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INOGATE Information Event in Georgia

Experience of Central and Eastern European countries in implementation of the Third Energy Package

Prof. Vidmantas Jankauskas
Regulatory Expert

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Electricity and Gas Directives

Competitive pan-European market?

2015

Implementation of the 3rd package

2011

3rd package: Electricity and Gas directives, Regulations

2009

2003

2nd Electricity and Gas directives

1998

1st Gas directive

1996

1st Electricity directive

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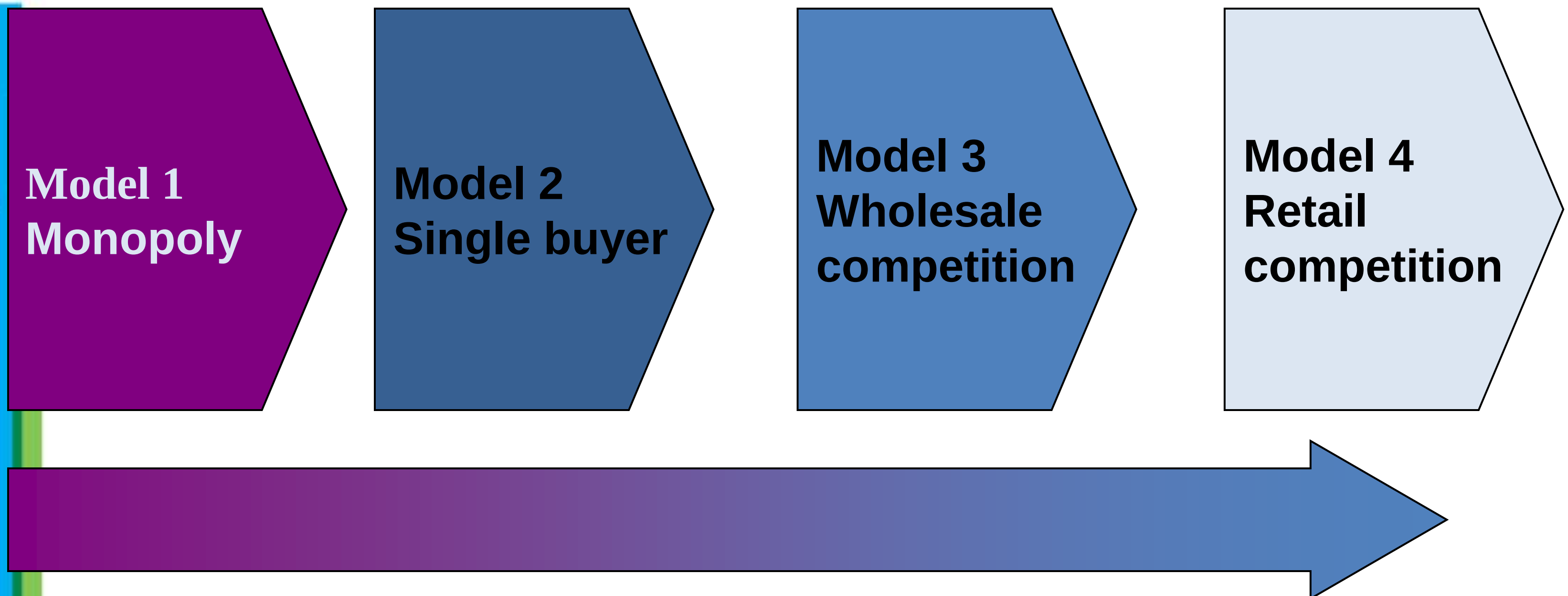
Various models for competitive gas & electricity systems

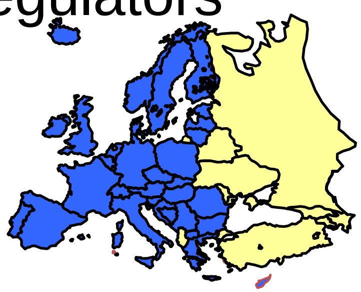


Sector becomes more like any other commodity industry but:

- **More complexity, regulation, IT infrastructure, etc.**
- **More structural change required**

