

ERRA MEMBERS' NEWSLETTER

2024/1



Mr. Samerjai Suksumek, Chairman of Energy Regulatory Commission (ERC), Thailand

Dear Chairman Suksumek, thank you for accepting our invitation for the Spring 2024 Newsletter interview. ERC Thailand has been actively participating in ERRA's numerous activities and will be hosting ERRA 21st Annual Conference called the Energy Regulators Forum (ERF) in May in Bangkok, Thailand. What is ERC's expectation towards the first major ERRA event in the ASEAN region and how does the ERF resonate with the ERC's clean energy ambitions?

It is our honor and privilege to host the 21st Annual Conference of the Energy Regulators Regional Association (ERRA) in the vibrant city of Bangkok. We eagerly welcome fellow regulators, academics, commentators, consultants, and all stakeholders in the energy sector.

The overall arrangement and timing of Energy Regulators Forum 2024 are the result of joint efforts between ERC Thailand and the ERRA Executives. Our collaboration began a year ago when we were entrusted with the privilege of hosting the Energy Regulators Forum (ERF). Building

upon this foundation, we are also convening ERC 2024, where regional regulators from ASEAN and Asia will come together to exchange insights, discuss best practices, and share valuable experiences.

In addition to the ERF and ERC 2024, we are pleased to partner with DMG to hold concurrent meetings & exhibition alongside the Future Energy Asia (FEA) event. This synergy promises rich discussions and cross-sectoral collaboration. Our commitment extends beyond borders, and we believe that fostering cooperation among energy professionals is essential for sustainable growth and innovation.

As stewards of the energy sector, we recognize our ever-growing responsibility toward promoting green and clean energy solutions. The ERF, FEA, and ERC 2024 collectively represent a unique opportunity to advance these goals. Let us come together to explore innovative strategies, exchange knowledge, and shape the future of our industry.

We express our heartfelt gratitude to all parties involved: ERRA, DMG, and the Royal Thai Government. Your unwavering commitment ensures the success of this landmark event.

We eagerly await your presence at ERRA 21st Annual Conference in Bangkok. Together, let us ignite ideas, forge partnerships, and chart a sustainable course for the energy sector.



Join ERRA 21st Annual Conference - Energy Regulators Forum on May 15-17, 2024 in Bangkok Thailand. More information on the conference and registration is available [here](#).

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ERC Thailand

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by 16 member organizations

What is the approximate RES Share in the energy mix of Thailand and what are some of the climate targets ERC is planning to achieve by 2024? Can you please share some statistical indicators for renewable penetration in Thailand such as the share of renewables in the energy mix, renewable production by source (wind, solar etc.), national climate targets etc.?

Thailand energy mix is mainly from natural gas greater than 50% and RES approximately 10% from domestic RE and 10% imported hydro power from Lao PDR (See Figure 1).

2022		
Type	GWh	%
Natural Gas	114,636.805	53.11
Lignite	18,748.423	8.69
Coal	16,774.289	7.77
RE	21,876.091	10.14
Large Hydro	6,598.82	3.06
Diesel	1,626.20	0.75
Fuel Oil	105.458	0.05
Imported (Hydro and Lignite)	35,471.756	16.43
Total	215,837.844	100

Figure 1. Thailand Energy Mix

Thailand has renewed its focus on increasing its renewable energy capacity to meet the country's climate goals of carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065, announced at COP26.

Ministry of Energy of the Royal Thai Government, is currently preparing the Thailand **National Energy Plan (NEP)**, a **Policy Statement** that envisions the future of Thailand's energy system through 2037. The NEP 2024 is expected to increase renewable energy used to over 50 percent in support of carbon and net-zero greenhouse gas emissions goals. In addition to increasing the share of renewables, the NEP 2024 aims to promote more efficient energy use to cut energy consumption about 30-40 percent in 2030-2050.

In the transition of preparing the new National Energy Plan (NEP), the government has increased approximately 5,203 MW of RES from 2024-2030 under Feed-in Tariff (FIT) Scheme (See **Figure 2**).

Following the ERC Regulation for Procurement of RE dated September 2022, the 2023 round of procurement was completed with total procurement of 4,852.26 MW (175 Projects) as follows (See **Figure 3**):

- ❑ Wind 1,490.20 MW;
- ❑ Solar 2,368 MW;
- ❑ Solar with BESS 994.06 MW.

Thailand's natural resources support its goal of increasing renewable energy in the country's energy mix, with solar (grounded, rooftop, and floating), wind and the country has a high potential for biopower, arising from an abundance of feedstock resources for biomass, biogas, and biofuels.

Thailand is currently carrying out the project for the development of an advanced grid system to better manage the grid system such as battery energy storage system (BESS) and the other technologies in the NEP 2024 to facilitate Thailand's energy transition are hydrogen, SMR and feasibility study of CCS/CCUS.

For the small-scale RES, households PV Rooftop is allowed to sell excess electricity back to the grid.

SCOD	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Solar Energy	45	10	34	300	400	666	600	700	800	900	4,455
Solar rooftop - household		10	10	10	10	10	10	10	10	10	90
Floating Solar	45		24			298	50		280	300	997
Solar Farm + BESS				100	100	100	100	200	200	200	1,000
Solar Farm				190	290	258	440	490	310	390	2,368
Wind Energy					250	250	250	250	250	250	1,500
Biogas						75	75	75	70	40	335
Biomass						150	150	75	70	40	485
Municipal Solid Waste					200	200					400
Industrial Waste						100	100				200
Import						469		700		1400	2,569
Small Hydropower		10.81	4.14	1.27	9.84	5.25	5.05	6.51	3.45	5	52
Total	45	21	38	301	860	1,915	1,180	1,807	1,193	2,635	9,996

Figure 2. Feed-in Tariff (FIT) Scheme

RES	MW							Total of projects	Total of MW
	2024	2025	2026	2027	2028	2029	2030		
Wind		298	219.7	258	246	270	198.5	22	1,490.20
Solar+BESS	135	121	126	46	226.2	156.6	183.26	24	994.06
Solar Farm	195.4	291.92	252.6	442.74	517.41	333.52	334.41	129	2,368.00
Grand Total	330.4	710.92	598.3	746.74	989.61	760.12	716.17	175	4,852.26

Figure 2. 2023 Round of Procurement

The NEP 2024 is expected to be approved by the cabinet in this year and clearly show the country's commitment to reducing emissions.

Please define some of the regulatory priorities for the next 2-3 years in Thailand. Are there any current challenges that the regulator is facing and moving forward how can they be addressed?

Over the next few years, our primary challenge is to ensure that energy sector reforms keep pace with both local and international industry evolution. As consumer behavior and technology rapidly change, we welcome initiatives such as innovation sandboxes and regulatory reforms. Recognizing that energy infrastructure requires substantial long-term investments, Thailand's legislation emphasizes collaboration between policy makers and regulators.

This collaboration aims to strike a balance between investor returns and improved market access for clean energy services, especially given the increasing diversity of renewable energy sources. Additionally, integrating renewables and distributed energy resources into the grid while maintaining reliability and affordability remains a significant

challenge. We must engage with policy makers, investors, licensees, and the public to adapt promptly. The Energy Regulatory Commission (ERC) is actively incentivizing renewables and emission reduction to achieve the 2030 and 2050 targets committed in successive COP meetings. ■



PSRC Armenia

Recent Developments

- At the end of 2023, the contractual and dispositive capacities for 2024 of the stations operating within the framework of the public-private sector partnership agreements, the stations providing balancing and secondary and tertiary reserve service were approved by the **Public Services Regulatory Commission (PSRC) of Armenia**.

- At the end of 2023, on the initiative of PSRC, tariffs for large producers with a capacity of more than 30 MW, for provision of services of transmission, distribution, electric power system operator, market operator to the participants of electricity market, for balancing services in the electricity market, as well as tariffs for producers ensuring secondary and tertiary reserve were revised. Moreover, for large producers with a capacity of more than 30 MW, electric energy tariffs were set in one-rate tariff system, and for stations operating within the framework of public-private partnership agreements, electric energy (capacity) tariffs have been set in double-rate tariff system. Within the results of revision of tariffs of electric power system, there was no revision of tariffs for the end-users of electric energy.

- Based on the application of the water supply company, PSRC has set the tariffs for drinking water supply, drainage (wastewater treatment) services for the 8th year of the contract (2024), taking into account the change in the volume of retail water supply, the inflation, the change in the tariffs of the electric energy supplied to the company, as well as the additional revenue obtained from the use of the water system for other purposes, the results of the monitoring of the actual volumes of retail water supply included in the calculations of tariff adjustments. Moreover, the

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aggregated tariff for drinking water supply, drainage (wastewater treatment) services calculated by the PSRC (except for the tariff for consumers considered as socially disadvantaged families, which remained unchanged) decreased by 2,427 drams/m² compared to the previous calendar year's tariff of 205,992 drams/m² (including value added tax). At the same time, taking into account the subsidy from the Government of the Republic of Armenia, subscribers (except for the socially disadvantaged) in 2024 will continue to pay 200.47 drams/m² (including value added tax) for the drinking water supply and drainage (wastewater treatment) services at the same rate as in 2023.

