supply license** as of the end of September, stating unsustainably still regulated retail prices in view of the recent surge in commodity prices as the main reason. According to national legislation, the roughly **300,000 customers** of the company have been automatically switched to the **supplier of last resort regime.** Now they have a three-month time period to choose their new gas and electricity supplier.

### Significant Energy News

— **Interim Coupling Project finally went live in June 2021.** Following

years of preparation and discussions among concerned NRAs, TSOs and NEMOs, the Interim Coupling Project went live on 17 June 2021. The Interim Coupling project aims to connect the 4M MC (Czech-Slovak-Hungarian-Romanian market coupling) with the Multi-Regional Coupling (MRC) by introducing net transmission capacity (NTC) based implicit capacity allocation on six new borders: PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT. The project represents an important step towards the extension of the European Single Day-Ahead Coupling foreseen by Regulation 2015/1222 (guideline on Capacity Allocation and Congestion Management/CACM).

— **Slovakia's strategy and action plan for H2:** After H2 national strategy, prepared by the Ministry of Economy, an Action plan is under preparation. Moving forward in the decarbonization goals, Slovakia presented the **first H2 vehicle, during the Dubai exposition this year.** The MH2 hydrogen vehicle should accelerate from 0 to 100 km/h in four seconds. The maximum speed of the hydrogen concept is approximately 250 km/h. This is a successful fuel alternative in many means of transport (buses, trains). Hydrogen will also play an important role in other sectors, such as energy and industry.

— EP Infrastructure (EPIF), **Eustream**, **NAFTA** and RWE Supply & Trading are looking to jointly explore the potential development of state-of-the blue hydrogen production facilities in eastern Slovakia. To this end the companies have now signed a Memorandum of Understanding. RWE Supply & Trading could off-take and import the produced hydrogen to Germany and other RWE core markets in Western Europe. The hydrogen could then be transmitted through a repurposed Eustream gas pipeline to Germany. The carbon dioxide captured during hydrogen generation could be stored within depleted natural gas fields in Slovakia or



neighbouring Central Eastern European countries, including Ukraine. The partners aim to help accelerate the ramp-up of the hydrogen economy and significantly contribute to the European decarbonisation ambitions. The companies are creating a joint working group, which is going to create a roadmap for project implementation and hold dialogues with relevant stakeholders enabling the project implementation, most notably in Ukraine, Czech Republic and Austria in the coming months. All companies consider the memorandum as an important step towards further developing their hydrogen businesses. ■



## EMRA Turkey

### Recent Developments

**Secondary Legislation for Electricity Storage has been prepared by the Energy Market Regulatory Authority (EMRA) and entered into force on May 2021. Applications for building electricity storage units will start to be received by EMRA soon.** The “By-Law for the Electricity Storage Activities in the Electricity Market” was published. With this new legislation, electricity storage units can be built as either integrated to the power generation plant, integrated to the consumption facility, self-contained (by only holding supplier license) or by TSO or DSOs. EMRA will start to receive applications for the establishment of electricity storage units on October 21, 2021.

**National Renewable Energy Resource Guarantee System -YEK-G System- and Organized YEK-G Market was opened on June 2021 under the operation of Energy Exchange Istanbul (EXIST/EPİAŞ).** The By-Law for (YEK-G System has been prepared by EMRA. The YEK-G system and organized YEK-G market started operation on June 21, 2021 under the

operation of EXIST/EPİAŞ (market operator of Turkey). The system enables the trade of YEK-G certificates issued for each 1 MWh green energy generation from renewable energy power plants. YEK-G certificates are tradeable within licensed market players by bilateral agreements and also on the organized YEK-G market. The system framework and certificate properties were designed similar to the EU's Guarantees of Origin system. The YEK-G system also complements the ongoing green tariff (YETA) in the matter of proofing the green electricity generation.

**Power Futures Market was opened on June 1, 2021 under the operation of Energy Exchange Istanbul (EXIST/EPİAŞ).** With the amendment in the Electricity Market Law, EXIST/EPİAŞ had been granted the authority to operate the physically settled power futures market in January 2019. The processes on the secondary legislation had also been completed by EMRA and the legislations regarding power futures market had been published. The Power Futures Market started operation by the opening ceremony on June 1, 2021. This market is also operated by EXIST/EPİAŞ. Power futures market enables market participants to hedge their positions in order to protect themselves from market price fluctuations and anticipate futures price expectations (price discovery). It also provides price signals for investors and support long-term security of supply indirectly. It will also contain physical delivery of the electricity.

