ERRA MEMBERS' NEWSLETTER

2025/1

IN THIS ISSUE

ANRE ROMANIA CASE STUDY

INJECTION CHARGE FOR PRODUCERS CONNECTED TO DISTRIBUTION NETWORKS

1. The Context of Renewable Generation Development in Romania

In Romania distribution networks are organized into eight geographical zones. Until 2021 there were eight major DSOs, each owning the distribution network in one of these zones and holding the distribution service concession for their respective zones. Currently, there are four DSOs: two smaller operators managing one distribution zone each and two larger operators managing three distribution zones each, following mergers of previous companies.

Between 2010 and 2015, Romania experienced significant development of wind power generation, primarily located in the southeastern part of the country, close to the Black Sea and the Danube. In a short period of time, wind generators with a total capacity of almost 3 000 MW were installed in Romania.[1] In addition to these renewable energy sources, photovoltaic installations reached an installed capacity of almost 1 500 MW in 2023,[2] excluding prosumer photovoltaic installations, and rapidly increased to 2 300 MW in 2025.[3] Most of these new production capacities are connected to electricity distribution networks; one of the reasons was the lower connection costs.

The energy transition is a commitment for Romania: the 2030 objective of the National Integrated Energy and Climate Change Plan 2021-2030 is 7 300 MW of wind generation capacity, including offshore, and 8 200 MW for solar installations.[4] These ambitious targets require substantial changes in grid infrastructures, including extensive of digitalization. In this context, solutions are needed to fairly allocate the network costs to be recovered through regulated tariffs.

2. The Locational Challenge of Generation: Excessive Distance Between Generation Units and Consumption Centres Leading to Cross-Zones Energy Transits and Consequent Energy Losses

The **Romanian Energy Regulatory Authority (ANRE)** noticed significant electricity losses in high voltage distribution networks (110 kV) in two distribution zones, where there are many large generation units resulting in high injection surplus. One distribution zone faced with a substantial number of new renewable generation units, predominant wind, due to favorable natural conditions. The other distribution zone has a lot of important hydroelectric power plants.

In Romania, distribution costs were traditionally recovered only through withdrawal charges, so all costs of losses had to be recovered solely from consumers in each area, via these charges. But this rule needed to be changed for the costs of losses due to electricity produced in one zone and transited to other zones.

In addition to that, ANRE faced the problem of raising the network tariffs due to the increased price of electricity since 2021, which significantly impacted the cost of network losses.

All these facts determined ANRE to conduct a study, elaborated by an external consultant, to develop a methodology for quantifying losses due to electricity transit in HV distribution networks (110 kV) resulting from the injection surplus in specific zones.

The study defines the concepts of *useful transit* (Tu) and *additional transit* (Ts) of electricity for HV distribution network (110 kV) within a distribution zone and, related to them, *useful and additional losses* associated with these transits (CPTu, CPTs). The useful transit (Tu) corresponds to the flow from HV distribution network related to the consumption in the zone at all voltage levels. The additional transit (Ts) is obtained by difference of the energy entering the 110kV grid and the useful transit. The study uses data for intervals of 15 minutes over one

[1] *According to Romanian TSO website:* www.transelectrica.ro.
[2] https://energie.gov.ro/wp-content/uploads/2024/11/Strategia-Energetica-a-Romaniei-2025-2035-cu-perspectiva-anului-2050_23_10_2024_vf.pdf.
[3] https://anre.ro/puteri-instalate/.
[4] https://energie.gov.ro/wp-content/uploads/2024/10/PLANUL-NATIONAL-INTEGRAT-IN-DOMENIUL-ENERGIEI-SI-SCHIMBARILOR-CLIMATICE-2021-2030-Actualizare-Octombrie-2024.pdf.

year. The methodology establishes a regression function using intervals where additional transit is under 20% of *useful transit*. After that, it applies this function to intervals with bigger transit and determines for these intervals the *useful losses* (CPTu). *Additional losses* (CPTs) will be calculated as the difference, for each interval with bigger transit, between total losses and *useful losses*.

3. The Proposal for an Injection Charge for Generators

The study revealed that in the two distribution zones where losses in high-voltage distribution networks are substantially larger than in other zones, there are *additional transit* and *additional losses due to generation*. The methodology described above allowed operators to quantify the level of these additional losses.

Given the findings of the study, ANRE introduced the requirement for all DSOs to apply the methodology every year, to verify if there is *additional transit* and to calculate *additional transit* and *additional losses* if there is the case. The cost of *additional losses due to generation* calculated for one distribution zone is recovered from producers connected to the distribution network in that zone, with capacity of 5 MW or more.

4. The Consultation and Explication Process to Generation Stakeholders

During the duration of the study that was 6 months, ANRE published the study two times, first with partial results and then complete.

During these public consultations there were a few meetings with the consultant and the stakeholders: DSOs, producers and professional organisations of producers. These discussions were very useful because at first producers were reluctant, but they were convinced in the final due to explications and the data that showed without doubt the additional transit. There were some technical suggestions from stakeholders that improved the method, but nothing notable.

5. Entry Into Force and Expected Results of the New Regulatory Measure

For 2025, ANRE approved the injection charge for producers with a capacity bigger than 5MW, connected to distribution networks in two of the eight geographical zones. The injection charge covers only losses in HV distribution network due to electricity generation surplus relative to the local consumption; the charge amounts in one zone to 6% and in the other to 17% of the withdrawal charge approved for the same voltage level.

The immediate result of the measure is the correct allocation of the cost. ANRE also expects this to be a serious signal for new producers to locate in other geographical zones with withdrawal surplus. ■

ERRA MEMBERS' NEWS

ERE Albania

Important Regulatory Developments

- **Consumer Affairs Directorate**
  - ❒ The Decision No. 241, that was dated November 14, 2024 and was approved by the **Albanian Energy Regulatory Authority (ERE)**, establishes the obligation for licensees engaged in electricity supply within the liberalized market to publish their electricity supply offers and specify the validity periods for each offer on the Price Comparison Tools (PCT).

    Furthermore, an amendment to this decision has been approved, incorporating improvements and further clarifications regarding suppliers' obligations to publish their offers.
  - ❒ The Decision No. 43, that was dated February 14, 2025 establishes a minimum threshold of 100 customers for suppliers who are required to implement the measures outlined in the regulation concerning the obligations of licensees in the electricity supply sector.
  - ❒ Decision No. 10, that was dated January 08, 2025 sets the retail electricity prices for universal service customers for the period from February 1, 2025, to December 31, 2025. As a result, the price for household consumers who consume up to 700 kWh per month will decrease from 9.5 to 8.5 All/kWh.

Internal Projects

- **Consumer Affairs Directorate**
  - ❒ The Participation and attendance of the online seminar "Negotiation and Decision-Making", developed by the Albanian School of Public Administration, October 2024.
  - ❒ Participation and attendance of the online seminar "Clarity and Good Management of Administrative Procedures", organized by the Albanian School of Public Administration, February 2025.
  - ❒ Participation in the training "On the drafting of Official Documents", organized by the Albanian School of Public Administration, February 2025.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- ERE, ERE Albania has a new structure and has enlarged its staff from 63 to 85 people.
- The legal update is replacing the old law with the new law no. 25/2024 "On Cybersecurity" and changing the term AKCESK (National Authority for Electronic Certification and Cyber Security) to AKSK (National Cyber Security Authority). The addition of new operators to the list of critical and important information infrastructures. The obligation for certification with the ISO 27001 standard for new operators within 18 months. These changes aim to harmonize the Regulation approved by ERE with the amendments in the primary law as well as in Council of Ministers' Decision no. 761/2022.
- ERE has continued consultations on the proposal to review the electricity purchase agreement between the Free Market Supplier (FTL) company and priority producers. ERE opened the procedures to review this agreement earlier with decision no. 302, dated December 30, 2024, and later reviewed on February 10, 2025, with decision no. 37, accepting the opening of the procedure to review several other provisions in the "Electricity Purchase Agreement between the Free-Market Supplier company and priority producers of electricity" based on the proposals received from FTL.
- The review of the request submitted by the Universal Service Supplier company regarding the change in the electricity price for household customers, as well as the re-evaluation of the costs of FSHU company that determine this price starting from February 1, 2025, and the determination of the retail electricity sale price for the period from February 1, 2025, to December 31, 2025, for customers supplied under universal service conditions as follows:
  - ❒ For household customers who use less than 700 kWh per month – 8.5 ALL/kWh excluding VAT.
  - ❒ For household customers who consume 701 kWh per month and above – 9.5 ALL/kWh excluding VAT for the entire amount consumed, starting from the first kilowatt.
- The approval of the electricity sale price supplied by the Supplier of Last Resort for December 2024, of about 18.77 ALL/kWh for customers connected at the 35kV voltage level. ■

PSRC Armenia

Important Regulatory Developments

- At the end of 2024, the contractual and dispensable capacities within the framework of the public-private sector partnership agreements, the

stations providing balancing and secondary and tertiary reserve service for 2025 of the stations operating were approved by the **Public Services Regulatory Commission (PSRC)** of Armenia.