- PSRC has given its consent to the 2024-2028 investment plan of Gazprom Armenia CJSC and the changes to the 2022-year section of

the 2016-2027 investment plan of "Electric Networks of Armenia" CJSC.

- "Electric Networks of Armenia" CJSC was fined for 20 million drams for violating the deadlines for connecting consumption systems to the electric grid.

- The fees for connecting multi-apartment buildings to the electric grid in regions were reduced.

- 2018-2022 can be considered a turning point for the development of the electricity market of the Republic of Armenia. From February 1, 2022, the electricity market switched to a new, more liberal model. Since that time partial liberalization of electricity market launched, the whole liberalization deadline prolonged till February 1, 2023. Currently trading is carried out in the following market segments:

1. Bilateral Contracts Market;
2. Day-Ahead Market;
3. Balancing Market.

Bilateral Contracts Market consists of the following components:

1. Long-term contracts component;
2. Regulated component;
3. Non-regulated component.

Trading in the electricity market is fully digitized, it is implemented through a Unified Electronic Platform, which is managed and operated by the Market Operator, which is a state-owned company.

In 2023 amendments were initiated to the main regulatory legal acts underlying the current market model (Wholesale Market Rules, Retail Market Rules, Network Rules) according to which, among other additions, regulations were provided for market participants to prevent anti-competitive practices of the market, against possible abuse of monopoly position.

Besides, a completely new institutional function is added to the functions assigned to PSRC: monitoring of the wholesale electricity market. Market monitoring, as an effective and irreplaceable tool of control, allows to identify violations committed by market participants as quickly as possible and to give targeted assessments to them.

More than 20.1% of the total electricity was consumed in the liberalized market in 2023. This indicator is predicted to be 25.4% in 2024. The number of free trade participants currently is near 200 (including 17 Suppliers, 5 Traders, 10 Qualified consumers and 163 Retail consumers), and more than 8000 concluded transactions.

- Due to the process of liberalization of the electricity wholesale market in RA, changes were made to the legal acts related to the submission of financial reports to PSRC by the

licensed companies of the electricity system. In particular, as a result of the Resolution №45-N of PSRC RA on 21 April, 2024, persons which hold license for the production of electric energy (capacity) with installed capacity of up to 30 MW were completely exempted from the obligation to submit financial reports to PSRC. The logic of the mentioned legislative amendment lies in the fact that a significant part of the mentioned companies are operating in the liberalized market now, and the electricity tariffs for trade are not set for those by PSRC. And for the companies, which still operate under the purchase guarantee defined by the law (it means that they sell the produced electric energy to the guaranteed supplier at the tariffs set by PSRC), fixed tariffs are set. Therefore, since the indicators of the financial reports submitted to PSRC by persons with licenses for the production of electric energy (capacity) with an installed capacity of up to 30 MW will no longer be used in practice, it was decided to exempt the entities from additional administrative burden.

Internal Projects

- PSRC representatives participated in the events organized by Energy Community, NARUC, CEER, EU4Energy, USAID and ERRA in online and offline formats.

Significant Developments in Energy Transition Process

- As part of the strategic programs for the development of energy sector in the Republic of Armenia, and in accordance with the planned schedule for implementing these programs, as approved by the Government Decision, it is anticipated that the Ministry of Territorial Development and Energy Infrastructures of RA, in collaboration with PSRC, will develop new Laws on Electricity and on Renewables and Energy Efficiency for Armenia in 2025. These new Laws aim

to address the challenges that have arisen in the current electric power market model and the trading mechanism by incorporating the best international practices.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- A new Law on Gas Supply will be developed, incorporating modern principles. Currently, the draft of the Laws on Electricity and on Renewables supported by USAID, and the Law on Gas Supply, supported by the EU4Energy program, are in progress according to Comprehensive and Enhanced Partnership Agreement (CEPA) signed between the EU and RA also in framework of third energy package. ■



AERA Azerbaijan

Recent Developments

- On December 5, 2023, the new Law "On Energy" entered into force, which extended the **Azerbaijan Energy Regulatory Agency (AERA)**'s authority. Especially, now AERA has to determine the reasons for rejection of connection to the grid (network) by TSO or DSO. Moreover, AERA is entitled to be an arbiter in cases concerning connections and refusals;

- On January 1, 2024, the new Law "On electricity" entered into force, within its framework elements of the electricity market will be implemented in three stages. The new law sets the separation of the activities of generation, transmission, distribution and supply of electricity in the legal and managerial aspects, the promotion of independent electricity suppliers, and the application of market principles with the formation of the necessary regulatory environment. According to the new Law, AERA is eligible to pass new secondary legislation acts, such as market and monitoring rules, etc. The new law will be implemented step-by-

step as stipulated in its transition terms, to adapt electricity subjects and consumers to changes, to implement free competition principles and to abolish cross-subsidies, and AERA has started to be involved in all relevant processes.

- On December 30, 2023, amendments were made to the new Law "On Electricity", according to which the power limit of electrical installations that do not require an operating permit was increased from 150 kW to 200 kW;
- On February 1, 2024, the Decision "On determining the limit of annual electricity consumption for eligible consumers" was approved by the Cabinet of Ministers. Eligible consumer's consumption limit is determined to be more than 5,000,000 kWh per year;
- On March 1, 2024, the Presidential Decree "On the establishment of the Energy Efficiency Fund and the regulation of a number of issues arising therefrom" was approved. The Energy Efficiency Fund, due to be governed by AERA, will promote new effective technologies and manage all grants and credits aimed at promoting energy efficiency and effective use of energy.

Internal Projects

- The Memorandum of Understanding in the field of energy regulation was signed between the Azerbaijan Energy Regulatory Agency (AERA) and the Georgian National Energy and Water Supply Regulatory Commission (GNERC);
- In order to ensure the delivery of data on the activities carried out by AERA to consumers and other stakeholders in 2023, the visualization of statistical data on monthly, quarterly and annual results on the main areas of activity is demonstrated using POWER BI tools on the official website of AERA.

Significant Developments in Energy Transition Process

- Cooperation documents in the field of renewable energy were signed in Baku within the 10th Ministerial Meeting of the Southern Gas Corridor Advisory Council and the 2nd Ministerial Meeting of the Green Energy Advisory Council:
 - The Memorandum of Understanding envisaging the cooperation on the construction of a 100 MW Solar Power Plant in Jabrayil and the production, sale and consumption of electricity is signed between the Ministry of Energy and Nobel Energy;
 - A cooperation document is signed between the Ministry of Energy and the Spanish company Elecnor. The Memorandum of Understanding on cooperation on the renewable energy project in Azerbaijan covers cooperation in implementation of the 70 MW wind power plant project in Garadagh;
 - Memorandum of Understanding on cooperation in the field of wind energy is signed between Azerbaijan Renewable Energy Agency under the Ministry of Energy and Wind Europe.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- Completion of endorsement of the Electricity Network Code, mentioned in the law as the "Rules on Electricity network" (that encompassed electricity grid code also) with all stakeholders and its submission to the Cabinet of Ministers;
- Development of the secondary legislative act drafts including Rules "On the installation of electrical appliances", Rules "On technical exploitation of electrical appliances", Technical and safety Rules "On the exploitation of electrical and heat appliances" (the present analogues of such acts approved by the Cabinet of

Ministers. According the new law, all of these rules have to be approved by the Ministry of Energy, taking the new laws into consideration).

- AERA also continues to be the substantial actor in development of the new draft Gas Supply Law (that will replace the old law) and draft Heat Supply Law (first ever in the history of the Republic of Azerbaijan) and secondary legislation act drafts, steamed therefrom. ■



FERK Bosnia and Herzegovina

Significant Developments in Energy Transition Process

- As of August 2023, when new set of energy laws has come into force the **Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK)** has adopted number of new bylaws. After adopting new Statute and Rulebook on Eligible Producer in November, Rules on Procedure and rulebooks on appeals and disputes, public hearings, protection of confidential information, regulatory fees, monitoring, reporting, supplier switching and methodology to determine prices of public supplier and supplier of last resort were adopted up to present day. Also, FERK is creating and adopting number of rulebooks related to the new Law on Renewable Energy Resources and Efficient Cogeneration whose implementation will start on 2 May, 2024.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- The core focus of FERK in the following period is creation of the bylaws to complete its obligation from the new set of energy laws. ■



ERO Czech Republic

Recent Development

- At the end of 2023, an amendment to Act No. 458/2000 Coll., the Energy Act, was approved, introducing so-called community energy into the Czech legal system. Electricity sharing takes effect from 1 July 2024.

Electricity sharing will be possible only from and to offtake points equipped with smart meters, with the need to register the assignment of offtake points to the sharing group with the so-called data centre, including the assignment of the allocation method of the shared electricity. The **Energy Regulatory Office (ERO) of Czech Republic** works on the design of a new tariff system and new distribution tariffs that will take into account changes in the electricity market, mainly in the framework of energy communities which are expected to develop substantially in the coming years.