**The 3<sup>rd</sup> tariff implementation period.** Studies for the 3<sup>rd</sup> tariff implementation period of natural gas distribution companies have been initiated. Tariff implementation period, which began on January 1, 2022, will continue for 5 years, according to the Board Decision dated 29 July 2021 and depreciation period

for this period determined as 22 years according to the Board Decision.

Also, natural gas transmission tariffs & dispatch control charges to be valid in 2022 were published in September 2021.

### Significant Energy News

– “Natural Gas Futures Market” was entered into force following its publication in the Official Gazette No. 31421 of 12 March 2021. After testing process of virtual implementation was successfully accomplished between 30 June – 30 September 2021, market operations on the Natural Gas Futures Market that are subject to payment and delivery obligations were started as of 1 October 2021. Operation, settlement and invoicing processes of natural gas futures market are conducted by Turkish Energy Exchange - EXIST.

– Under the “Regulation on Determination of Spot Pipeline Import Methods and Quantities”, in 20 August 2021, Energy Market Regulatory Authority of Turkey has made “Call for Proposal” announcement for consecutive three years annually, 2022, 2023 and 2024 in order to publish the available capacities for these years. For 2022 7.177.000 m3/day; for 2023 10.519.000 m3/day; for 2024 10.519.000 m3/day available capacity from Azerbaijan - Türkgözü Entry Point for spot imports are distributed via online auctions. ■



## NEURC Ukraine

### Recent Developments

– On 26.05.2021 the **National Energy and Utilities Regulatory Commission (NEURC)** adopted a Resolution “On access to the cross-border electrical capacities”, prohibiting the import of electricity from the countries which are not Contracting Parties of the Energy Community (Russian Federation and Belarus). On 29.09.21

the NEURC prolonged the import ban until November 1, 2021.

— On 20.05.2021 the Provision of Cabinet of Ministers of Ukraine on public service obligations of the gas market participants was terminated;

— On 01.05.2021 the NUERC implemented the annual gas price for all residential customers, so called "annual product". The decision aims at defending the rights of residential customers from price fluctuations on the natural gas market.

— On 08.07.2021 the Regulator transferred the power of state regulation of district heating to the local government level.

— On 01.05.2021 the Law of Ukraine "On changes to some laws of Ukraine on regulating specific issues of utilities provision" No. 1060 which envisages, in particular, that the tariff included the installation cost of water metering devices.

— The Procedure for electric networks connection (the Law of Ukraine No. 1657 of 15.07.2021) was simplified.

— The Procedure of supplier switching for non-residential customers was simplified.

— On 2 June 2021, the NEURC adopted a preliminary decision on the certification of the TSO under the ISO model. After the transfer of corporate rights management and TSO management body's functions to the Ministry of Energy, the NEURC revised its preliminary decision on the TSO certification on 01.10.2021.

— On 16.06.2021 the NEURC approved the "Report on compliance assessment (sufficiency) of the generating facilities to meet the forecasted demand on electricity and to provide the necessary reserve in 2020". ■



## Abu Dhabi DoE, UAE

### Recent Developments

#### 25 August 2021: **Exclusive I-REC Standard Accredited Issuer:**

- The **Abu Dhabi Department of Energy (DoE)** and I-REC Standard have signed a local Issuer agreement, formalizing DoE's position as the sole Issuer of RECs in the Emirate of Abu Dhabi.

- A distinctive feature of the agreement with DoE is that, for the first time worldwide, the I-REC Standard allowed issuance of RECs for power generated from nuclear energy, among other technologies. This option is of great value to Abu Dhabi, especially with the launch of the Barakah peaceful nuclear power plant that is set to provide up to 25% of the UAE's electricity needs once fully operational.

- In line with the I-REC Standard requirements, the DoE has developed a Regulatory Policy to set local implementation regulations and define the characteristics and principles of a clean energy certification scheme in Abu Dhabi.

#### 29 August 2021: **Abu Dhabi DoE Issues Regulatory Policy for Clean Energy Certificates:**

- DoE has launched a Regulatory Policy for Clean Energy Certificates as part of its commitment to drive the transition to a sustainable decarbonized energy sector.