- At the end of 2024, on the initiative of PSRC, tariffs were revised for large producers with a capacity of more than 30 MW, for the 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. Moreover, in one-rate tariff system for large producers with a capacity of more than 30 MW, electric energy tariffs were set, and for stations operating within the framework of public-private partnership agreements and for producers ensuring secondary and tertiary reserve, electric energy (capacity) tariffs have been set in double-rate tariff system. There was no revision of tariffs for the end-users of electric energy except for the tariff for electricity sold to consumers who have not received the status of a qualified consumer or have not chosen another electricity supplier, for which the rate has been set at 54.61 drams/kWh instead of 53.48 drams/kWh. Based on the application of the water supply company, PSRC has set the tariffs for drinking water supply, drainage (wastewater treatment) services for 2025, 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. Moreover, the aggregated tariff for these services (except for the tariff for consumers considered as socially disadvantaged families, which remained unchanged) decreased by 5.57 drams/m2 compared to the tariff of the previous calendar year. But, taking into account the subsidy from the Government of the Republic of Armenia in 2024, subscribers for the drinking water supply and drainage (wastewater treatment) services in 2025 will continue to pay 200.47drams/m2 (including value-added tax).
- PSRC has given its consent to the 2025-2029 investment plan of Gazprom Armenia CJSC, to the changes to the 2024 year section of the 2018-2034 investment plan of "Electric Networks of Armenia" CJSC, to the changes of the 2024 investment plan of " Armenian Nuclear Power Plant" CJSC, to the changes of the 2024-2026 investment plan of " ContourGlobal Hydro Cascade" CJSC and to the changes to the 2024 year section of the 2024-2033 investment plan of "International Power Corporation" CJSC.
- The period for applying temporary longer terms for connection to the consumption system, instead of the connection terms set by the electricity market distribution network rules, starting from November 1, 2023, has been extended by 1 year, until November 1, 2025.
- The methodology for calculating tariffs for the electricity and gas supply systems has been revised, in particular, the mechanisms for forming tariffs for the provision of balancing services in the electricity market have been revised, the possibility of differentiating the minimum and maximum tariffs for the provision of balancing services by hours of the day has been revised, and the minimum tariff for the provision of balancing services has also been determined by the season, and by changing the methodology for calculating regulated tariffs in the gas supply system, conditions have been created for optimizing costs in the system in a shorter period of time and ensuring investment flexibility.
- The procedure for setting and reviewing tariffs in the water system of the PSRC has been revised. In particular, the applicant for tariffs in the water sector has been given the opportunity to publish an announcement on the intention to set or revise tariffs in two daily newspapers published in the Republic of Armenia or on the official websites of the newspapers, as well as other changes have been made.
- The main regulatory legal acts underlying the current electricity market model have been revised: the wholesale and retail electricity market trading, transmission and distribution network rules, according to which:
  - ❒ In order to ensure the gradual liberalization of the electricity market, a new timetable has been set for consumers who are obliged to obtain qualified consumer status or choose another supplier, until 2030;
  - ❒ New regulations have been set, allowing the electricity system operator to include stations subject to tariff regulation and stations operating under a public-private partnership agreement in the dispatching process without declaring an emergency;
  - ❒ The mechanism for calculating the service fee for secondary and tertiary reserve provisions for balancing and frequency regulation has been revised;

- ❒ The mechanisms for guaranteeing payments by wholesale market participants have been clarified and the mechanism for calculating the amount of bank guarantees has been revised;
- ❒ A number of other transformations have been implemented, clarifying and reviewing the relationships and scope of activities between electricity market participants.

Internal Projects

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

AERA Azerbaijan

Recent Developments

- According to **Azerbaijan Energy Regulatory Agency (AERA)** domestic tariffs for electricity approved by Decision No. 19 of the Tariff (Price) Council of the Republic of Azerbaijan "On Regulation of Domestic Electricity Tariffs" dated December 29, 2024, entered into force on January 2, 2025.
- Domestic tariffs for natural gas approved by Decision No. 18 of the Tariff (Price) Council of the Republic of Azerbaijan "On Regulation of Domestic Natural Gas Tariffs" dated December 29, 2024, entered into force on January 2, 2025.
- Domestic tariffs for heat supply to residential consumers provided by "Azeristiliktechizat" OJSC approved by Decision No. 17 of the Tariff (Price) Council of the Republic of Azerbaijan "On Regulation of the Tariffs for the service provided by "Azeristiliktechizat" OJSC dated December 29, 2024, entered into force on January 2, 2025.

Internal Projects

- On September 19, 2024, the Azerbaijan Energy Regulatory Agency (AERA) and the Media Development Agency of the Republic of Azerbaijan (MEDIA) jointly held a seminar aimed at providing journalists specialized in the energy sector with the necessary understanding of relevant legislative terms and new regulations.
- On April 3, 2025, the Azerbaijan Energy Regulatory Agency (AERA) and the Romanian Energy Regulatory Authority (ANRE) signed a Memorandum of Understanding (MoU) on cooperation in the field of energy regulation. Under the MoU, the two regulatory authorities will exchange information and best practices in various areas of energy regulation, covering electricity and renewable energy, natural gas, green hydrogen, energy infrastructure, etc.
- AERA prepared educational materials to raise awareness among our staff, including presentations focused on energy efficiency in the electricity sector. These sessions addressed a range of key topics, including energy management practices, recent legislative developments in Azerbaijan and their impact, as well as global trends in the electricity sector, with particular emphasis on green energy investments and sustainable development. The initiative aimed to enhance staff understanding of both local and international energy efficiency trends.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- On January 27, 2025, amendments were made to the "Rules for the Formation and Use of the Energy Efficiency Fund's Resources," and a new list of energy resources—whose sales revenues are transferred to the Energy Efficiency Fund—along with the corresponding amounts, was approved.
- On April 4, 2025, the following documents were signed as part of the 11th Ministerial Meeting of the Southern Gas Corridor Advisory Council and the 3rd Ministerial Meeting of the Green Energy Advisory Council held in Baku
  - ❒ Implementation Agreement relating to the Assessment, Development and Implementation of a 30 MW Solar Plant in the Republic of Azerbaijan (Nakhchivan Autonomous Republic) signed between the Ministry of Energy of the Republic of Azerbaijan and Nobel Energy Limited;
  - ❒ Investment Agreement relating to the "Ufuq" Solar PV Project with a capacity of 50 MW in the Republic of Azerbaijan signed between the Government of the Republic of Azerbaijan and Enerso Jabrayil LLC;
  - ❒ Investment Agreement relating to the "Shams" Solar PV Project with a capacity of 50 MW in the Republic of Azerbaijan signed between the Government of the Republic of Azerbaijan and Clean Energy Jabrayil LLC;
  - ❒ Memorandum of Understanding on cooperation in the field of green electricity transmission

and trade was signed between the Ministry of Energy of the Republic of Azerbaijan, the Ministry of Economy and Sustainable Development of Georgia, the Ministry of Energy and Natural Resources of the Republic of Türkiye and the Ministry of Energy of the Republic of Bulgaria. ■

FERK Bosnia and Herzegovina

Important Regulatory Developments

- Pursuant to the new Law on the Use of Renewable Energy Sources and Efficient Cogeneration until the establishment of an organized day-ahead electricity market, privileged producers who are entitled to an incentive based on a premium determined by the auction process for large facilities may, in addition to this right, exercise the right to purchase the generated electricity at a replacement market price. In accordance with the mentioned law, the **Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK)** determines monthly the replacement market price until the establishment of an organized day-ahead electricity market and the first decision has been made in October 2024 for the month of November 2024.
- FERK has made certain adjustments in its organization scheme and adopted respective internal documents to reflect changes in jurisdictions.