Internal Projects

- As part of the ERO's public relations, a Board member Markéta Zemanová advises consumers in the Czech Television programme "Home Alone" on measures to reduce electricity and gas prices for households, what to watch out for and what to avoid.

Significant Developments in Energy Transition Process

- Total annual natural gas consumption fell again last year, by more than a tenth year-on-year. After two years of consistent decline, the Czech Republic consumed the least amount of gas last year in more than thirty years.
- Total natural gas consumption in the Czech Republic last year reached 6.76 bcm (73.7 TWh). Compared to the previous year, this is a year-on-year decrease of 10.4%. Although warmer weather (+1.4 °C) was also responsible for the year-on-year decrease in

consumption, gas consumption fell by 8.1%, even when converted to long-term normal temperature conditions.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- In 2024, electricity sharing takes effect from 1 July 2024. Energy community is a significant step towards decentralising the entire energy sector.
- As of 2025, the plan is to streamline the use of the transmission and distribution systems at very high and high voltage levels for the power component of the electricity consumption. ■



CRE France

Recent Development

- **New Natural Gas Transmission, Distribution, and Storage Tariffs for 2024-2028**

Rising interest rates and declining natural gas consumption prompted the **Energy Regulatory Commission (CRE) of France** to change the calculation method for the weighted average cost of capital (WACC). With lower gas consumption, significant fixed costs will be covered by a smaller user base than today, leading to further increases in tariff terms. Until now, the WACC was based on the ten-year average of interest rates, which reflected the long lifespan of network infrastructure. From now on, existing assets will have a weighted WACC that reflects more recent economic data. The WACC rates (real before taxes) applicable to existing assets will still decrease compared with the last tariff period and will stand at 4.1% for transmission, 4.6% for storage and 4% for distribution. Meanwhile, new assets will benefit from a specific framework to ensure the long-term economic sustainability of the gas system. They will have a nominal WACC rate (i.e. including inflation) and, for some, shorter depreciation periods. When the new tariffs come into force, the tariff terms will increase

by an average of 19% for gas transmission and 27.5% for gas distribution.

- **A €500,000 Fine for Breaching REMIT**

On 26 December 2023, CRE's Dispute Resolution and Sanctions Committee imposed a penalty on the company ENGIE for failing to comply with its obligation to publish insider information concerning the unavailability of electricity generation capacity on 22 different occasions between 1 January 2019 and 31 December 2020. The Committee also sanctioned ENGIE for insider trading

Internal Projects

- **Contribution to Parliamentary Inquiries**

The energy crisis and the challenges of the energy transition has placed energy at the forefront of political concerns. The French Senate has thus launched several inquiries and auditioned our President, our Managing Director, and our Networks Director to contribute to their reflection. They covered the duties of the French oil major Total Energies, the foresight for electricity tariffs between 2035 and 2050, and electricity networks.

- **A legal symposium entitled "Dispute resolution, a different form of regulation"**

CRE's Dispute Resolution and Sanctions Committee held a public symposium on the 27th of March. Prominent legal experts discussed the Committee's history, its forthcoming reform, and the tool of negotiated sanctions. On this occasion, CRE published a compendium compiling and classifying all the landmark decisions handed down by the Committee and its supervisory courts since 2002. This first edition already includes nearly 1,000 references and lists more than 400 decisions.

Significant Developments in Energy Transition Process

- **Positive Assessment of Smart Grid Development in France**

Pursuant to Electricity Regulation EU 2019/943, CRE issued a report assessing the performance of system operators in developing a smart grid that promotes energy efficiency and the integration of energy from renewable sources. It puts forward three sets of recommendations and requests to capitalize on the advanced deployment of digital technologies on French power grids. Firstly, widespread use of optimized connection solutions. Secondly, industrializing the use of flexibilities. Thirdly, ensuring the reliability of the data available for market players.

● Recommendations for the Development of Electric Mobility

CRE published a report on solutions to accelerate the deployment of charging station while controlling costs for the electricity system and making smart recharging more widespread:

1. CRE recommends limiting the share of connection costs covered by the network tariffs to improve economic efficiency.
2. CRE advocates for optimizing and pooling connections, as well as coupling the recharging station with renewable energy generation, to reduce connection costs.
3. CRE recommends that new charging systems offer, by default, a first-level intelligent recharge based on peak/off-peak tariff signals. In the long term, CRE favors charging stations that can be connected to the Internet via an open protocol guaranteeing interoperability, to enable finer-grained, optimized charging management.

Core Regulatory Focus and Anticipated Changes for 2024/2025

● Preparing the Next Electricity Network Tariffs, which will apply from mid-2025 to mid-2029

This is a significant challenge given that the French electricity networks could need 10 billion euros of investment per year in the medium term. As part of its commitment to the

widest possible consultation process, CRE is organizing 5 thematic online workshops. The first one attracted over 200 participants. These discussions will be supplemented by written contributions from all interested parties. On this occasion, CRE is also undertaking a comprehensive review of time-based price signals for final consumers on both network and supply tariffs. ■



GNERC Georgia

Recent Development

● The **Georgian National Energy and Water Supply Regulatory Commission (GNERC)** decided to reduce the electricity tariff in Georgia by three Tetri.

The approved electricity tariff for the next three years will see a reduction for all categories of users, including commercial subscribers. Effective from January 1, 2024, the new tariffs are as follows: Up to 101 kilowatts: 15 Tetri, 101 to 301 kilowatts: 19 Tetri; Over 301 kilowatts: 23.5 Tetri.

● On March 1st, a significant milestone was reached when a large customer switched from a public service supplier to a competitive one, marking the first instance of supplier switching. This is considered a major step forward in the development of competitive energy retail markets in Georgia.

● The Law on Energy and Water Supply came into effect in 2019, and the Retail Market Rules, established by GNERC, were enacted in July 2021. These acts laid the foundation for the development of wholesale and retail energy markets in Georgia. However, since no competitive suppliers emerged, the electricity retail market in Georgia has remained fully regulated.

● The Georgian National Energy and Water Supply Regulatory Commission (GNERC) has approved the appointment of a compliance officer for unbundling at one of Georgia's

distribution system operators, Enrgo Pro Georgia JSC. This means that Enrgo Pro Georgia JSC must ensure compliance with the unbundling regulations outlined in the Law of Georgia on Energy and Water Supply, as well as those established by GNERC. GNERC will oversee this compliance.

● The Parliament of Georgia has chosen Davit Narmania for a second term as the Commissioner of the Georgian National Energy and Water Supply Regulatory Commission (GNERC). Additionally, members of the Commission have elected him as the Chairman of GNERC through a majority vote.

● Mr. Givi Sanikidze has been elected to the position of Commissioner of the Georgian National Energy and Water Supply Regulatory Commission (GNERC). With a tenure at GNERC since 2011, he led the Tariff and Economic Analysis Department since 2014.

● Memorandum of Understanding was signed between the Georgian National Energy and Water Supply Regulatory Commission (GNERC) and the Azerbaijan Energy Regulatory Agency. The Memorandum was signed by the GNERC Chairman, Davit Narmania and the Chairman of the Agency Board, Samir Akhundov. The basis of cooperation is the promotion of the development of energy sector regulation.

The purpose of the Memorandum is to exchange information between the parties in the field of energy regulation, both on legislative and other issues falling within their competences, to organize joint training programs, study visits and experts' trainings on the regulation of renewable energy and energy efficiency.

Significant Developments in Energy Transition Process

● To encourage the adoption of renewable energies, the Georgian National Energy and Water Supply Regulatory Commission has expanded the inclusion of micro-generation

power plants within the net metering system. As of January 2024, the system encompasses a total of 1,066 micro-generation power plants, boasting a combined installed capacity of 67 MW.

Remarkably, solar energy dominates the composition of these micro-generation power plants, constituting 98% of the total. In contrast, micro-generation power plants harnessing wind and water resources collectively contribute a smaller share, amounting to 2% of the overall capacity. ■



MEKH Hungary

Recent Development

- The **Hungarian Energy and Public Utility Regulatory Authority (MEKH)** has issued a resolution on the level of electricity system charges applicable from 1 January 2024, according to which the applicable system **usage charges for non-residential consumers will be significantly reduced.**

- MEKH has amended its Decree on the **application of system charges**, which allows newly established electricity storage facilities to benefit from a temporary tariff reduction. The amendment does not affect the system charges payable by residential customers.

- The Decree on the rules for connection fees of MEKH has been amended, with the aim of making the **calculation of connection fees** for electricity producers wishing to connect to the public network - exceeding the size of small household power plants - and for those wishing to connect to the high-voltage network for the purpose of purchasing electricity **more transparent**, and to provide a temporary discount for electricity storage facilities. This amendment does not affect the level of connection charges payable by residential users.

- MEKH issued a resolution **approving the Network Development**

Plan (HFT) submitted as a result of the coordinated work of the TSO Magyar Villamosenergia-ipari Átviteli Rendszerező Zrt. (MAVIR) and the Distribution Network Operators.

