

Energy Policy

1. The Forum takes note of the reports by the Commission and ACER on the initiative for a revised electricity market design including an updated governance framework and underlined the need for Contracting Parties to keep pace with the legislative and policy developments on EU level with a view to avoid further widening the gap between and endangering integration of electricity markets in the Energy Community and with the European Union.

2. In this context, the Forum expressed its concerns about the fact that all Contracting Parties, except Serbia and Albania, so far failed to revise their national electricity legislation with a view to implement the Third Energy Package and noted particular lack of tangible progress in Bosnia and Herzegovina, Moldova and FYR of Macedonia, including even postponement of market opening in the latter case. The Forum urgently called the concerned Contracting Parties to finalise law reforms by end of July 2015. The Secretariat announced to otherwise open infringement cases in autumn 2015. The Forum also stressed that in the course of the legislative reforms single buyer models and price regulation beyond the public service obligation limits of Article 3 of Directive 2009/72/EC need to be abolished. It encouraged the Contracting Parties to continue the discussion with the Secretariat on a concrete path for the transition, similar to the model that is being applied with EU countries, in line with the recommendations of the recent Energy Union communication.

3. The Forum encouraged Contracting Parties, Secretariat and European Commission to analyse how the new EU Network Codes and Guidelines on electricity trade and grid operation can be best integrated into the Energy Community acquis, and which adaptations are necessary for an application in the framework of the Energy Community.

Developing Liquid Wholesale Markets

4. The Forum noted that the path towards the introduction of market coupling in the SEE Region is without alternative. As market coupling is now a reality in the EU, the aim to link the SEE markets with EU markets can only be achieved if SEE markets develop a compatible cross border system. Market coupling will also allow Contracting Parties to achieve the necessary market liquidity, without the need to give up the control over their national electricity systems.

5. The Forum recalled that the creation of organised markets is a necessary step towards the introduction of market coupling. It welcomed the Secretariat's initiative to develop guidance on the necessary elements to create organised market places and market coupling compatible with the rules under the "CACM" Guideline on market coupling. In this context the Forum invited the Secretariat to also present a short explanatory document

summarizing the benefits, requirements and necessary elements of market coupling in the form of a high level policy paper addressed to Ministries. The Forum called upon Contracting Parties to make use of existing European solutions for introduction of organised electricity markets where possible and by all means avoid fragmented solutions which are not compatible with the EU system and report to the next Forum.

6. The Forum reminded the members of the 8th Region that fragmented and illiquid national power exchanges are unlikely to be an economically sustainable solution for regional (an ultimately EU-wide) electricity trade and urged Contracting Parties to opt for cooperative models within the Region or with external partners. The Forum urged all stakeholders to participate on the Secretariat's public consultation the draft Policy Guideline on organised electricity markets that is expected to be launched before summer 2015.

7. As concerns forward trading, the Forum endorsed the Secretariat's and the Commission's call to support the SEE CAO project actively. While a single European allocation office may remain a long-term goal, full participation in SEE CAO remains an important stepping stone towards integrated organised markets in the SEE Region, not the least because it provides an important opportunity to gather experience with common electricity trade in SEE.

8. The Forum welcomed the successful operation of SEE CAO for the borders Croatia-Bosnia and Herzegovina and Bosnia and Herzegovina-Montenegro as well as the recent progress made by SEE CAO on integrating the border Montenegro-Albania and urged the national regulators, TSOs and Ministries:

- of Albania, Greece and Turkey to actively foster the announced integration of the borders Albania-

- Greece and Greece-Turkey for allocation of yearly 2016 capacities by end of 2015 and allocation of monthly and daily capacities consequently;

- of Serbia and Kosovo*1 to actively foster implementation of the "Brussels Energy Arrangement"² including the Inter-TSO agreement by August 2015 that will allow KOSTT to participate in allocation of monthly and daily capacities as of autumn 2015 and allocation of 2016 capacities by SEE CAO end of 2015, since KOSTT is technically prepared to assume independent TSO responsibility for allocation.

9. The Forum urged Serbia to by end June 2015 officially confirm to the Secretariat and SEE CAO EMS' interest expressed to use SEE CAO services including definition of the borders with SEE CAO shareholders that should be serviced by SEE CAO for allocation of yearly 2016 capacities by end of 2015 and allocation of monthly and daily capacities consequently. The Forum welcomes the announcement of SEE CAO to, upon receipt of such expression of interest, define by end of August 2015 the admission fee and Service Agreements with

same conditions as for SEE CAO shareholders, to be signed by mid October 2015. The Secretariat announced to otherwise re-open its infringement case against Serbia.

10. The Forum reminded the EU members of the 8th Region on their legal obligation to participate in coordinated capacity allocation and congestion management of the 8th Region. The Forum invited the European Commission to continue its related initiatives and update the next Forum about related developments.

11. As concerns the necessary adaptations of balancing rules, the Forum called upon Contracting Parties to implement the requirements following from the Third Energy Package as spelled out in the recommendations of the Secretariat related to market based balancing without delay and to report to the next Forum about related developments. The Forum took note of recently finalised activities in Bosnia and Herzegovina on introducing market based balancing as of January 2016.

Distribution and Retail

12. Acknowledging the increased and important role of distribution system operators and new challenges ahead of them, the Forum stressed the need for effective reflection in the regulatory process as central priorities for the electricity markets of the Contracting Parties. In context with the introduction of smart meters the Forum drew attention to limited economic potentials without flexibility.

Source; Energy Community