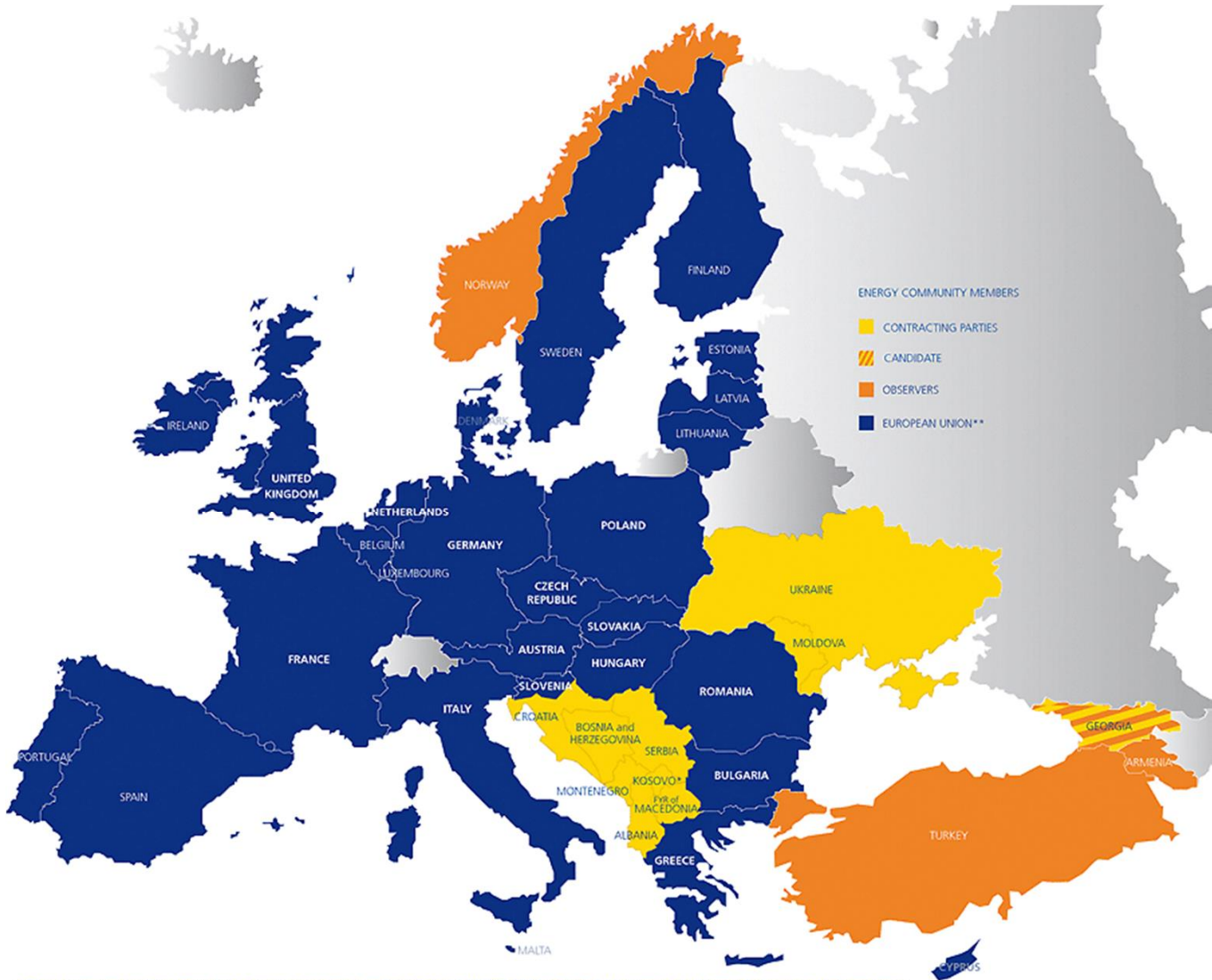


# Status of compliance of the gas TSOs with the Energy Community requirements

**INOGATE Gas Cross Border Trading**  
Venice, 22 May 2013

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Energy Community Secretariat



\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.  
\*\* 15 of the 27 EU Member States hold a Participant status according to Article 95 of the Energy Community Treaty, the country names of which are marked in bold on the map.

### ***Extending the EU internal energy market***

Legally binding instrument creating common regulatory framework  
Energy Community Treaty, 2006

Today: EU + 9 Contracting Parties

AL, BH, CR, FYR MK, MNE, SR, UNMIK +  
MD (1 May 2010); UA (1 February 2011)

**Enlargement** of the Energy Community . ongoing process

14 Participants = EU Member States

4 Observers = Georgia; Norway; Turkey; Armenia

*Georgia applied for the full membership as a Contracting Party in January 2013*

Gas is expected to *have an increased role for meeting growing electricity demand in long term* than it has today.

Energy security is closely associated with timely investments in energy supply in line with economic development and environmental needs.

In the SEE 2030 . 21 bcm demand . 3 times higher than today    new supply sources/routes needed

2010	Natural gas share (%)		
	in TPES	in TFC	For electricity and heat
Albania	0,58	0,05	0,00
Bosnia and Herzegovina	3,11	4,41	0,39
Croatia	30,84	24,57	31,89
Former Yugoslav Republic of Macedonia	3,32	1,65	1,11
Kosovo*	0,00	0,00	0,00
Moldova	58,66	23,46	96,08
Montenegro	0,00	0,00	0,00
Serbia	11,87	11,97	7,48
Ukraine	42,32	38,48	25,77
EU-27	25,74	22,96	20,45

The original gas acquis evolved . starting from the Directive 2003/55/EC which was the part of the Treaty in 2005 (deadline for implementation by 1 July 2007)

Regulation (EC) 1775/2005 and Directive 2004/67/EC were introduced in 2007 (deadline for implementation: 31.12.2008 and 31.12.2009 respectfully)

9<sup>th</sup> Ministerial Council on October 6<sup>th</sup> 2011 adopted a Decision on the implementation of the Directive 2009/73/EC and Regulation (EC) 715/2009 (Third Energy Package+) . general deadline is January 1<sup>st</sup> 2015

Certification and new infrastructure TPA exemptions procedure: the Secretariat issues an opinion.