- MEKH amends **two energy efficiency-related decrees**, including new elements to the EEO Catalogue for accounting of energy efficiency improvement measures and simplification of the regulation on sub-metering for large consumers.

- Starting from 01. 01. 2024 the rules for the **settlement of household (micro) PV power plants** were modified. Households that applied for connection till 07. 09. 2023 and will have their PV plants installed till 01. 01. 2026. can remain in net-metering scheme for 10 years. Households no longer eligible for net-metering will participate in gross settlement (they account separately for the electricity fed into the grid and the electricity consumed from the grid).

- As part of its consumer protection duties, **MEKH imposed fines to 6 electricity DSOs** in the total sum of HUF 129 million HUF (ca 333 333 EUR). MEKH also obliged those DSOs to pay 180 million HUF penalties (ca 462 725 EUR) the consumers. The investigation of MEKH revealed that those licensees – due to energy crisis of 2022 – did not, or not in due time, answer consumer inquiries, paid penalties to consumers late, and could not meet the requirements for telephone customer service.

Internal Projects

- On 19-20 March 2024, MEKH hosted the **ENSMOV Plus international project workshop**. ENSMOV Plus is an international project funded under the EU LIFE-CET programme, with a three-year duration, which started in December 2022. Its objective is to support regulators and regulatory stakeholders in the implementation of the Energy Efficiency Directive and to facilitate the exchange of experience between Member States. The project will address both short-term, topical issues and longer-term strategic

aspects to ensure that energy efficiency measures meet their targets. On behalf of MEKH, energy efficiency expert Johanna Hohmann gave a presentation on energy saving opportunities, including an overview of the operational model and achievements of the Hungarian Energy Efficiency Obligation Scheme.

Significant Developments in Energy Transition Process

- The **Act on Electricity** and its implementing governmental decree was amended in order to foster the transition to a more decentralized energy system. One of the means to reach this is incentivizing the establishment of local generation and storage units.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- The system of the **consumer satisfaction survey (CSS)** will be renewed in 2024, since the amendments of sectorial legislation absolved the licensees from their financial obligation to contribute to the CSS. This will require MEKH to develop a new methodology of the CSS. ■



State Department, Kyrgyz Republic

Recent Development

- According to the **Department of the Fuel and Energy Complex Regulation under the Ministry of Energy of the Kyrgyz Republic** approval of the Medium-term tariff policy of the Kyrgyz Republic for electric energy for 2021-2025" dated September 30, 2021 No. 192" dated December 12, 2023 No. 665, the rules providing for the application of tariffs by voltage class for the main consumers of electrical energy (Large consumers of electrical energy were excluded), that is, these consumers must pay for the consumed volume of electrical energy

Consumer Groups		Prior to changes			After you make changes
		By Voltage Class			
		110 kV	35 kV	10/6/0,4 kV	0,4 - 110 kV
Budget Consumers	Tyiyn/kWh	312,0	326,0	340,0	340,0
Agriculture	Tyiyn/kWh	259,0	273,0	287,0	287,0
Industry	Tyiyn/kWh	259,0	273,0	287,0	287,0
Other consumers	Tyiyn/kWh	259,0	273,0	287,0	287,0

Figure 3. Electricity Tariffs by Voltage Classes for Enterprises (Organizations) Included in the List of Large Electricity Consumers

at the tariffs established for end consumers. (See **Figure 4**).

Internal Projects

● Currently, all procedures for approval by the Department have been completed, and in May-June 2024, it is planned to sign a memorandum of cooperation between the Department for the Regulation of the Fuel and Energy Complex under the Ministry of Energy of the Kyrgyz Republic and the National Commission for the Regulation of Energy and Water Supply of Georgia.

Core Regulatory Focus and Anticipated Changes for 2024/2025

● Currently, in accordance with the order of the Cabinet of Ministers of the Kyrgyz Republic dated October 20, 2023 No. 635-r, work is underway to create a state enterprise "Bishkek Center for Electric Thermal Systems" under the Ministry of Energy of the Kyrgyz Republic. The state-owned enterprise is being created on the basis of the branches of the Bishkek CHPP and Bishkekteploset of OJSC Electric Power Plants. The main activities of the state enterprise "Bishkek Center of Electric and Thermal Systems" are the production, transmission, distribution and sale of thermal energy (centralized heating and hot water supply to consumers in Bishkek), the production and sale of electricity.

● It should also be noted that a draft resolution of the Cabinet of Ministers of the Kyrgyz Republic "On Amendments to the Resolution of the Cabinet of Ministers of the Kyrgyz Republic "On Approval of the Medium-Term Tariff Policy of the Kyrgyz Republic for Electricity for

2021-2025" dated September 30, 2021 No. 192" dated September 30, 2021 has been developed and submitted for public discussion", according to which it is proposed to increase electricity tariffs for all groups of consumers by the actual inflation rate for the previous year, that is, an increase of 10.8% from May 1, 2024. ■

PUC Latvia

Recent Development

● **New Natural Gas Distribution System Tariffs from 1 January 2024**

On 19 December 2023, the **Public Utilities Commission (PUC) of Latvia** Board approved new tariffs for natural gas distribution system services for the tariff period from 1 January 2024 to 31 December. With the entry into force of the new tariffs, consumers see a slight increase in the distribution service tariffs but considering the changes in the price of natural gas on the exchange, the total payment for natural gas is lower than a year ago.

● **New electricity distribution and transmission tariffs from 1 January 2024**

Electricity distribution and transmission tariffs from 1 January 2024 are slightly lower than those that came into force in July 2023. The electricity distribution tariff for a consumer with, for example, a single-phase connection of 16 amperes and electricity consumption of 100 megawatt-hours (MWh) per month decreased by around 6 percent compared to July 2023.

● **Energy Price Developments**

According to data gathered by the PUC:

□ the weighted average retail electricity price without taxes and system services in 2023 Q4 was 125.96 EUR/MWh for commercial consumers (-32.8% compared to 2022 Q4) and 157.2 EUR/MWh for households (-9.4% compared to 2022 Q4) (See **Figure 5**);

□ the weighted average retail gas price without taxes and system services in 2023 Q4 was 54.76 EUR/MWh for commercial consumers (-62.3% compared to 2022 Q4) and 60.93 EUR/MWh for households (-44.63% compared to 2022 Q4) (See **Figure 6**).

Internal Projects

● The end of December was spent in Christmas mood, PUC organized a festive event for the employees, and invited them to participate in a charity campaign by donating new toys to the children's department of Kuldīga Hospital.

● At the beginning of the year, PUC organized an English language training course for employees, with about 40 applications; the course will end in June. Employees also had the opportunity to participate in various forums and conferences. Artificial Intelligence workshops aroused a special interest.

● Along other press releases about the work of PUC, explanatory articles were prepared on how to reduce the monthly electricity bill, how electricity exchange prices are formed and how to avoid telephone fraud.

● In January, the Baltic Electricity and Gas Market Forums, with the participation of around 100 regulators and stakeholders, took place in Estonia, the agenda covering topical issues. Alongside the Forums, Baltic NRAs' experts had workshops on topicalities of the regulation of district heating and water sectors.