- The Policy sets out the regulations and principles for implementing a clean energy certificates scheme in Abu Dhabi, as a measure to help reduce the carbon footprint associated with power generation while providing a reliable accreditation system that caters to the growing appetite among corporate businesses and households to contribute to the fight against climate change.

- Since electricity generated from clean energy sources is indistinguishable from that produced by any other source, such an attribute tracking system is required to validate electricity providers' and consumers' claims of using low or zero-emissions electricity, thereby reducing their carbon footprint.

- The Regulatory Policy for Clean Energy Certificates supports the overall integrity of measuring, reporting, and accreditation requirements for the issuance and management of such certificates while ensuring alignment with international practices and additional domestic criteria. The scheme based on the internationally recognized attribute tracking system for renewable energy certificates developed by I-REC Standard.

- The Policy identifies key parties involved in implementing the Clean Energy Certificates scheme in the Emirate of Abu Dhabi.

- **Issuer:** The DoE is the only entity formally authorised to issue Clean Energy Certificates within the Emirate of Abu Dhabi.

- **I-REC Registry:** a central registry platform provided by I-REC Standard to keep records of the full lifecycle of ownership and use of the issued Clean Energy Certificates.

- **Single Registrant:** Emirates Water and Electricity Company (EWEC) will act as the Single Registrant that registers the renewable and nuclear energy generation plants in the I-REC Registry and identifies the sources of electricity injected into the grid from DoE licensed generation entities. The Single Registrant will then sell these certificates to Participant(s) in line with the Policy.

- **Participant:** Businesses or consumers who wish to obtain a clean energy certificate can act as Participants by opening an account in the I-REC Registry platform and

then purchase certificate from the Single Registrant. The certificates are issued by DoE in units of 1 MW/h upon receiving a request from the Single Registrant (EWEC). ■



## NARUC USA

### Recent Developments

**National Association of Regulatory Utility Commissioners (NARUC) continues to Develop Cost-Reflective Tariff Toolkit** (May 6, 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. [Depreciation Expense: A Primer for Utility Regulators](#) (May 2021) is designed to assist energy regulators working in emerging economies with building their understanding and knowledge of key concepts related to depreciation. The [Primer on the Impact and Treatment of Grants, Donor Assistance, and Concessional Financing](#) (August 2021) focuses on the importance and impact of donor-financed assets on the tariff setting process in emerging economies. An additional primer will be released in the coming months.

**Infographic: Supporting Gender Equity in the Energy Sector** (July 14, 2021) – With support from USAID, NARUC produced an infographic titled "[Supporting Gender Equity in the Energy Sector](#)." It includes information on the need for women's empowerment in the workforce, an overview of NARUC's global gender initiatives, and more.

**New NRRI Paper Examines Rate Mechanism to Address Water Systems' Infrastructure and Investment** (September 24, 2021) – A [new paper](#) from the National Regulatory Research Institute examines a method increasingly used to encourage regulated water companies to acquire smaller, distressed water and wastewater systems, known as the fair market value rate mechanism.

**The Value of the Joint Federal-State Task Force on Electric Transmission Explored in New NRRI Insights Paper** (September 30, 2021) – This [paper](#) examines a host of benefits that will likely result from state participation in the new Joint Federal-State Task Force on Electric Transmission in its latest Insights offering.

### Significant Energy News

**NARUC Task Force Issues Recommendations for Improved Broadband Access** (May 17, 2021) – The NARUC Broadband Expansion

Task Force released a set of [draft recommendations](#) to ensure greater accessibility and coordination to close gaps in broadband service. The task force consists of U.S. state utility commissioners who are committed to helping solve the broadband availability gap.

**State Utility Regulators Urge Passage of Bipartisan Water Infrastructure Bill** (June 10, 2021) – In a show of support for legislation aimed at restoring tax credits for regulated water and wastewater utilities, NARUC sent a letter to members of Congress to outline the benefits for consumers and communities. [The bill](#) amends the Internal Revenue Code to restore the exemption of Contributions in Aid of Construction received by regulated water and wastewater utilities.

**FERC, NARUC to Establish Joint Federal-State Task Force on Electric Transmission** (June 17, 2021) – The Federal Energy Regulatory Commission (FERC) and NARUC announced the formation of a joint federal-state [task force](#) on electric transmission, which FERC established by order issued today. Members of this first-of-its-kind task force will explore transmission-related issues to identify and realize the benefits that transmission can provide, while ensuring that the costs are allocated efficiently and fairly. ■

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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