Internal Projects

FERK representatives have been actively involved in the NARUC and USAID organized trainings under the Advancing Women Leaders in Energy (AWLE) Initiative, held in Podgorica, Montenegro on 22-24 October 2024 and in creating a more inclusive workforce in Mostar, Bosnia and Herzegovina on 22-24 January of 2025. ■

HERA Croatia

Important Regulatory Developments

- **Electricity**
  - ❒ On In December 2024, the **Croatian Energy Regulatory Agency (HERA)** issued Decisions on the electricity distribution and transmission tariff rates, resulting in an average network usage fee increase of around 12% starting from January 1, 2025.
  - ❒ Additionally, HERA has adopted a Decision on the amount of tariff items for guaranteed supply, which is issued every 3 months.
  - ❒ In 2024, HERA issued the first license for carrying out the energy activity of Organizing a citizen energy community, and by the end of the year, two more such licenses had been issued.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- In March 2025, Croatia updated its Integrated National Energy and Climate Plan for the Republic of Croatia for the period 2021-2030 in line with the European Commission's recommendations. The key objectives outlined in the Integrated Energy and Climate Plan are reducing greenhouse gas emissions in the Republic of Croatia by 2030, increasing the share of renewable energy sources (RES) in gross final energy consumption (Goal for 2030 is 42,5%), and increasing energy efficiency, expressed as primary energy (Goal for 2030 is 336.9 PJ) and final energy consumption (Goal for 2030 is 246.2 PJ).
- An amendment to the Renewable Energy Sources and High-Efficiency Cogeneration Act has been announced and is currently in the process of being adopted by the decision-makers. Key changes include the transition from net metering to a net billing system, as well as the introduction of the possibility for renewable self-consumer with multiple metering points to use electricity produced from renewable sources at one location to cover consumption at another location, contributing to more efficient and optimized use of green energy.
- In 2024, minor amendments were made to the Regulation on the General Terms of Network Usage and Electricity Supply.
- In January 2025, the Electricity Market Act was amended. One of the key changes relates to Closed distribution systems, where what was previously an obligation has now become an option. ■

ERO Czech Republic

Important Regulatory Developments

- One of the major regulatory developments was the publication of **the new tariff methodology** for the 2026-2030 period. The new methodology reflects the current developments and primarily aims to accommodate the needs of customers, who are gradually becoming active players on the energy market and prosumers. Additionally, the methodology puts an emphasis on the security of supply given the turbulent development on the energy markets starting with the aggressive Russian invasion of Ukraine. The methodology also

includes a new instrument called "**Incentive Regulation**", which operates on the logic that part of the revenue of energy companies is going to be recognized only if these companies fulfil certain criteria set by the Energy Regulatory Office (ERO) of Czech Republic.

- The parliament of the Czech Republic passed the "Lex OZE III" law which introduces concepts like **energy accumulation, aggregation** and **demand response** into the Czech legal system and energy market. Moreover, an **independent tool** comparing energy prices of energy traders was introduced as part of this law as well. This tool is a part of ERO's broader initiative of customer protection that includes inter alia this tool, customer-focused workshops and seminars, and ERO's legal decree aimed at market monitoring. Function-wise, the tool will be transparent, in-house developed, and will further increase ERO's retail electricity market monitoring capacity. Finally, the passing of this law concludes the 3 years long transposition of the Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity.
- Lastly, the recently published data show that the last year (2024) was **record-breaking** in regards to the number of applications for licences (3,900 licence applications). The increase was primarily driven by the demand for power generation licences.

Internal Projects

- Our public relations activities included seminars with an overarching aim to educate and share knowledge regarding the energy sector among the general public. These activities are a part of ERO's new strategy focusing on PR and greater **general public outreach**. Our aim is to communicate issues related to energy regulation and consumer rights to the general public in a way that is easy to understand even for laymen. Namely, we organized a total of seven seminars on various topics such as:
  - ❒ Current developments in the energy sector;
  - ❒ ERO's supervisory activities;
  - ❒ Electricity sharing;
  - ❒ Updates regarding the district heating regulation;
  - ❒ Photovoltaic power plants licenses and how to apply for them.
- In addition to this, ERO organised a specialised **media training workshop** for ERO's spokespeople, employees in higher-management functions, and colleagues who develop tools used by the general public (such as the abovementioned independent tool) in order to bolster their skills when communicating with the general public. Staying on the topic of workshops, ERO organised company-wide workshops on topics like **cybersecurity** or utilization of **AI** in daily work assignments.
- Lastly, our cooperation with higher education institutions has also been fruitful as evidenced by ERO's visits at various technical, economics, and social sciences faculties across the Czech Republic.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- The most significant development is the aforementioned "Lex OZE III". Apart from that, the Czech Republic has unveiled a new ambitious plan for the 2026-2030 period to incentivise more intensive **biomethane** production and development which have been somewhat lacking in comparison with other EU countries. ■

CRE France

Important Regulatory Developments

- **The Energy Regulatory Commission (CRE) of France recommends maintaining regulated electricity supply tariffs for 5 more years.**
  - ❒ In France, households and micro-businesses can subscribe to regulated electricity supply tariffs. These are exclusively offered by the incumbent suppliers, primarily EDF, but are designed to enable alternative suppliers to replicate them and be competitive. Eligible consumers are free to switch between regulated electricity supply tariffs and any other supply offer at any time.
  - ❒ Legislation mandates that CRE periodically assesses the continued relevance of these tariffs. In November 2024, CRE concluded that they remain compatible with EU law, and recommended that the government maintain them for the next 5 years. In light of the crisis and the imminent expiration of supplier's entitlement to a share of nuclear electricity at a regulated price (ARENH scheme), CRE believes regulated electricity supply tariffs play a crucial role for consumers, a role that cannot be replaced in the short term. These tariffs provide a form of protection against volatility (they are based on a two-year

sourcing period). and serve as standards in a complex market. They also contribute to security of supply, as their pricing options deliver an important source of flexibility.

- ❒ Nevertheless, CRE recommends preventing any confusion between regulated electricity supply tariffs and the market offers of incumbent suppliers. In parallel, CRE is carrying out a number of initiatives to bolster consumers' confidence in suppliers (see the previous edition of ERRA's newsletter).

- **On August 1st, 2025, new electricity network tariffs will be in force for four years.**
  - ❒ Level wise, the new tariffs increase capital expenditure, with investments expected to jump from €2.1 billion in 2023 to €6.2 billion in 2028 for the TSO, and from € 5 billion to € 7 billion for the main DSO. The rate of return of capital is updated to 5% nominal before tax for the TSO, with a premium of 0.5% for the connection of offshore wind farms, given the higher level of complexity and risk. During this period, the DSO will have a margin on assets of 2.5%, with an additional rate of return on regulated equity of 2.9% and a rate of return on financial borrowings of 2.1%.
  - ❒ Most of the tariff structure will remain unchanged, except for the phasing-in of off-peak hours in summer afternoons from autumn 2025 onwards, the billing to users who are not equipped with advanced meters of the extra costs they generate, and the introduction of a tariff option dedicated to medium- and high-voltage storage facilities to stimulate their contribution to the grid.
  - ❒ CRE strengthened the incentive-based regulatory framework: system operators will have greater incentives to reduce connection times, to make the necessary investments in the grid while keeping costs under control, and to increasingly use flexibilities to support the grid.

Internal Projects

- **CRE launched two new foresight working groups in February 2025.**
  - ❒ CRE's The first will address the local implementation of the energy transition, with a particular emphasis on understanding the changes resulting from the transformation of the energy system at the local levels. It will analyze how these developments interact with national decisions, and how initiatives at different scales can feed into each other.
  - ❒ The second working group will focus on dynamic management of new supply-demand balances in low-carbon energy systems. Its objective is to assess and quantify the sudden imbalances between electricity consumption and production, which are becoming more prevalent in power systems.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- **Understanding negative prices occurrences and limiting them.**

  CRE has conducted a comprehensive analysis of the increasing prevalence of negative electricity prices in France since 2023. Its November 2024's report examines the reasons for these events and concludes they are not necessarily due to market failure. However, in certain instances, these prices can lead to economic losses for the community. To address this issue, CRE has developed ten recommendations.

- **Accelerating the availability of connections to the electricity network** is a key factor of the French ecological and industrial policies. In November 2024, CRE detailed the procedure to approve mutualization zones for the connection of consumption facilities and to define the share of the cost connection applicants should pay. This allows the TSO to carry out connection work beyond what a single consumption facility requires and anticipate the future need for connections in a zone. In parallel, system operators have found that most medium- and high-voltage consumption sites have a connection capacity significantly higher than their actual need. Thus, in December 2024, CRE defined the terms and conditions for adjusting their connection capacity in order to allow for a more optimal sizing of the grid.

- **Supporting electricity demand management in non-interconnected zones**.

  Electricity supply prices in French islands and outermost regions cover only part of the local production costs, the residual production costs are compensated by the State budget through the Public Energy Service (SPE) scheme. In this context, electricity demand management (EDM) is essential. Such initiatives help reduce energy consumption and the associated CO2 emissions. They increase the energy autonomy of local areas, while improving public well-being.