● In February, PUC organized a High-Level Meeting for the three Baltic

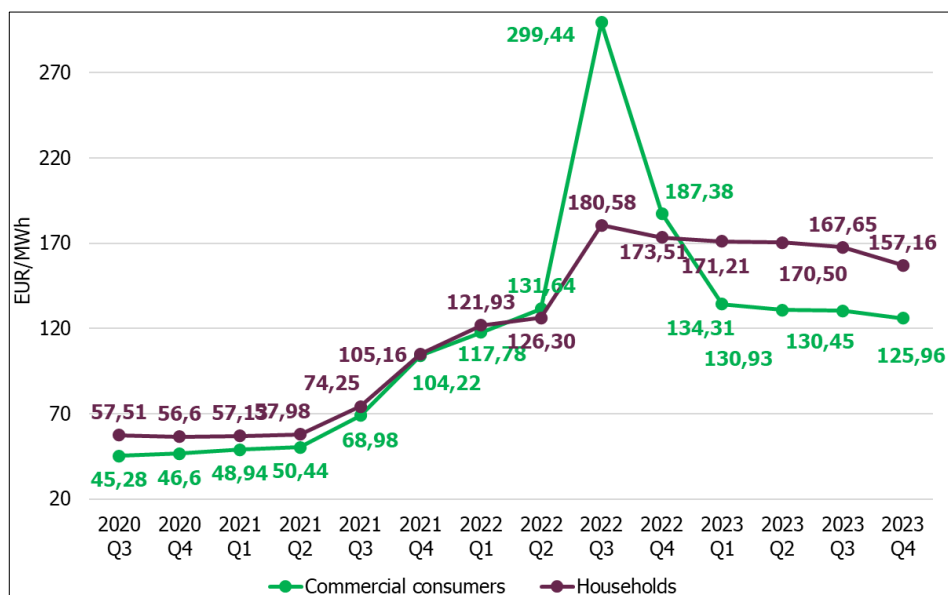


Figure 5. Weighted Average Retail Electricity Prices

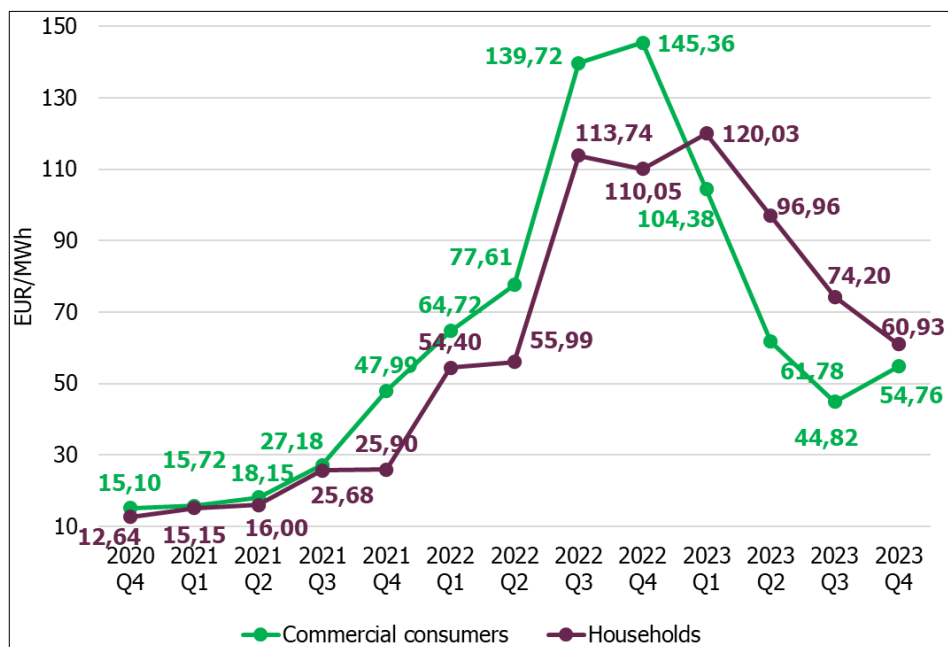


Figure 6. Weighted Average Retail Gas Prices

States' NRAs in Riga, discussing current regional/international issues of the energy sector.

Significant Developments in Energy Transition Process

● On 6 February 2024, the Cabinet of Ministers approved amendments to the Regulations Regarding the Trade and Use of Electricity that provide wider benefits to active consumers that produce electricity for self-consumption from renewable resources. From 1 May 2024 consumers will have the opportunity to join the new net payment system which allows consumers to use electricity produced in other their facilities, use savings to cover

electricity payments, including system services, transfer the surplus to a trader at agreed price etc.

Core Regulatory Focus and Anticipated Changes for 2024/2025

● In 2024/2025, the PUC will focus on promoting the well-being of public service users in changing market conditions and the impact of the European green deal on the development of regulated sectors. Dynamic changes are taking place in the regulated sectors and the adaptation to new conditions is necessary on both sides – both users and service providers. The PUC will continue to explain the complex

processes in regulated sectors in a way that is easy for the public to understand and to provide advice to users. ■



NERC Lithuania

Recent Development

● The **National Energy Regulatory Council (NERC) of Lithuania**, having checked whether UAB “Ignitis” established prices in accordance with the requirements for price and tariff setting and whether individual consumer groups were not discriminated against, found no violations and approved UAB “Ignitis” public electricity tariffs for household consumers for the I half of 2024. The main reason for the decrease in tariffs is that in the II half of 2023, UAB “Ignitis” collected EUR 13 million more in revenues from the supply of electricity than the actual price of electricity. (See Figure 7).

● NERC approved the transfer service rates of AB “Energijos skirstymo operatorius” (ESO) effective from April 1, 2024. For household consumers, the transfer service price for MV networks will be 2.582 ct/kWh, 13.4% less than the previous quarter, for LV networks - 7.8167 ct/kWh, a reduction of 4.9%.

NERC also adjusted the upper limit of electricity distribution service prices for 2024. These adjustments were made as a result of NERC's decision to approve the repayment schedule of €157.7 million by ESO, with EUR 57,1 million allocated for household consumers (will be reimbursed over 27 months period starting from April 1, 2024) and the remainder for overpayments by businesses and other non-household consumers (will receive refunds over 93 months). The repayment will be made through reduced electricity distribution tariff, estimated to decrease in 2024 by about 0.5 ct/kWh with VAT for household consumers. NERC's decision on the repayment period was based on ensuring the quality and reliability of services provided by ESO,

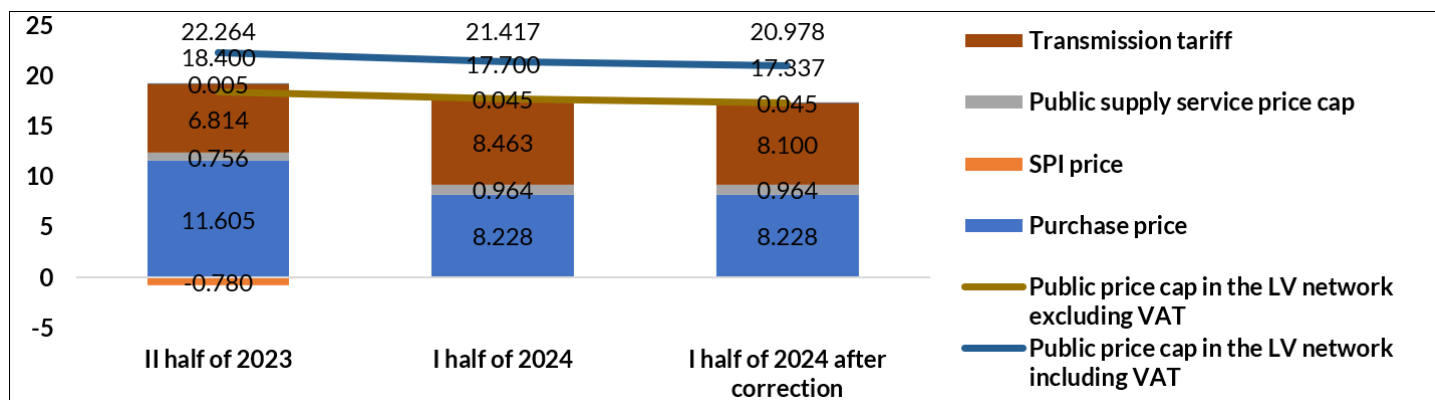


Figure 7. Approved UAB "Ignitis" Public Electricity Tariffs for Household Consumers for the 1st Half of 2024

including uninterrupted electricity supply and infrastructure upgrade projects. The overpayment was identified in 2021 following an assessment by NERC, which found that ESO had invested almost 30% less than planned, resulting in a surplus of €213.7 million. By the end of 2023, EUR 53 million had already been refunded to consumers through reduced electricity tariffs approved by the NERC.

- NERC approved tariffs of natural gas for household consumers for 1st half of 2024 (VAT included). (See Figure 8).

- NERC coordinated the EUR 10,292 million investments (financed by AB "Amber Grid" own funds and an insurance premium) of the natural gas TSO AB "Amber Grid" for 2022–2026, aimed at ensuring the safe, reliable operation of the natural gas transmission system that meets the needs of system users. These investments encompass updating some pipeline sections and technological equipment at several gas distribution and metering stations. However, investments worth EUR 535 thousand were deemed unfit due to lacking justification for chosen technical solutions.

- NERC has amended the Description of the Procedure for Submission and Examination of Requests to Operate

in the Energy Innovation Sandbox Environment. The key changes include the provision that in cases where an individual seeking to operate in the sandbox environment requires exemptions from regulations approved or endorsed by NERC, such exemptions and their application procedures would in each case be set out in a decision (resolution) adopted by NERC granting the right to operate in the sandbox environment to the individual, rather than in each regulatory act governing energy activities. NERC has granted permission to UAB "Idex Baltic" to operate in the sandbox environment until October 1, 2024.

- NERC has approved changes to the Methodology for the Setting of Fees for the Connection of Electricity Facilities to Electricity Networks. The changes aim to simplify and clarify the pricing of connection services and ensure that all network users contribute proportionally to the development of the electricity grid. The amendments include introducing new consumer groups based on power and distance criteria (group I up to 500 kW and 100 m, group II up to 500 kW and 100-400 m, group III up to 500 kW and 400-1000 m), revising connection fees (costs are assessed by setting a fee for the installation of 1 kW of permissible power), and establishing a

maximum compensable design cost calculated by the NERC. Additionally, the Methodology now outlines uniform conditions for household and non-household consumers regarding the costs of grid expansion and provides detailed calculations for preliminary connection fees, addressing concerns raised by the Special Investigation Service and ensuring transparency and fairness in the pricing process.

