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Ref. “European Energy Regulations: A Bridge to 2025” – input to public consultation

Dear Director Pototschnig,

Ladies and Gentlemen,

I address you with respect to the ongoing public consultation on the document “European Energy Regulations: A Bridge to 2025” (hereinafter: “consultation draft”). The Energy Community Secretariat welcomes the opportunity to contribute to the consultation process and is pleased to provide the following discussion input.

Let me first express our appreciation for specific reference made in the consultation document to the Energy Community in context of ACER’s role in expanding markets [*ref. para 4.14 consultation draft*]. As already highlighted in earlier discussions, we strongly believe that the final target of integrating the EU and Energy Community gas and electricity markets naturally calls for tight institutional cooperation and streamlined implementation of the legislative and regulatory framework. Further to this, also pure technical requirements call for streamlined rules for the EU and Energy Community interconnected systems.

The Energy Community member countries and regulatory authorities committed to ensure necessary coherence by implementing the Third Internal Energy Market Package and its related Network Codes (NC) and European Commission Guidelines (hereinafter: “Guidelines”). Procedures for implementing the latter have been already established. Both the Energy Community Regulatory Board (ECRB) and the Energy Community Electricity Forum (“Athens Forum”) have expressed a clear call for time and content wise coherent implementation of the NCs and Guidelines. The European Commission is responsible for tabling adoption proposals to the Energy Community institutions.

In addition to legislative streamlining, practical progress made on regional electricity wholesale market opening – mirroring the EU Electricity Target Model – provide a thorough basis for enhanced integration of the EU and the Energy Community markets [*ref. chapter A consultation draft*]. Also, not only existing but also future gas and electricity interconnections, including possible cross-border cost allocations or exemptions from the regulatory regime, will require continuous and even increased joining of forces [*ref. para 2.21 consultation draft*].

Last but not least, closer inter-institutional cooperation should also allow for improving the ability to adequately address exogenous events with impact on EU gas and electricity markets, such as the recent developments in Ukraine [*ref. para 1.4 consultation draft*].

In the light of this, we suggest amending the consultation draft by putting stronger emphasis on the need for increased integration of the Energy Community region and regulatory authorities in the EU regulatory process. More in detail, we propose:

1. More explicitly highlighting the need to ensure parallel legislative development of the Energy Community member countries with electricity and gas market relevant EU acquis with a view to guarantee coherent operation of interconnected systems [*possible reference chapters of the consultation draft: 2.2, 3.5, 3.11*].

- In this context we would welcome the consultation draft to include a plea for the Commission tabling NCs and Guidelines adoption proposals to the Energy Community institutions without delay after reaching legal bindingness on EU level.
 - Further to this, we propose including reference to the need for ensuring a common regime for interconnections / (gas) interconnection points (IPs) between the EU and Energy Community. Existing wording of the Third Energy Package as applicable to the EU and Energy Community and already made legally binding as well as still discussed NCs / Guidelines limits common regimes to interconnections / IPs between EU Members States on the one hand and Energy Community members on the other hand. Having in mind the common legal basis the EU and Energy Community operate on and, again, emphasizing the final market integration target, we strongly call for developing common legal understanding for permeable application of cross-border rules. The Energy Community Secretariat stands ready for bi-/tri-lateral discussions with ACER and / or the European Commission in this respect.
 - The important platforms which contribute to building wholesale regional gas markets are Gas Regional Initiatives. Your readiness to consider the extension of the relevant region(s) within the Regional Initiatives to include NRAs from more advanced non-EU countries is highly appreciated but is also a necessary measure which would make integration of the European Union and the Energy Community markets feasible. The less advanced non-EU countries should not be left behind this initiative.
2. Including considerations for a more specific path for gradual integration of the ECRB members into ACER in para 4.14 of the consultation draft. A step by step approach might start from ECRB representation in ACER, evolving to participation of ECRB members in ACER Working Groups and, finally, full integration of ECRB members. The Energy Community Secretariat remains open to enter into more specific discussions with ACER on a possible way forward and revision of Commission Staff Working Paper SEC(2011) 546 final/2 of 20 June 2011 on the possibility of neighbouring countries [...] in ACER.
 3. Including a proposal to establish a platform for European Distribution System Operators for Electricity (EUDSO-E) or to widen the scope of ENTSO-E in this respect [*reference chapter of the consultation draft: 3.31*].

Having in mind the above mentioned considerations and emphasizing specific links between the EU and the Energy Community, I believe there should be grounds for including a dedicated chapter on related cooperation in the consultation draft; more practically this would suggest moving reference to the Energy Community in chapter 4.14 of the consultation draft to a separate chapter dedicated to the Energy Community.

Finally, I shall also express our explicit support to improved knowledge transfer between EU and Energy Community regulatory authorities as proposed in para 4.15 of the consultation draft. Strengthening the already existing share of best practice experience on regulatory level must be considered key for ensuring streamlined market integration.

I remain at your disposal for any related questions and further discussions.

Yours sincerely,

[signed]

Janez Kopac

Director Energy Community Secretariat



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