They also contribute to lowering consumers' bills and the additional cost incurred by the Public Energy Service scheme. In 2019, CRE set up a scheme to support energy efficiency initiatives (building insulation, solar water heaters, air heaters, etc.) in these regions through investment grants, within the limits of the additional production costs they help to avoid. The relevance of this scheme and its positive results have led CRE to renew it for the next four years (2025-2028). ■

GNERC Georgia

Important Regulatory Developments

- Tariff setting processes are ongoing, with the deadline set for 1st July 2025.
- The **Georgian National Energy and Water Supply Regulatory Commission (GNERC)** launched a ***Data Portal***.
- Net metering regulation clarified that total installed capacity for micro power plants must not exceed 20% of the distribution grid's peak load.
- Amendments approved for Guarantees of Origin and Disclosure Rules, including methodologies for:
  - ❒ Residual mix calculation
  - ❒ Supplier mix calculation
- Georgia has officially taken over the Presidency of the Energy Community for 2025, reinforcing its commitment to regional energy cooperation, security, and sustainability. As the new presiding country, Georgia will steer the Energy Community's agenda, focusing on advancing energy market reforms, enhancing regional integration, and accelerating the clean energy transition.
- The Georgian National Energy and Water Supply Regulatory Commission (GNERC) and the Georgian Competition and Consumer Agency (GCCA) have signed a Memorandum of Cooperation to enhance the enforcement of competition laws in the energy sector. The agreement was formalized by GNERC Chairman Davit Narmania and GCCA Chairman Irakli Lekvinadze. The memorandum aims to foster the development of competition policies, promote a fair and competitive market environment, and ensure the effective protection of consumer rights. Additionally, it seeks to raise public awareness on competition and consumer protection issues, contributing to a more transparent and well-regulated energy sector.
- The Georgian National Energy and Water Supply Regulatory Commission (GNERC) and the Department of the Fuel and Energy Complex Regulation under the Ministry of Energy of the Kyrgyz Republic have signed a Memorandum of Cooperation. The Memorandum aims to strengthen collaboration in electricity, natural gas, thermal energy, licensing, and IT in regulatory activities. The Parties will exchange best practices and expertise to enhance market transparency, competition, and regional energy market integration.
- The Electricity Market Transitional Model was launched on 1 July 2024, marking the shift toward the Target Model to be operational by 1 July 2025.
- Consumer Protection:
  - ❒ In 2024, 2 million GEL was returned to consumers as a result of GNERC's decisions on unjustified charges.
  - ❒ 1,239,570 GEL in compensations were paid to citizens due to violations of commercial service standards.
- GNERC approved the Rules on Sanctioning Regulated Enterprises, establishing a clear legal framework for enforcement and compliance within the regulated energy and water supply sectors.
- On 28 November 2024, the Georgian National Energy and Water Supply Regulatory Commission (GNERC) adopted the Residual Mix Calculation Methodology and Disclosure Rules. Starting from August 2025, electricity consumers in Georgia will receive detailed information on the composition of the electricity they consumed during the previous year, as part of their electricity bills. The new framework aims to enhance transparency and raise consumer awareness regarding the origin of electricity
- Georgia is actively participating in the **Black Sea Submarine Cable Project**, a strategic regional initiative to construct a **1,155-kilometer high-voltage underwater electricity transmission line** connecting Georgia to **Romania and the EU electricity market**. The project is expected to:
  - ❒ Increase **market access and competition**, enabling flexible import/export of electricity.
  - ❒ Support the growth of **renewable energy** (hydro, wind, solar) in Georgia.
  - ❒ Strengthen **energy security and price stability** by diversifying supply sources and reducing reliance on domestic fossil-based generation during peak demand periods.

Internal Projects

- With the support of the Commission and the Energy Training Center, the Women's Empowerment Mentorship Program in the Energy Sector was conducted over six months. As part of the program, individual training sessions were held to enhance participants' professional development, as well as to improve their public speaking, project management, and communication skills.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- **Central Heating**

  To support the installation of central heating systems in multi-apartment buildings, GNERC amended the "Natural Gas Supply and Consumption Rules" (Resolution No. 12, July 9, 2009). Under the new rules, the **household tariff applies to gas used for household purposes**, regardless of the system's ownership.

  To determine household use, the following is required:

  a. individual smart metering for hot water and heating;

  b. use of renewable and/or alternative energy sources to reduce gas dependency.

- **Own Electricity Generation**

  Amendments to the "Electricity Distribution Network Rules" (Resolution No. 19, June 28, 2021) allow consumers to **install electricity generation systems for self-consumption**. Requirements include notifying the system operator, installing a bidirectional meter, and preventing electricity overflow to the grid.

  While self-consumption is unrestricted, feeding surplus electricity into the grid requires obtaining **micropower plant status** under the net metering scheme.

- **Micropower Plant Capacity Limits**

  To promote renewable energy, the cap on the **total installed capacity of micropower plants** connected to the distribution network was increased. Initially limited to 8% of the system's peak load, it was raised to **14%, and later to 20%,** through amendments to the same rules. ■

MEKH Hungary

Important Regulatory Developments

- **Consultation on the reference price methodology determining the gas transmission tariffs for the 2025/2029 regulatory period**

  On 8 November 2024, **the Hungarian Energy and Public Utility Regulatory Authority (MEKH)** has launched a consultation about the reference price methodology (RPM) according to Article 26 of the TAR NC on determining the transmission tariffs to be applied in the 2025/2029 regulatory period that lasted till 9 January 2025. ACER's following report on the Hungarian gas transmission tariffs was released on 10 March 2025 in which ACER stated that the proposed RPM largely complies with the requirements of the NC TAR and suggested some refinements to the document in its recommendation for the final adoption.

  More information is available at: *https://www.acer.europa.eu/news/acer-concludes-proposed-gas-transmission-tariffs-hungary-are-largely-compliant-eu-rules*.

- **Consultation on the Energy Regulatory Sandbox**

  MEKH has published a draft decree on the Energy Regulatory Sandbox for consultation which was open for stakeholder comments until 31 January 2025. The Regulatory Sandbox provides MEKH with a tool to effectively stimulate innovation before market entry and to keep abreast of regulatory changes. With its draft decree, MEKH aims primarily at accelerating network development, introducing measures to increase demand-side flexibility and promote active consumer participation, developing electromobility services and encouraging innovative solutions for connecting renewable gas to the grid.

  Read more information *here*.

- **MEKH Reviewed the Relevant National Electricity Supply Crisis Scenarios**

  Last December, MEKH has reviewed and identified the relevant national electricity supply crisis scenarios. The so-called Risk Preparedness Regulation aims to establish common rules across national borders to prevent electricity supply crises, help prepare for crisis situations and manage effectively any crisis that may occur. During the consultation, MEKH involved TSO and DSO and the electricity generators concerned. Once the technical opinions received during the consultation have been integrated, the revised national crisis scenarios were defined by MEKH on 31 January 2025.

  The current version of the plan is available at the following link: *https://www.mekh.hu/villamos-energia-kockazati-keszultsegi-terv*.

- **Starting from 03. 03. 2025, MEKH introduced a new interactive interface for publishing market monitoring data of the Hungarian electricity and natural gas markets.**

  Before this, MEKH has been publishing its market monitoring reports on a monthly basis, which present the most important domestic and international trends in the natural gas and electricity sectors, as well as briefly assess current market processes. The new market monitoring interface offers: spectacular data

visualization; continuously updated databases and detailed query options; individual data series that can be viewed not only monthly, but also daily and hourly basis; quarterly retail data; opportunity to compare and analyse data in detail, and the displayed data can be downloaded, so they can be easily used for further analysis.

- ❒ *Electricity*
- ❒ *Natural gas*

Internal Projects

- **The Energy Regulators Regional Association (ERRA) organised a two-day international workshop on the cybersecurity challenges of energy infrastructure, hosted by the Hungarian Energy and Utility Regulatory Office (MEKH) at its headquarters in Budapest.**

  More information available *here*.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- **Overview of the support scheme for the installation of grid storage facility in Hungary**

  From 2024 onwards, energy market players could apply for combined investment and operating support for the installation of grid storage facility. The revenue compensation is available from the physical completion of the project, but not earlier than 1 January 2026, or until the end of the 120th month after the physical completion of the project (i.e., the first 10 years of operation). All projects must be completed by April 2026, and according to MEKH records, 116 applications were received for the call, of which nearly 50 projects were awarded funding. ■

State Department, Kyrgyz Republic

Important Regulatory Developments

According to **Department for Fuel and Energy Complex Regulation under the Ministry of Energy of the Kyrgyz Republic**:

- In accordance with 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 October 7, 2024 No. 602, the tariff for electric energy for consumer groups "Other consumers" is set at 376.7 tyiyn / kWh.

  Thus, for the specified consumers, the increase in the tariff for electricity amounted to 58.7 tyiyn or 18.46%.