Significant Developments in Energy Transition Process

- NERC has approved the Procedure for Calculating the Amount of Generated and Planned to be Generated Electricity from Renewable Sources. The aim of the Procedure is to regulate the annual amount of electricity from renewable sources on land territory as of January 1st each year, aiming to assess whether it reaches the quantity specified in the Renewable Energy Sources Act (5 TWh). The Procedure entails evaluating the electricity generated in the previous calendar year by plants generating electricity for more than a year, planned annual electricity generation from plants generating electricity for less than a year, planned annual electricity generation from plants that have been granted a permit to develop electricity generation

Group of household customers	Part of the tariff	2023 2 nd half	From 1 st January 2024	Variation, %	From 1 st April 2024	Variation, %
For users of 1 st subset Q ≤ 300 m ³	fixed part of the tariff, EUR/mo.	0.56	0.56	0	0.56	0
	variable part of the tariff, EUR/m ³	1.36	1.29	-5.15	1.05	-18.6
For users of 2 nd subset 300 < Q ≤ 20 thousand m ³	fixed part of the tariff, EUR/mo.	3.99	3.99	0	3.99	0
	variable part of the tariff, EUR/m ³	0.87	0.83	-4.60	0.59	-28.92
For users of 3 rd subset Q > 20 thousand m ³	fixed part of the tariff, EUR/mo.	3.99	3.99	0	3.99	0
	variable part of the tariff, EUR/m ³	0.83	0.79	-4.82	0.55	-30.38

Figure 8. Tariffs of natural Gas for Household Consumers for 1st Half of 2024 (VAT Included)

capacity or connection conditions where permit is not required, and allocation of electricity production quotas to individuals participating in NERC auctions since 2019. Additionally, operators are required to provide the necessary information for calculating the annual generation quantity by February 1st each year.

● **On January 15, 2024, NERC launched a tender for offshore wind power plants with incentives.** Registration and document submission are open until 15 April, the winner will be announced by the end of May, with the final decision expected in early August 2024, after a check for compliance with national security interests of the winner. Prior to the announcement of the tender, NERC approved amendments to the Description of the Offshore Wind Power Plants Tender Conditions. The amendments provide that bidders may compete for the possibility to receive the proposed transaction price for the electricity they produce for 15 years from the date of the granting of the electricity production permit (maximum proposed contract price - 107.18 EUR/MWh, minimum - 64.31 EUR/MWh). Also, the minimum installed capacity of the power plants has been increased from 580 MW to 700 MW and the deadline for submission of competition documents extended to 90 calendar days.

Core Regulatory Focus and Anticipated Changes for 2024/2025

● No major changes in regulatory activities for 2024/2025 are foreseen, but in view of the past energy crisis and the measures taken to mitigate the price shock, inspections on the use of the compensations, determined by the Government's resolution, received by electricity suppliers to accommodate the price increase of electricity will be carried out. ■



AERS Serbia

Recent Development

● **January 18** - On the session held on January 18, 2024, the Council of the **Energy Agency of the Republic of Serbia (AERS)** has adopted a decision on the approval of Rules for Market Activities Suspension and Restoration which were drafted by the Transmission System Operator of the Republic of Serbia "Elektromreža Srbije" JSC. The Rules on Market Activities Suspension and Restoration define cases in which the transmission system operator may suspend market activities in the electricity field and the procedure for restoration of market activities taken by the transmission system operator in coordination with neighbouring transmission system operators, distribution system operator, closed distribution system operators and electricity market operator is defined.

● **February 1** - On the session held on February 1, 2024, the Council of the Energy Agency of the Republic of Serbia has adopted a decision on the approval of the decision of the Joint Stock Company "Elektromreža Srbije" which establishes Maximum Capacity Thresholds for Production Modules. The definition of limits for production modules types is important since, in line with the network code and the rules for the connection to the transmission system, transmission and distribution system operators define technical conditions for their connection to the transmission and distribution system depending on the type of the production module

Internal Projects

● **December 05, 2023** - ECRB EWG Virtual Workshop on ACER MMR 2024.

● **January 23, 2024** - 57th ECRB Customers and Retail Markets Working Group Virtual Meeting.

● **January 25, 2024** - 18th ERRA Natural Gas Markets and Economic Regulation Committee Virtual Meeting.

● **January 25, 2024** - ECRB EWG Virtual Meeting with CP NRAs on Electricity Implementation Package (EIP).

● **January 30-31, 2024** - Sarajevo Energy Forum (SEF).

● **February 13, 2024** - 61st ECRB EWG Working Group Virtual Meeting.

● **February 13-15, 2024** - 1st Regional Exchange, GIZ Conference in Podgorica.

● **February 20, 2024** - 59th ECRB Gas Working Group Virtual Meeting. ■



URE Poland

Recent Development

● Energy Market

□ **December 1, 2023: The President of URE reappointed the Polish Power Exchange (TGE S.A.) as electricity market operator (Nominated Electricity Market Operator, NEMO).**

This is the power to carry out day-ahead and intraday market coupling for the next four years.

The Nominated Electricity Market Operator (NEMO) is an entity set forth in the Commission Regulation (EU) 2015/1222. Regulation provides for guidelines on capacity allocation and congestion management to perform single day-ahead and single intraday coupling.

In the NEMO designation proceeding conducted by the regulator, TGE S.A. has proved that it has the necessary resources, including financial resources, advanced information technology, technical infrastructure and operational procedures to guarantee the coordinated day-ahead and intraday market

coupling. TGE S.A has the ability to guarantee for market participants an open access to information on the operator's tasks. It also has introduced a market control mechanism.

❑ **December 6, 2023: New storage facilities for security and continuity of energy supply.**

The President of the **Energy Regulatory Office (URE) of Poland** has issued three decisions recognizing the electricity storage facilities of PGE Dystrybucja as fully integrated elements of the grid and agreed to the ownership, construction, management and operation of three storage facilities by this distribution system operator.

According to the Energy Law, a distribution system operator may not build, own, operate, or manage energy storage facilities. One of exception to this rule is the situation when the President of URE, at the application of the operator, will, by decision, accept the energy storage facility as a fully integrated part of the grid.

Due to the Multi-Nemo Arrangements (NEMO) mechanism in Poland, EPEX SPOT and Nord Pool EMCO AS are also entitled to offer NEMO services in day-ahead and intraday coupling

● **Renewable Energy Source Market**

❑ **March 7, 2024: Poland's laws and the approach of the President of URE follow the needed innovation.**

The President of URE has issued the first license for the generation of electricity in a **hybrid renewable energy facility**. This is a pilot project installation with Agro-Hydro-Energy technology (AHE) in Poland, created by the Wrocław University of Life Sciences and the Gaj Olawski Cluster.

A photovoltaic farm, wind turbines and energy storages have been linked here.

AHE is a portable and modular system that allows agricultural operations and energy production at the same time. The structure of this technology makes it possible to grow plants, above which photovoltaic cells are placed at of six meters height. Wind turbines are also used for power generation.

❑ The new wording of the definition of a hybrid RES installation was introduced in amendment to the Renewable Energy Sources Act, which went into effect on October 1, 2023, but it is the first license issued, which includes this definition.

According to the current regulations in Poland, a hybrid RES installation is a separate set of equipment which generates electricity from at least two types of renewable sources that differ in type and differ in availability of the energy produced, in which also:

1. no generating equipment shall have an installed electrical capacity exceeding 80% of the total capacity of the equipment in total;
2. the output of power to the power grid is carried out through a device that transforms energy to the conditions necessary for its use;
3. energy storage has been installed, through which at least 5% of the annual volume of energy generated by this installation is fed into the network, not including energy taken from the grid.

Such a solution is intended to encourage other entrepreneurs to launch similar initiatives.

Internal Projects

● **December 13:** At the meeting of the Board of Regulators of the European Union Agency for the Cooperation of Energy Regulators (ACER BoR), the President of URE was re-elected Vice Chair of the BoR. The term of office for this post is two and a half years.

Previously, Rafał Gawin held the position from March 2021 to September 2023. The Chair of the BoR and his or her deputy are responsible for representing ACER's positions and views vis a vis other institutions and organizations. They may make statements before the competent committees of the European Parliament and provide information in response to questions from members of such committees.

● **November 30, 2024: URE conducted a survey about consumers opinions on selected aspects of the Polish energy market.**

The survey undertaken by URE and PBS was the first research into consumer preferences on the Polish energy market carried out by the regulator for many years. It was intended to illustrate as objectively as possible the level of knowledge and opinions of Poles on the most important energy issues and long-term challenges the energy sector faces, such as the energy transition.

Respondents answered questions divided into thematic blocks that concerned:

- ❑ knowledge of energy sources in Poland;
- ❑ energy costs in household budgets,
- ❑ awareness of consumer rights;
- ❑ issues related to energy transition;
- ❑ knowledge of the powers of URE.

The survey revealed that more than 80% of households have been affected by increases in electricity and gas prices due to the energy crisis.