The TSOs designated with typical tasks set by the Directive, widely compliant with article 8

Contracting Party	TSO	Note
Bosnia and Herzegovina	BH Gas d.o.o Gas Promet a.d. Pale Sarajevo-gas a.d.	Two entities structure
Croatia	Plinacro d.o.o.	
FYR of Macedonia	GAMA a.d.	a newly established company applied for a transmission system operator
Moldova	Moldovatrangaz Tiraspoltrangaz	daughter companies of JSC Moldovagaz
Serbia	JP Srbijagas and Yugorosgaz a.d.	
Ukraine	PJSC Ukrtrangaz, Chornomornaftogaz	

Unbundling of TSOs in the Energy Community is not at satisfactory level

Contracting Party	TSO	Status
Bosnia and Herzegovina	BH Gas d.o.o Gas Promet a.d. Pale Sarajevo-gas a.d.	no
Croatia	Plinacro d.o.o.	Yes - fully unbundled
FYR of Macedonia	GAMA a.d.	Yes (dispute case)
Moldova	Moldovatrangaz Tiraspoltrangaz	no
Serbia	JP Srbijagas and Yugorosgaz a.d.	no
Ukraine	PJSC Ukrtrangaz, Chornomornaftogaz	ongoing

National transmission flows are regulated; no discrimination to the system users (exception Bosnia and Herzegovina - ongoing case in the Energy Community)

The treatment of cross border flow . not satisfactory (non regulated cases in UA, MD and SR)

TPA services are well defined in Croatia and in the FYRoM. Serbia adoption of a Grid Code is at final stage.

Contracting Party	Regulated TPA to transmission/CB	Different treatment for national and CB flows
Bosnia and Herzegovina	NO (no legal framework)	N/A
Croatia	YES / YES	NO
FYR of Macedonia	YES / YES	N/A
Moldova	YES/NO	YES
Serbia	YES / NO	YES (nTPA for CB flows)
Ukraine	YES/NO	YES



- “ Croatia and FYRoM - provisions related to capacity allocation mechanisms are mostly in line with the requirements of the Gas Regulation
- “ Serbia . preparing the Code
- “ Ukraine . the Grid Code which does not take account CAM and CMP in line with Regulation
- “ Moldova . preparatory work
- “ Non compliance . BH (case); the Grid Code in Republika Srpska which treat CAM at basic level (providing only for an annual capacity allocation of firm capacity)

- “ TSOs use linepack, as the main flexibility source
- “ Croatia and Ukraine - substantial domestic production and storage (also Serbia)
- “ Regulatory authorities approve at least indirectly balancing rules by approving network code or similar document
- “ However, balancing rules are still not defined in the majority of cases or only to the certain extent
- “ Market based procurement of balancing energy is not practiced
- “ TSOs in Moldova, Serbia and Ukraine remunerate provision of balancing services by socializing balancing related costs, i.e. including them into the transmission tariff
- “ Imbalance charges are defined in Croatia and FYR of Macedonia, penalty charges for imbalances are implemented in Bosnia and Herzegovina (in theory) and Croatia, for imbalances outside the predefined tolerance levels

- “ Energy Community Treaty (Security of supply Statements, safeguard measures, mutual assistance in the event of disruption);
- “ Directive 2003/55 (Monitoring; Reporting obligations); Directive 2004/67 (Policies; security of supply standards; national emergency measures)
- “ Preparatory work to implement some elements of Regulation (EU) 994/2010 started
- “ The relevant acquis implemented in the Contracting Parties to a satisfactory level
- “ Shortcomings of the legislation: definitions of supply standards and major supply disruption; reporting obligations elements
- “ Security of Supply Coordination Group - Gas Sub Group . a regional platform
- “ TSOs generally tasked to enable security of gas supply in short term (an emergency) and in long term (infrastructure development)

# Energy Community Strategy and Projects of regional interest



2013  
Entry into force of the regulation

**ENTSO E  
ENTSO G  
TYNDP 2012**

**Project promoters  
(incumbent companies, private investors, TSOs, project developers, etc)**

Basis for PECO candidate & data/ CBA

**Task Force\***  
- Determine additional data needed for application of criteria (complementary to TYNDP)  
*\*Assisted by Consultants*

**Project promoters/ TSOs**  
- Submit additional data for PECO candidates

**Task Force\***  
- Evaluate submitted projects according to criteria,  
- Group projects  
- Propose (draft) PECO list  
*\*Assisted by Consultants*

**PHLG/MC agree on Energy Community PECO; policy measures adopted**

October - December 2012

January 2013

February 2013

May 2013

October 2013

- ❖ Making unbundling happen as soon as possible
- ❖ Settling the disputes (f.e. grid operator vs. NRA)
- ❖ Third package - certification
- ❖ Adopting Grid/Market codes
- ❖ Abolishing the distinction between transmission and cross border flows (transit)
- ❖ Proactive cooperation with ENTSOG, Gas Coordination Group
- ❖ Continuation in supporting cross-border infrastructure projects

## Contact

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