Internal Projects

- Since September 2024, 10 employees have completed retraining and advanced training courses within the framework of the State Order on the following topics: public procurement management and digitalization in public administration.
- Intradepartmental trainings were conducted for the Department's employees on the following topics: explanation of the Law of the Kyrgyz Republic "On Renewable Energy Sources", changes in tariffs for electricity for end consumers from May 1, 2024 and their impact on the financial and economic situation of energy companies, the Law of the Kyrgyz Republic "On Combating Corruption", the Decree of the President of the Kyrgyz Republic "National Spirit - World Heights", explanation of the new draft Medium-Term Tariff Policy for employees.
- Also, as part of the adoption of the draft of the new "Medium-term tariff policy of the Kyrgyz Republic for electric energy for 2025-2030", in March 2025, explanatory work was carried out among the population in the territories of all regions of the Kyrgyz Republic.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- Currently, all heat supply companies are actively working to convert coal boiler houses to natural gas. These measures are aimed at reducing carbon dioxide emissions. ■

PUC Latvia

Important Regulatory Developments

- **Energy price developments**

  According to data gathered by the **Public Utilities Commission (PUC)** of Latvia

  - ❒ The weighted average retail electricity price without taxes and system services in 2024 Q4 was 106.66 EUR/MWh for commercial consumers (-15.3% compared to 2023 Q4) and 119.77 EUR/MWh for households (-23.8% compared to 2023 Q4); (*See **Figure 1***)
  - ❒ The weighted average retail gas price without taxes and system services in 2024 Q4 was 46.60 EUR/MWh for commercial consumers (-14.9% compared to 2023 Q4) and 46.7 EUR/MWh for households (-23.3% compared to 2023 Q4). (*See **Figure 2***)
- The Baltic region switched to 15-minute trading intervals in the intraday electricity market with successful auctions on 16 December 2024 and continuous trading starting on 17 December 2024. This change from 60-minute to 15-minute trading intervals aims to improve market efficiency and better integrate renewable energy.

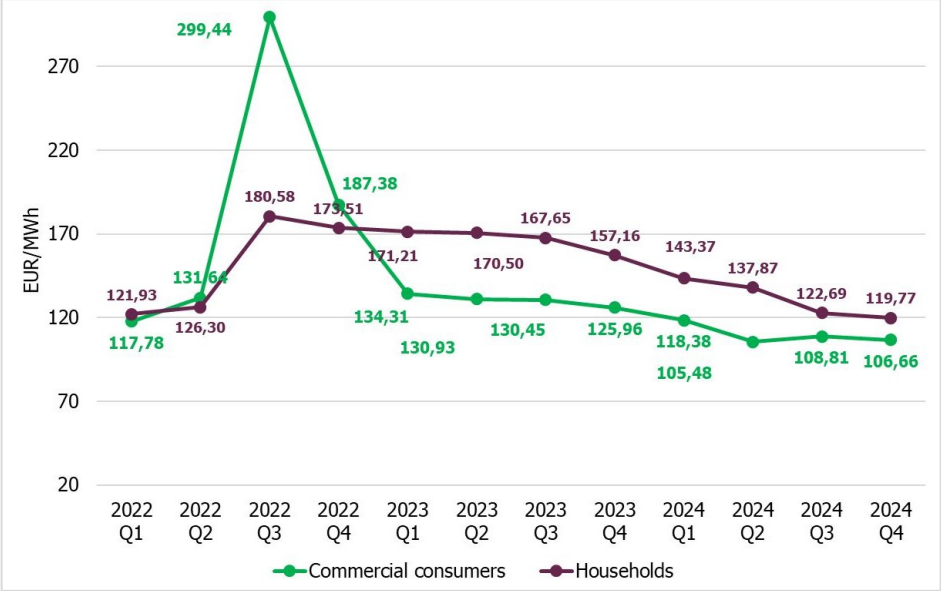

***Figure 1**. Weighted Average Retail Electricity Prices*

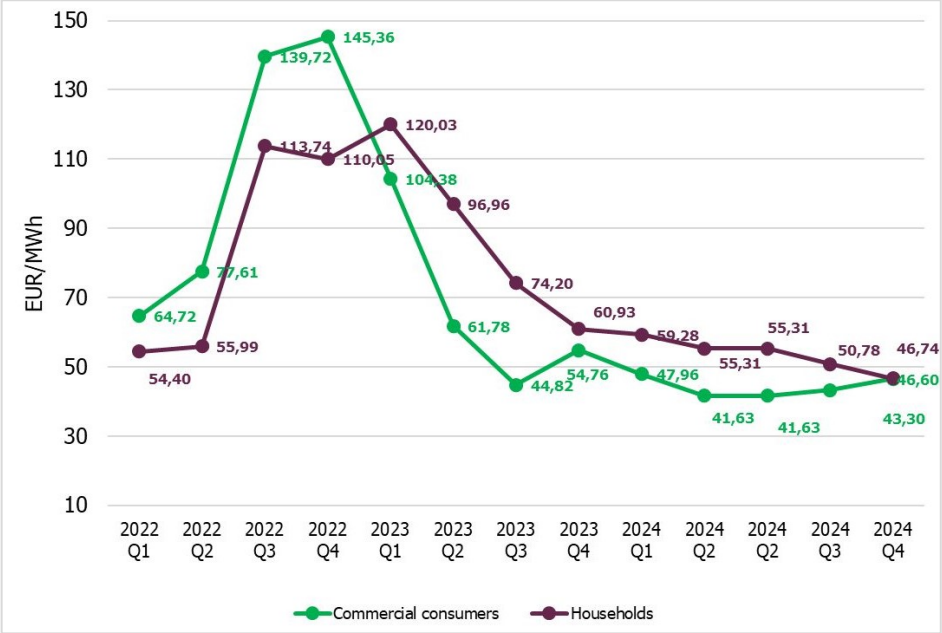

***Figure 2**. Weighted Average Retails Gas Prices*

- On 4 February 2025, the Baltic balancing capacity market created by the Baltic TSOs began operating, ensuring the necessary power reserve for system balancing and frequency control.
- **On 9 February 2025, Estonia, Latvia, and Lithuania successfully synchronised their electricity systems with the Continental Europe**.

  This is a key milestone for the Baltic States and for Europe strengthening the energy resilience and independence across the region.

Internal Projects

- Celebrating the Proclamation Day of the Latvian State, in November 2024, employees went on a joint excursion to the Brothers' Cemetery, refreshing their knowledge of Latvian history.
- In December 2024, the updated Regulator's Communication Strategy was approved, as well as a crisis communication management plan, which specified the procedure for managing public communication.
- The Regulator moved to new premises and had a new address since January 2025.
- To promote employee awareness of processes in the organization, starting from January 2025 a column titled "What's Hot in the Regulator" was included in monthly online meetings where the departments explained their current affairs. Meanwhile, to educate colleagues about the responsibilities of each department, a column titled "Department in Focus" was introduced.
- To strengthen the connection between employees, starting from March 2025, a podcast "Found in the Regulator" was launched on the Intranet, where each episode introduces one of the colleagues.
- During the reporting period, the Regulator's employees had the opportunity to improve their skills and knowledge through various workshops and seminars, including in-depth learning about the use of the LinkedIn and Infogram platforms, getting acquainted with digital etiquette, daily cyber hygiene and data protection, learning the basics of systemic thinking, as well as attending various conferences on issues dedicated to employee well-being and taking courses intended for public administration employees on specific professional issues.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- Latvia's energy strategy for 2025-2050 focuses on significant investments in wind, solar, and hydropower, integrating green fuels and hydrogen in industry, forming energy communities, and greening transportation to achieve decarbonization goals.
- Amendments to the Electricity Market Law, effective 1 April 2025, introduce a flexible connection service to optimize the use of electricity system capacity. These changes are necessary to ensure sufficient electricity at the lowest possible

prices. Producers can withdraw from previously reserved system capacity and request a refund of the reservation fee paid to the system operator if discontinuing the connection installation. They can also reduce the capacity specified in the technical requirements and receive a partial refund of system capacity fee. ■

NERC Lithuania

Important Regulatory Developments

- **The National Energy Regulatory Council (NERC) of Lithuania approved UAB "Ignitis" public electricity tariffs for household consumers for the I half of 2025**. The "Standard" tariff for one time zone, which is chosen by the majority of consumers, increases by 4%. (*See **Figure 3***)
- The fixed part of the natural gas tariff for consumers in 1st subset increased due to the assessment of part of the natural gas distribution costs in the fixed part. For consumers in 2nd and 3rd subsets, the variable part of the tariff increased due to a 26.45 % higher purchase price of the natural gas product. For consumers with the lowest gas consumption (up to 300 m^3/year, approximately 0.46 m consumers), the price of gas could have increased by 12-13 cents/m^3 from the current point of EUR 1.05, however, due to the decisions of the NERC, the price for this group decreased by 6 cents. For consumers in 2nd and 3rd subsets, the price of gas increased due to global price changes, however, by applying the purchase price insurance measure agreed between the UAB "Ignitis" and NERC, this increase is approximately 1.2 Euro cents lower than it would be without this measure. (*See **Figure 4***)
- On February 9, 2025, **Estonia, Latvia, and Lithuania successfully synchronized their electricity grids with the Continental Europe Synchronous Area**, strengthening the Baltic States' energy security and independence by permanently disconnecting from the Russian IPS/UPS system and allowing to operate their grids with stable frequency control alongside other European countries. The project involved extensive cooperation among Baltic TSOs, Poland's PSE, and European partners, with significant infrastructure upgrades. Supported by the European Union and ENTSO-E, this achievement ensures stable frequency management and facilitates the integration of renewable energy. NERC set the launch date of the Baltic Balancing Capacity Market as 5 February 2025. After synchronization, the joint procurement of balancing capacity, including reserve sharing and cross-zonal capacity allocation between the internal Baltic bidding zones becomes the only viable approach to meeting reserve procurement requirements—delivering an indicative welfare gain of 470 million Euros per year.
- **NERC has approved amendments to the Methodology for Setting of State-Regulated Prices within the Natural Gas Sector**, aiming at more flexible response to price fluctuations, fairer cost allocation and incentives for energy efficiency. The changes will help reduce the financial burden on consumers—who until now have been covering the costs of low or non-consuming households (about 20% of all consumers)—while enabling more efficient energy use and pollution reduction to translate into real savings. Key amendments: 1) tariffs may be reviewed quarterly if the difference between the natural gas acquisition cost estimated in the approved tariffs and the forecasted natural gas purchase price exceeds 20%; 2) introduction of a fixed component for all consumers in the 1st subset, based on distributed volumes, where justified by a cost recovery imbalance under a single-part