Nearly 70% of Poles support the development of nuclear power plants in Poland. According to those interviewed, public funding should primarily support renewable energy sources. Subsidies for solar power are supported by 67% of respondents, and by 66% as regards wind power. This source funding is also supported by

37% of survey participants with regard to nuclear power.

Significant Developments in Energy Transition Process

● **February 14: The Effective Transformation Charter – Another Task Force has been established.**

The main goal of the Charter (the concept of the work on the project goes back to 2021) is to implement a transparent and predictable regulatory policy for long-term investment in distribution networks that is acceptable to the government, businesses and the public. The Charter is an open initiative - any DSO, regardless of the scale of its distribution operations, can join it at any time.

The next stage of the project will be to describe the role that small/local DSOs can play in increasing the flexibility of the Polish energy system, giving the Polish energy sector a local dimension and stimulating the activity of local generators and consumers. In the next step, a possible catalog of flexibility services in Poland will be identified. The aim is to get small DSOs to involve in the Charter. In order to implement the above, additional task force was created: small DSOs task force.

The activities related to the **Effective Transformation Charter** will be continued next year.

● **March 14: There are already more than 1.4 million micro-installations in Poland.** URE's report on energy generated from renewable energy sources in micro-installations and injected into the distribution grid in 2023.

In 2023, the number of renewable energy micro-installations increased to more than 1.4 million, with installed capacity exceeding 11.3 GW. Almost 98% of these installations were used by prosumers who operated 1,386,787 micro-installations.

Over 99.9% (1,403,199) of RES micro-installations used solar energy (PV). The installed capacity of these installations amounted to 11.3 GW (99.8% of total installed capacity of RES micro-installations).

In 2023, RES micro-installations fed over 7.3 TWh of electricity into the distribution networks, and the generated electricity almost entirely came from solar radiation (99.7%). Nearly 98% (7.1 TWh) of energy

introduced into the grid was generated in installations used by prosumers.

Micro-installations are the smallest RES installations connected to the power grid with a rated voltage lower than 110 kV, which have a total installed electrical capacity of no more than 50 kW and, possibly, generating thermal capacity in cogeneration of no more than 150 kW.

Micro and small RES installations in Poland benefit from several simplified procedures, including:

- ☐ easier connection to the grid;
- ☐ no need to obtain a license (only registration in the register of small-scale generators is needed);
- ☐ exemptions from commercial balancing costs;
- ☐ support mechanisms for energy sales (the obligation of suppliers to purchase energy from the RES generator).

Core Regulatory Focus and Anticipated Changes for 2024/2025

● The amendment of Energy Law introduced in July 2021 put an obligation to establish the Central Energy Market Information System (CSIRE). Currently, the work is underway on implementing the project in Poland.

Polish TSO (Transmission System Operator) has been mandated to become the Energy Market Information Operator (OIRE) and to implement CSIRE.

CSIRE will collect and process data necessary for, among others, changing the electricity supplier or making settlements for electricity sale and supply. Thanks to the unification of information standards processed in CSIRE, processes on the retail electricity market in Poland will be significantly simplified and more efficient.

CSIRE will also provide access to selected aggregated data for the development of new services,

conducting analytical and research works, and information.

Benefits of CSIRE:

- ☐ For end users, including prosumers:
 1. free-of-charge access to electricity market information, including metering data;
 2. simplification and shortening the implementation time of energy market processes, among others, the change of supplier;
 3. possibility to verify individual consumption and production of electricity.
- ☐ For energy market participants:
 1. creating a single point of access to energy market information;
 2. effective and secure exchange of information on the retail energy market;
 3. standardization of retail electricity market processes rules.

Deadline for launching CSIRE is July 1, 2025. ■



URSO Slovakia

Recent Development

● On December 6, 2023, **Mr. Jozef Holjenčík became the new Chairman of URSO**. He was approved for the post by the Cabinet of Ministers on the proposal of Slovakia's Deputy Prime Minister and Minister of Economy. Mr. Holjenčík already headed the Regulatory Office in the past, between 2007 and 2017.

Through its decisions adopted since December 2023, the **Regulatory Office for Network Industries (URSO) of Slovakia** has contributed to reducing the spending of compensations from the state budget due to high energy prices and

adjusted tariffs applicable for 2024. By this URSO has been able to reduce total expenditures for the state budget by almost 440 mil. EUR. Tariff adjustments include cost reduction in the tariff for system operation (145 mil. EUR), tariff for system services (84 mil. EUR), reduction in the allowed volume of electricity losses (87 mil. EUR) and correction in the costs of purchasing electricity for losses (124 mil. EUR).

Internal Projects

- Currently URSO has been involved in the EU-funded **twining project** called "Strengthening the Institutional and Technical Capacity of the **Malawi Energy Regulatory Authority (MERA)**". The project is a continuation of a series of successful twining projects through which URSO has provided expertise to beneficiary regulatory authorities in countries like Azerbaijan, Serbia, Ukraine, Palestine and, most recently, Malawi. The current project started in summer 2023 and is set to last 2 years.

- In February 2024, URSO Chairman Jozef Holjenčík took part in a bilateral meeting with Mr. Stanislav Trávníček, President of ERO of the Czech Republic. Both sides exchanged views on the current situation on energy market and main challenges and URSO initiative to enhance regional cooperation between the regulators of the V4 countries were also discussed.

Significant Developments in Energy Transition Process

- Slovakia's Ministry of Economy prepared **extensive amendment of the energy legislation**. The changes were adopted by the government on 20 March, pending the approval of the Parliament.

The legislative package includes changes to four key regulations - **the Energy Act, the Thermal Energy Act, the Renewable Energy Sources Promotion Act and the Act on Regulation in Network Industries**.

According to the proposal, URSO is to take over part of the competences of

the Slovak Trade Inspection and its remit will be extended, for example, to include tariff regulation of gas storage. Other changes mainly concern energy suppliers. They are now obliged to publish their price lists also on the unregulated electricity and gas market. Other change includes the details of the invoices that suppliers need to send to their customers.

- In December 2023, with the extraction of the **last ton of coal from Bane Nováky (Nováky Mines)**, 114 years of industrial coal mining in Slovakia finally came to an end. The last ton of lignite was taken out by the miners from the section where they started mining decades ago as part of the new mine.

This production will be replaced mainly by nuclear power.

- The third unit of the nuclear power plant in Mochovce with total installed capacity of 471 MW was put in operation in autumn 2023. Slovenské elektrárne (country's major electricity producer) is already working hard on completing the fourth unit of NPP Mochovce (with the same capacity) which should see operation in second half of 2025. One unit of Mochovce (471 MW) covers approximately 13% of Slovakia's total electricity consumption. From the point of view of electricity generation, Slovakia has already become energy self-sufficient.

Slovakia takes also active part in the **Nuclear Alliance of European Union member states**.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- Since URSO received its new chairman in December 2023, it set out to develop extensive amendments to the decrees in the area of tariff regulation in the electricity and gas sectors. URSO's intention is to merge the multiple electricity and gas decrees in force today into **just "two big decrees" – one for electricity and one for gas** - under which price regulation would be carried out for all regulated activities in the electricity and gas sectors in Slovakia. URSO has received a total of 190 submissions

from 27 entities on the planned changes, which are now under evaluation. ■



EMRA Türkiye

Recent Development

- The **Energy Market Regulatory Authority (EMRA) of Türkiye** approved the transmission tariffs of Turkish TSO (TEIAS) at the end of **December 2023, for the 7th application period to be applied between 1 January 2024 and 31 December 2026**.

Transmission tariffs include TEIAS' revenue requirements for three years (2024-2026) as well as revenue caps for 2024, which are divided into system use and system operation tariffs for both producers and consumers. EMRA determined that transmission tariffs should be implemented over a three-year period with a reasonable rate of return of 11,05% and a redemption period of 30 years for network investments. Revenue requirements were calculated using estimates for operating expenditures (such as staff expenses, service, insurance, and material costs) as well as investment costs. Revenue cap calculations were based on OPEX, CAPEX, losses in the power transmission system, capacity mechanisms, ancillary services, zero balance correction amount and R&D budget components. As a result, the TEIAS revenue cap for system use was set at 75.838.971.560 TRY (2.315.509.961,3 EUR) and for system operation at 24.551.466.654 TRY (749.603.593,4 EUR), for a total of 100.390.438.214 TRY (3.065.113.554,7 EUR) based on the EUR/TRY exchange rate of 32,7526 as of the date of the Board Decision (December 28th, 2023).

- **Türkiye Leads Way in Integrating Renewables with Energy Storage**

Türkiye has taken a progressive step towards advanced integration of renewable energy sources by enabling applications for prelicenses of

renewable power plants co-located with energy storage systems, without going through capacity auctions.

Subsequent to an amendment to the Electricity Market Law, the Energy Market Regulatory Authority (EMRA) accepted applications from November 2022 to September 2023 for renewable projects incorporating storage facilities. As of March 2024, EMRA has granted 602 prelicenses for such renewables with energy storage systems, amounting to a combined capacity of 16.5 GW of wind and 14 GW of solar power generation.