Group of household customers	Part of the tariff	II half of 2024	From 1st January 2025	Variation, EUR	Variation, %
For users of 1st subset Q≤300 m^3	fixed part of the tariff, EUR/mo.	0.56	0.99	0.43	76.79
	variable part of the tariff, EUR/m^3	1.05	0.99	-0.06	-5.71
For users of 2nd subset 300<Q≤20 thous. m^3	fixed part of the tariff, EUR/mo.	3.99	3.99	0	0
	variable part of the tariff, EUR/m^3	0.59	0.69	0.10	16.95
For users of 3rd subset Q>20 thous. m^3	fixed part of the tariff, EUR/mo.	3.99	3.99	0	0
	variable part of the tariff, EUR/m^3	0.55	0.65	0.10	18.18

***Figure 4**. NERC approved tariffs of natural gas for household consumers for I half of 2025 (VAT included)*

Low Voltage		II half of 2024, EUR/kWh with VAT	I half of 2025, EUR/kWh with VAT	Variation II half of 2024 / I half of 2025		Average consumption	II half of 2024 / I half of 2025 bill adjustment, EUR with VAT
				%	EUR/kWh		
Single time zone	"Standard"	0.1970	0.2050	4.06	0.008	68	+0.544
Two time zones	"Standard", day component	0.2250	0.2330	3.56	0.008	34*	+0.272
	"Standard", night component	0.1330	0.1390	4.51	0.006	34*	+0.204

***Figure 3**. Change in electricity consumption bill for the "Standard" tariff plan for the II half of 2024 and the I half of 2025 (* for comparison purposes, the average consumption of a single time zone is used)*

distribution price. In 2025, NERC will also balance deviations due to forecasted and actual revenues of the Designated Supplier for the completed regulatory period.

- **NERC has approved demand of services of public interest (SPI) for 2025** – €7.051 million, with €6.414 million allocated for generation from renewable energy sources. Due to previous budget surpluses, the overall SPI balance is negative at €7.110 million, so no funds will be collected from electricity consumers in 2025. Instead, €4 million will be refunded. NERC set a negative SPI tariff of -0.039 ct/kWh (excl. VAT) for 2025, compared to 0 ct/kWh in 2024. In 2025, all SPI funds will be directed towards supporting electricity generation from renewable energy sources (solar, wind, biomass), their balancing, and centralized trading.
- **NERC**, seeking to ensure a transparent and justified development of the electricity sector that meets the needs of market participants, and having assessed whether AB "Litgrid" has timely implemented its planned investments, **has approved the Lithuanian Power System 400-110 kV Networks Development Plan for 2024-2033**, prepared by AB "Litgrid". The plan outlines strategic state projects and essential electricity transmission network projects necessary to ensure system reliability (network restoration, modernization, major repairs, etc.). The investment requirement for the development and renewal of the electricity transmission network in 2024–2033 amounts to approximately EUR 2,698.84 million, i.e. 32.8% more than the network development planned in the 2022 plan.
- **NERC has approved new Standard Contractual Clauses on Imbalance Settlement**, effective January 1, 2026. Clauses have been approved taking into account EU regulations and the growing need for balancing capacities, in order to encourage balance responsible parties (BRPs) to plan production and consumption more accurately. Under the new procedure, balancing costs will be calculated based on the quality of planning – 50% according to imbalance and 50% according to the consumption portfolio. The transfer of these costs to BRPs will be phased in gradually until 2028, at which point the full 100% allocation will apply. The amendments also introduce additional liabilities for BRPs whose imbalances require real-time curtailments by TSOs, alongside revisions to other provisions of the agreement and its annexes.
- **NERC has amended the Description of the Procedure and Conditions for Determining the Average Natural Gas Exchange Price**.

  Under the revised methodology, the average annual natural gas exchange price will be calculated individually for each undertaking, based on a weighted average of the monthly intraday market prices on the Lithuanian trading platform. The calculation will include only those months in which the undertaking's natural gas consumption exceeded 3% of its total annual volume, and will be derived by summing the products of the average monthly exchange price and the total quantity of natural gas purchased on the exchange in each relevant month, and dividing the result by the total quantity of natural gas purchased or sold during the corresponding months of the calendar year.
- **NERC has updated the Rules for the Provision of Information by Energy, (Guaranteed) Drinking Water Supply and Wastewater Treatment, Surface Water Treatment Enterprises, Regional Waste Management Centres and Joint Waste Incineration Plant and/or Waste Incineration Plant Operators**, to improve clarity and reduce administrative burden.

  The main changes:

  1. undertakings are no longer required to separately provide data on the status of settlements with suppliers and consumers;
  2. clarification of entities responsible for reporting fuel prices;
  3. introduction of mandatory reporting by drinking water suppliers on the results of customer satisfaction surveys, covering service quality and customer service;
  4. inclusion of water used for hot water preparation in calculations;
  5. provision to report on works and assets financed by additional price funds, as well as long-term assets transferred to the balance sheet by a shareholder and assets obtained in other ways;
  6. the investment implementation report is submitted only with price projects and only for investments approved by NERC or financed with additional funds of the service price component– eliminating the previous annual May 1 reporting requirement.

Internal Projects

- **NERC**, in collaboration with the European Commission, the OECD, and Lithuanian government institutions, **is implementing the project "Accelerating Permitting Procedures for Renewable Energy in Lithuania"**. Early findings highlight challenges with grid connection delays, inefficiencies in Environmental Impact Assessment (EIA) procedures, fragmented developer guidance, and limited public authority coordination. The

project also highlights the need for smarter, risk-based regulation and digital tools to streamline data sharing and permit management. A comprehensive set of policy recommendations in these areas will also be prepared for decision-makers by the OECD, with delivery expected in the second half of 2025.

- As of March 1, 2025, **the updated organizational *structure* of NERC** came into effect, the change of which aims to respond to energy transformation processes, ensure higher quality of services to consumers, and ability to quickly respond to dynamic changes in the energy sector.
- In November 2024, NERC representatives visited the National Agency for Energy Regulation of Moldova (ANRE) to reinforce the cooperation established through the Memorandum of Cooperation signed in March 2024. The visit focused on NERC sharing its EU energy regulation expertise, providing examples of good practices and insights to help Moldova improve its energy sector regulation. The integration of renewable energy resources and the challenges they present, balancing markets, investments and energy security, as well as the regulatory challenges of gas market were discussed. Meetings with representatives from the Moldovan Parliament and the Ministry of Energy also addressed Lithuania's experience in achieving energy independence and resilience. The visit highlighted the mutual commitment to cooperate and share knowledge to support the development of a sustainable and integrated energy market in Moldova. ■

ANRE Moldova

Important Regulatory Developments

The National Agency for Energy Regulation (ANRE) Moldova has approved the operation of the natural gas trading platform BRM EST for the next 10 years.

In March 2025, the National Agency for Energy Regulation of the Republic of Moldova (ANRE) has extended the activity of the natural gas trading platform operated by the Romanian Commodity Exchange East (BRM EST) for a period of 10 years.

The trading platform launched its operations in Republic of Moldova in 2022, and has since played an important role in ensuring transparent and fair market transactions.

The platform operated by BRM EST allows participants to conclude medium and long-term contracts (gas forward market), bilateral contracts (OTC), conduct daily and intraday transactions (spot market), as well as, provide a balancing platform to maintain the balance of the transmission system. These mechanisms provide flexibility, efficiency and a complete coverage of commercial needs for all market participants.

With over 15 registered suppliers and an estimated 9 TWh of natural gas traded in 2024 (covering a large part of domestic consumption) the platform provides a transparent mechanism for price formation, higher competition and liquidity that ultimately benefits the Moldova consumers.

Starting 2025, BRM EST publishes daily indicative prices for natural gas, that reflects the price level the participants are willing to trade.

The Government and ANRE continue to develop a legal framework that will ensure a gradual transition to the free market, with no regulated prices. The BRM EST platform provides a solid framework for this transition to be safe and fair.

Access the press release at: *https://anre.md/anre-a-aprobat-operarea-platformei-de-tranzactionare-a-gazelor-naturale-brm-est-pentru-urmatorii-10-ani-3-1021*. ■

URE Poland

Important Regulatory Developments

- **President of the Energy Regulatory Office (URE) of Poland approved changes to the Balancing Conditions**

  The change in the Balancing Conditions was requested by TSO, Polskie Sieci Elektroenergetyczne S.A. (PSE).

  The modifications primarily focus on adjusting the Balancing Conditions to accommodate the introduction of 15-minute products, which will eventually replace the current hourly products as part of the single market coupling. These changes apply to both intraday and day-ahead products. Additionally, the revised Conditions refine and organize the definition of a 'NEMO Market Operator' while also implementing updates related to data reporting as part of intersystem exchange.

  The decision of the President of URE establishes the implementation dates for the above changes.

  For the introduction of 15-minute products covering the Polish market area and its borders within the single intraday market coupling – 18 March 2025, or a date mutually agreed upon by the TSOs (Transmission System Operator) and NEMOs (Nominated Electricity Market Operators) and published on PSE's website with sufficient advance notice to ensure market participants are informed of the effective date.

  For the introduction of 15-minute products within a single day-

ahead market coupling – 4 June 2025, or a date mutually agreed upon by the TSOs and NEMOs and announced on PSE's website well in advance to provide market participants with adequate notice of the effective date.

The changes introduced in the Balancing Conditions implement the obligation outlined in Regulation (EU) 2019/943. This regulation mandates that NEMOs ensure market participants can trade electricity in intervals at least as short as the imbalance settlement period in both the day-ahead and intraday markets.

The Balancing Conditions also govern the operation of the Balancing Market.

- **The strategic role of Gas Storage Poland to ensure Poland's energy security**

In October 2025, the President of URE issued certification decision for Gas Storage Poland Sp. z o. o. (Gas Storage Poland), gas storage system operator. This was preceded by an opinion from the European Commission.

The Gas Storage Poland was appointed as gas storage system operator for the period from June 1, 2012 to December 31, 2024. The company is the sole gas storage system operator in Poland and the only entity holding a gas storage licence. Obtaining the certificate was necessary for designating the company as the storage system operator for the next period.

The President of URE initiated the certification process in October 2023, upon the company's request. In December 2024, Polish NRA submitted the draft certification decision to the European Commission (EC) for an opinion. The EC delivered its opinion to the President of URE in October2024.

The proceedings were finalized with a decision issued by the President of URE. The regulator concluded that the control and ownership of the company and the gas storage facilities do not pose a threat to the filling of storage installations where the company serves as the gas system operator.

The certification requirement for storage system operators was introduced in 2022 and applies to all storage operators in EU. The aim of certification is to eliminate the risk associated with the possibility of influencing the operations of the storage system operator by non-EU entities in a way that could threaten the security of gas fuel supplies at the national, regional or EU level. The proceeding also contributes to supporting EU competitiveness by ensuring that storage facilities are adequately filled

The current total working volume of all facilities operated by Gas Storage Poland is 3,326.12 million m^3. The required levels of natural gas reserves are maintained in the storage facilities, which serves ensuring gas supply in the event of a threat to the country's energy security, as well as to meet peak demand and provide supply during emergencies or interruption. Storage facilities are additionally used to cover long-term increased demand for natural gas during the winter season.

- **Changes in the way tariffs are set for electricity distribution system operators (DSO)**

When setting tariffs, DSOs should also take into account the quality rates resulting from the current transmission tariff of PSE (TSO).

In December 2024, an amendment to the regulation of the Ministry of Climate and Environment on the method of forming and calculating tariffs and the settlement method in electricity trading entered into force.

One of the main changes introduced by the amended regulation is splitting of distribution fee rates applied by DSOs into rates calculated by these companies and quality rates, the amount and conditions of which will be derived from the TSO tariff currently in effect.
This means that the quality rates resulting from each approved and announced TSO transmission tariff, taken into account in the tariffs of DSOs, can be applied by DSOs (including those not connected to the transmission system) without the need for approval of changes to their tariffs.

- **2.6 billion PLN (570 million EUR) in compensations** for nearly 100 entities from energy-intensive industries.

The President of URE has granted record compensations to companies from energy-intensive sectors and subsectors for 2023. The amount of public aid, as well as the number of beneficiaries, are the highest in the history of this support system.

The compensation system was introduced in Poland in 2019. Its aim is to reduce the risk of relocating production from sensitive industries to countries where climate policies are not as ambitious as those in the EU. Within the EU, the costs of purchasing greenhouse gas emission allowances significantly affect electricity prices, and thus, the cost of producing goods in energy-intensive sectors. The record amount of compensation granted in 2023 is related to the increase in CO2 emission

allowance prices, as they serve as the basis for calculating the assistance owed to companies.

Internal Projects

- Mr. Rafal Gawin appointed Vice-President of the Energy Regulatory Office. Ms Renata Mroczek took office effective October 30, 2024. The tasks of the President of URE are currently set out in 35 legislative acts, apart from the Energy Law Act, which include 15 national acts and 20 EU regulations. Estimates indicate that, over the last ten years, the total number of principal tasks of the President of URE has increased from around 37 to over 140, which, however, is not a complete reflection of recent developments. In 2023 alone, with the amendments of the Energy Law and the RES Act, the President of URE was entrusted with 50 new responsibilities. Due to the ever-increasing number of tasks carried out by the Regulator, the need for strengthening the URE's Management team has emerged. On 12 September, the President of URE announced an open call for applications for the position of Vice-President of the Office. Out of short-listed candidates, on 29 October, the President of URE appointed Ms Renata Mroczek as his deputy.

The Vice President is responsible for carrying out the tasks assigned to her by the President of URE.

- **Households can enter into contracts with dynamic energy pricing. Educational campaign goes on: What should consumers know before signing up!**

As of 24 August, 2024, every electricity supplier serving at least 200 thousand consumers has been offering a new type of pricing plan addressed to consumers, i.e. the dynamic pricing contract. Therefore, in order to increase consumer awareness in this regard, URE prepared a compendium of knowledge about this new product.

In the brochure, the Energy Regulatory Office explains that dynamic price offers are addressed to consumers who understand the forces at play in the electricity market and have remotely-read meters. URE highlights that a dynamic pricing offer reflects the price volatility on the Day-Ahead Market, what means that the price changes every one hour in line with price changes on the Polish Power Exchange (TGE S.A.). It is up to the households to monitor these price quotations.

The educational material prepared by UREs experts was distributed, among others, to:

- Selected ministries,
- the Government Information Centre
- PSE
- TGE
- the major energy groups operating in Poland
- the Municipal and County Consumer Ombudsmen
- the municipal and district offices
- The Office of Competition and Consumer Protection
- the Universities of the Third Age

This will allow to ensure the message reaches as many consumers as possible. The Negotiations Coordinator at the President of URE (ADR body) was also involved in this campaign. ■

AERS Serbia

Important Regulatory Developments

According to the **Energy Agency of the Republic of Serbia (AERS)**:

- **November 28, 2024** - The Council of the Energy Agency of the Republic of Serbia has approved rules regulating the procedure and method of transmission capacity allocation on borders between bidding zones of the transmission system operator of the Republic of Serbia (EMS AD) and the transmission system operators of North Macedonia (MEPSO), Romania (Transelektrika), Bosnia and Herzegovina (NOSBiH), Bulgaria (ESO), Croatia (HOPS) and Montenegro (CGES) for 2025. The organization of common auctions enables more efficient use of capacities on borders between bidding zones which improves the conditions for electricity market development in the Southeastern Europe and for its integration into the European market.
- **January 30, 2025** - The Agency Council has adopted the Methodology for Setting Natural Gas Tariff in line with the Regulation Establishing a Network Code on Harmonised Transmission Tariff Structures for Gas. The Methodology enters into force on the day of its publication in the Official Gazette of the Republic of Serbia.
- **February 3, 2025** - The Energy Agency of the Republic of Serbia has published public consultation

on the Draft of Amendments and Addenda to Methodology for Setting Guaranteed Supply Electricity Price in order to harmonise it with amendments and addenda of the 2024 Energy Law. Public consultation is organized until 18/03/2025. Remarks, proposals and suggestions are submitted within a format which is available along with the Draft of Amendments and Addenda to Methodology on the website of the Energy Agency of the Republic of Serbia in the section Public Consultation – In progress.