The by-law of Electricity Licensing mandates that the storage unit be situated within the same premises as the renewable energy generation facility, with the installed capacity of the storage units permitted to exceed that of the renewable power plant. These projects will be eligible for feed-in tariffs under the Renewable Energy Resources Support Mechanism (YEKDEM) and local component incentives, provided they are commissioned before 2030. The generated electricity must be supplied to the grid via the electricity storage unit, thereby mitigating the impact of renewable curtailment on the grid while enabling renewable sources to provide stable power capacity.

The provisions of the by-law enable investors to engage in arbitrage within the grid and minimize the curtailment of renewable energy sources. As these prelicensed projects progress to the licensing stage and become operational, Türkiye is poised to emerge as a regional frontrunner in this innovative model of integrating renewable energy sources with energy storage systems.

Internal Projects

● **Energy specialists from EMRA participated in the electricity market trainings of the "Energy Specialists Association" which were held in Ankara and Antalya, Türkiye and presented the latest improvements regarding tariff-setting procedures.**

The Energy Specialists Association organized two-day training sessions



Figure 9. Training Sessions for the Electricity and Natural Gas Sectors Organized by the Energy Specialists Association

for the electricity and natural gas sectors to introduce current legislation and provide insight into how tariffs are computed and established, as well as the procedures involved in tariff setting. The trainings took place in Ankara in November 2023 and Antalya in February 2024. During the session, energy specialists from EMRA addressed the fundamentals of legislation governing tariff setting mechanisms related to the market activities such as electricity distribution, transmission, retail, market operation, and distribution tariffs in natural gas markets. (See Figure 9).

Significant Developments in Energy Transition Process

● Operation of Carbon Markets

EMRA took a significant step by drafting the Regulation on the Operation of Carbon Markets, which opened for public consultation. This comprehensive regulation delineates the fundamental principles governing carbon markets under the planned Emission Trading Scheme (ETS). It outlines the operational framework for carbon markets to be operated by Energy Exchange Istanbul (EXIST), addressing key aspects such as registration, bidding, matching, price

formation, invoicing, and payments concerning both primary and spot carbon markets. While the Draft Regulation governs the operational aspects of carbon markets, it does not include the issuance of allowances, distribution of free allowances, offsetting system and similar issues that are planned to be determined by the Climate Law, and these issues are left to the institutions and organizations that will be authorized pursuant to the Climate Law.

● EV Charging Services

In terms of e-mobility activities, license applications and licensing activities continue. Charging network operator license holders are obliged to establish a charging network comprising of at least 50 charging units and charging stations installed in at least five different districts within a six-month period after the license comes into force. At least 5% of these charging units must be DC 50 kW and above. In addition, at least 50% of the charging units located on highways and state roads must be with a power of DC 50 kW and above. In this regard, at the meeting of the Energy Market Regulatory Board on March 7, 2024 it was decided to terminate the licenses of 13 charging network operator license holders who could not fulfill their charging network obligations. Currently, there are 173 charging network operators holding a license. Since December 2023, the number of charging stations across Türkiye has increased from 5.225 to 7.246 and the number of charging points (sockets) has increased from 11.084 to 16.584. At present, almost 30 percent of the charging stations installed in Türkiye are YEK-G certified green charging stations, which guarantee that the electricity supplied to electric vehicles is generated from renewable energy sources.

● New Regulations within the Scope of Green Charging Station

With the amendments to the Renewable Energy Guarantees of Origin (also known as YEK-G) legislation and the Charging Services legislation, the concept of green

charging in Türkiye has acquired a strong legal foundation. Historically, many EV charging operators made claims about green charging, although these claims were not supported by legislation. With the relevant changes in the legislation, the definition of a "green charging station" has been incorporated, thereby putting an end to the green charging debate in Türkiye. By 2024, all green charging stations must ensure that their electricity usage is accompanied by YEK-G certificates. Additionally, these stations must adhere to standardized branding for the green charging service they provide.

● Digital Transformation

'Digital Maturity Assessment Model and Development Roadmap Project' was carried out for the purpose of evaluating the current digital maturity of the sector, determining the investment need to increase digital maturity and developing a roadmap and maturity model for each distribution company's specific strategy. As an integral component of this project's work packages, the 'Electricity 4.0 and Digital Transformation Certificate' training program was provided to distribution companies and successful completion of the program led to certification attainment.

Core Regulatory Focus and Anticipated Changes for 2024/2025

● **The preparations will be carried out for the upcoming electricity tariff period (2026-2030) to determine the tariffs of electricity distribution companies and incumbent suppliers.**

Fourth implementation period of electricity distribution companies and incumbent supplier companies will end on 31 December 2025. Therefore, the preparations for the fifth implementation period of electricity tariffs, which will be applicable between 1 January 2026 and 31 December 2030, will start at the second half of 2024 and completed until the end of 2025. These tariffs will be subject to the approval of the Board of EMRA and applied for 5 years.

While carrying out the necessary preparations for the new tariff period, performance and realizations for cost and revenue components and quality factors of each company as well as the economic conditions and other outcomes due to the natural incidents (such as earthquakes and floods) will be taken into account in the calculations. ■

NEURC Ukraine

Recent Development

● The **National Energy and Utilities Regulatory Commission (NEURC) of Ukraine** amended the Methodology for setting price caps that envisages monitoring of price volatility on DAM/IDM separately from the balancing market and setting price limits separately for each market segment.

● All bylaws according to REMIT were adopted.

● NPC «Ukrenergo» being certified by NEURC as an independent TSO successfully met all the requirements and officially obtained a full member status in ENTSO-E. NEURC moved sufficiently towards the introduction of common auctions for cross-borders capacity:

- The JAO platform is already used for: UA-PL trade (since 16 January); HU-UA border (since February 22); SK-UA border (since March 4).

Significant Developments in Energy Transition Process

● NEURC adopted all necessary secondary legislation according to the «Green Transformation Law», including those ones necessary for participation of active customers in the electricity market so such a consumer will be able to sale electricity produced and not consumed. These includes the full launch of NET billing mechanism, introduction such new activity as aggregation that makes possible the

participation of such consumers in the different market segments.

- NEURC also adopted necessary secondary legal acts for the new opportunities for generators from RES – Feed-in-Premium, which allows for energy producers from RES to act as independent market participants.

- In addition, there are new opportunities for consumers to support the further development of RES thanks to the launch of guarantees of origin. As a competent body to issue such guarantees, NEURC will shortly introduce an electronic register of the guarantees in compliance with the Procedure, adopted by the Government. Ukrainian system of the guarantees of origin is developed in full compliance with the EU standard. ■



NARUC USA

Recent Development

The **National Association of Regulatory Utility Commissioners (NARUC) of the USA** reports that:

- **Regulators from Eswatini and Togo Take Steps to Increase Sector Financial Viability and Service Quality** (December 2023) – With funding support from the United States Agency for International Development (USAID) and Power Africa, NARUC published this [feature story](#), which focuses on support to the

Eswatini Energy Regulatory Authority (ESERA) and Togo's Autorité de Réglementation du Secteur de l'Electricité (ARSE) consisting of training and regulatory resource documents on QoS and economic regulation, respectively.

- **NARUC Releases New Cybersecurity Baselines for Electric Distribution Systems and DER** (February 22, 2024) – In collaboration with the U. S. Department of Energy Office of Cybersecurity, Energy Security, and Emergency Response, NARUC released a [set of cybersecurity baselines](#) for electric distribution systems and distributed energy resources that connect to them.

- **New Report for State Regulators Explores Securitization for Retiring Coal Assets** (February 23, 2024) – NARUC released a [new report](#), *Mitigating Stranded Asset Risks to Utility Customers: An Exploration of Securitization and Retiring Coal Generation*. The report discusses the role that securitization can play in managing the costs associated with stranded assets due to early coal plant retirement.

- **Regulators in Europe and Eurasia Launch Competitive Electricity Markets and Lay Foundation for Regional Market Integration** (March 2024) – With funding support from the United States Agency for International Development (USAID), NARUC published this [feature story](#), which

highlights cooperation among national regulatory authorities in the Europe and Eurasia region to couple their respective markets and become part of the single European market for electricity.

Internal Projects

- **NARUC Unveils Redesigned Website to Better Reflect Resources, Events and Information** (February 28, 2024) – The newly revamped website reflects [NARUC's commitment](#) to educating and providing resources to members and stakeholders across the public utility sectors. The user-friendly interface offers visitors easy navigation and access to valuable information about NARUC's mission, values, events, trainings, and initiatives.

Core Regulatory Focus and Anticipated Changes for 2024/2025

- NARUC expects state regulators will focus on maintaining and promoting reliability, affordability, and sustainability, well as environmental justice. The NARUC Board of directors passed a substantive resolution encouraging the Environmental Protection Agency to consider reliability and affordability in its forthcoming greenhouse gas emissions rules, and anticipate that in the years to come, state regulators will begin to take the steps needed to achieve a net zero economy while prioritizing the need to provide just, fair, and reasonable rates for customers. ■

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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