- **March 6, 2025** - The Council of the Energy Agency of the Republic of Serbia has adopted a decision on the approval of amendments to the Distribution Network Code which was drafted by the distribution system operator Elektrodistribucija Srbije d.o.o. Beograd. These amendments refer to the Annex 2 to the Code where tables for consumption profiles are replaced by new tables where 15-minute levels are given instead of hourly levels in order to harmonize the Code with the Electricity Market Code and to define the accuracy class of metering devices and characteristics of meters in the Distribution Network Code so as to harmonise it with the Energy Law.
- **March 21, 2025** – The Council of the Energy Agency of the Republic of Serbia, acting on the request of the limited liability company "TRANSPORTGAS SERBIA, Novi Sad", with headquarters in Novi Sad, adopted a Decision by which "TRANSPORTGAS SERBIA, Novi Sad" issues a certificate as an independent operator system. Before making the final Decision, in accordance with Article 241 of the Energy Law of the Republic of Serbia, the opinion of the Secretariat of the Energy Community was obtained. ■

EMRA Türkiye

Important Regulatory Developments

- **Secondary legislation regulations regarding aggregator activities and demand side participation were completed.**
  - ❒ **New market participants in the electricity market: aggregators**

    At the end of 2022, the aggregator activity in the future of energy trade, especially in European markets, was added to the Electricity Market Law No. 6446. As a result of the studies carried out, the Regulation on Aggregator Activities in the Electricity Market was published in the Official Gazette No. 32755 dated 17.12.2024 and entered into force on 01.01.2025, and the Board decisions and secondary legislation regulations regarding aggregator activities were completed. In this context, the Aggregator License began to be issued as of February, and aggregators began to operate as market participants.
  - ❒ **Demand side participation**

    The necessary regulatory framework has been established by the Energy Market Regulatory Authority (EMRA) of Türkiye to ensure flexibility on the demand side. With the demand side participation service provisions added to the Ancillary Services Regulation, a capacity of between 450 MW and 4.500 MW of interruptible contracts held by aggregators who has an industrial consumer portfolio with flexible loads is expected to be brought forward by the Interruptibility Scheme. The first demand side participation tender is expected to be made on June 2025 by TEİAŞ.
- **Regulatory developments related to consumer issues;**
  With the regulation published in the Official Gazette on January 14, 2025, several articles of the Electricity Market Consumer Services Regulation have been amended. The key changes are as follows:
  - ❒ No security deposit will be required for new residential subscriptions by consumers who have paid their electricity bills regularly for the past 24 months;
  - ❒ No security deposit will be charged to consumers receiving electricity bill support from Ministry of Family and Social Services;
  - ❒ With the consumer's consent, invoices of electricity can now be sent just via SMS or e-mail;
  - ❒ New measures have been introduced to increase deterrence against illegal electricity use, such as:
    - ⇨ Increasing penalty coefficients (1,5 to 2 and 2 to 2,5 in recurrent cases).
    - ⇨ Granting distribution companies, the authority to use technological tools for detection of illegal usage.
    - ⇨ Obligation for distribution companies to take video recordings during the detection of illegal electricity usage.
    - ⇨ Some changes in the periods taken as basis for the amount of illegal electricity consumption,
    - ⇨ Written notification must be given to the consumer 15 days before the illegal electricity bill is submitted to enforcement.
  - ❒ Security deposits that cannot be returned to the consumer must be reported to the EMRA and taken into account in tariff calculations.

- **EMRA has modified consumption limits for various consumer groups in relation to last resort supply tariffs, which have taken effect in February 2025.**

  EMRA decided to decrease the eligible consumer limit in the electricity markets to 750 kWh/year for 2025. The consumers whose annual electricity consumption is equal to or higher than this value can meet their electricity needs by making bilateral agreements in the free market. The last resort suppliers (assigned suppliers) are responsible for electricity supply to consumers which do not use their eligible consumer rights and do not make bilateral agreements. The tariff applied for those consumers differ with respect to the consumption limits determined by the Board of EMRA in an annual basis. The electricity consumers whose consumption limits are equal to or higher than the limits (so called as "high consumption level consumers") decided separately for each consumer group by EMRA are subject to last resort supply tariffs. The consumption limits for the last resort supply tariffs in 2024 were 100 million kWh/year for households and agricultural operations, and 1 million kWh/year for remaining consumer groups. It is aimed to decrease the consumption limits for the last resort supply gradually in order to boost the transition to a free market. Therefore, in order to encourage high consumption level consumers' operation in the free market and choose their supplier freely, the Board of EMRA revised the consumption limits for the last resort supply tariffs to be effective from February 2025 as 5.000 kWh/year for households (with several exceptions), 15.000 kWh/year for industrial and commercial customer groups, and 100 million kWh/year for agricultural operations.

  - ❒ **EMRA has specified the 5th tariff implementation period for electricity distribution companies and assigned suppliers as 1 January 2026-31 December 2030.**

  The 4th tariff implementation period will terminate on 31 December 2025 for the electricity distribution companies and assigned suppliers. Therefore, the Board of EMRA has determined that the 5th tariff implementation period will be between 1 January 2026 and 31 December 2030. The regulatory procedures and analyses related to the determination of revenue requirements and tariff setting for the distribution companies and assigned suppliers in the next 5 years are planned to be finalized until the end of 2025. ■

NEURC Ukraine

Important Regulatory Developments

- **Gas Market**
  - ❒ On January 1, 2025, the **National Energy and Utilities Regulatory Commission (NEURC)** of Ukraine approved new Natural Gas Transmission Tariffs for Entry and Exit Points, taking into account the termination of russian gas transit through Ukraine. At the same time, new reduction coefficients for short haul capacity were approved, which made the cost of natural gas transportation between cross-border entry and exit points in the first quarter of 2025 remain at the level of 2024.
  - ❒ In order to effectively introduce the balancing neutrality charge in the natural gas market, the methodology for calculating the neutrality charge was adopted in April 2025. In addition, a form of technical specifications for the connection of biomethane production facilities to the gas distribution system was developed with the participation of natural gas market participants, including biomethane producers and gas distribution system operators, and has been successfully implemented.
- **Electricity Market**
  - ❒ The Regulator continues to improve Ukrainian REMIT-related legislation, namely regulations on insider information, reporting abuses and regulating the process of imposing penalties.
  - ❒ NEURC has also amended the Market Rules to improve the mechanism of the electricity balancing market.
  - ❒ NEURC has made numerous amendments to the Rules of the retail electricity market in terms of the conclusion and execution of electricity purchase and sale agreements under the self-production mechanism, as well as electricity purchase and sale agreements under the "green" tariff (Feed-in tariff) by private households. In addition, the consumers are entitled to connect generating units not only from alternative energy sources, but also from other energy sources (gas, cogeneration units, etc.) - with the subsequent conclusion of agreements under the self-production mechanism.
  - ❒ One of the amendments also concerned the improvement of the procedure for handling consumer complaints. Thus, the DSOs and electricity suppliers have started to operate Complaint Centres, which will help to make the complaint procedure more transparent and efficient and reduce the time for their consideration.

Internal Projects

- In October 2024, NEURC delegation took part in a working

visit to E-Control to exchange experiences in implementing REMIT and gain practice in conducting investigations in the wholesale energy market.

- In November 2024, in order to improve their professional competence, representatives of the Regulator took part in the NARUC training on market monitoring and investigations, which took place in Bucharest (Romania). Additionally, with the support of the USAID ESP and "Better Services for Consumers" Project, a number of internal trainings were organized to improve the practical skills of analyzing the market behavior of wholesale energy market participants, investigative practices of European regulators, and data processing in accordance with European approaches.

Policy and regulatory developments in the area of decarbonization and Energy Transition

- Since August 2024, Ukraine has launched the process of creating accounts, registering users and generating facilities in the register of guarantees of origin of electricity produced from renewable energy sources. As of the end of March 2025, 1 097 accounts were created, and 1 434 generating facilities were registered. For the period from August 2024 to February 2025, the Regulator issued 5 772 523 guarantees of origin of electricity produced from renewable energy sources for a total volume of 5 772 523 MWh. ■

NARUC USA

Important Regulatory Developments

The recent important publications of the National Association of Regulatory Utility Commissioners (NARUC) of the USA:

- *Regulation on the Transmission System Operator's Responsibilities During Emergency and Restoration*.
- *Celebrating 26 Years of NARUC's International Programs*.

Internal Projects

NARUC is expanding its online training and seeks expert volunteers to lead sessions on topics such as critical infrastructure, cybersecurity, emergency preparedness, clean energy, rate case and rate design, accounting, public engagement, leadership skills, and public speaking.

Access the speaker interest form at: *https://bit.ly/4cClPzN*.

Policy and regulatory developments in the area of decarbonization and Energy Transition

Read about NARUC's Resilience Framework *here*. ■