Implementation of the internal energy market

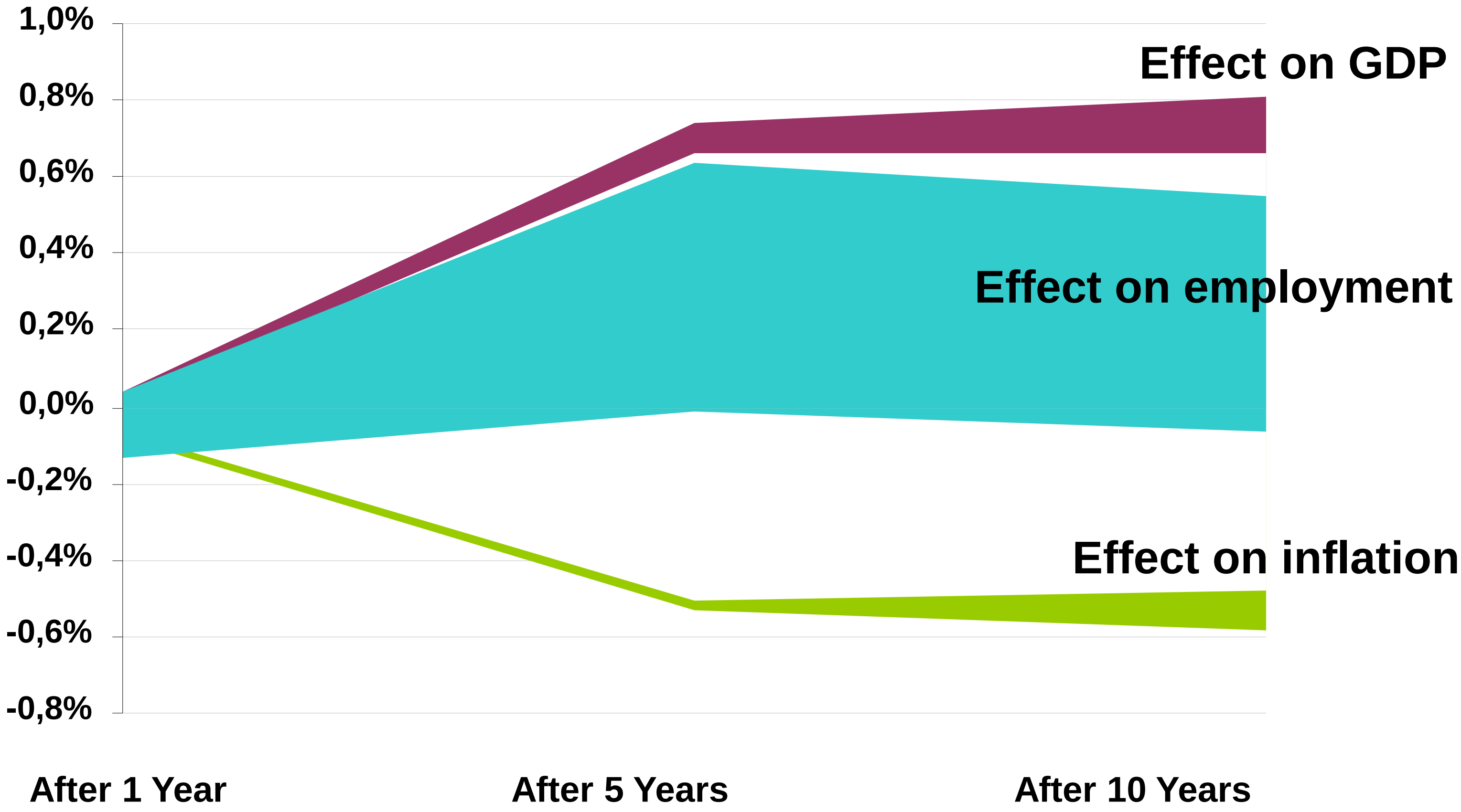
- Effective and efficient unbundling – separation of transport and supply/production
- Transparency and consumer protection
- Market integration through framework guidelines and network codes
  - Agency for the Cooperation of Energy Regulators (ACER) in Ljubljana (Slovenia)
  - ENTSO-G/E



- Community-wide 10-Year-Network Development Plans as starting point for joint and consistent investment planning

Directorate-General for Energy and Transport

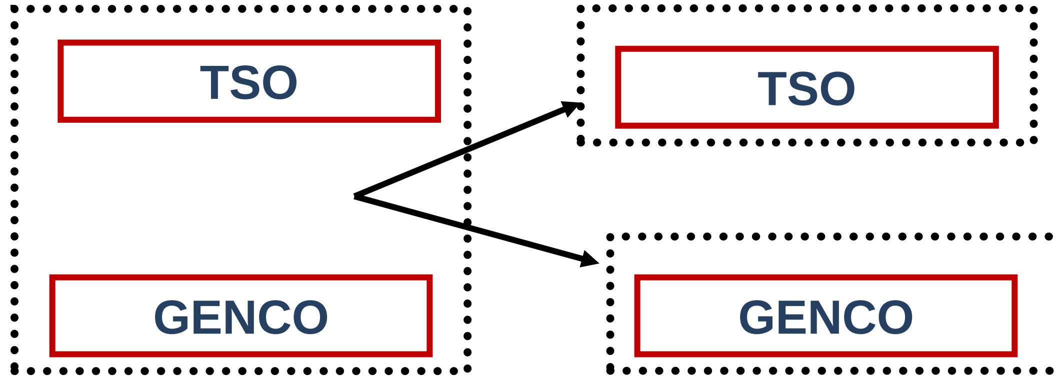
Estimated effects of opening gas & electricity markets



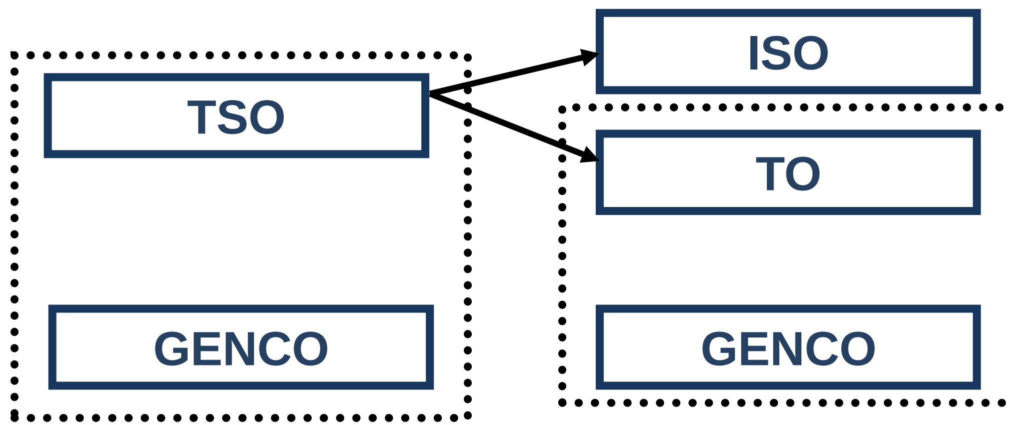
Achieving a fully functioning and competitive European electricity and gas market can add an extra 0.6% - 0.8% to EU GDP by 2020, create employment and curtail inflation

Unbundling options

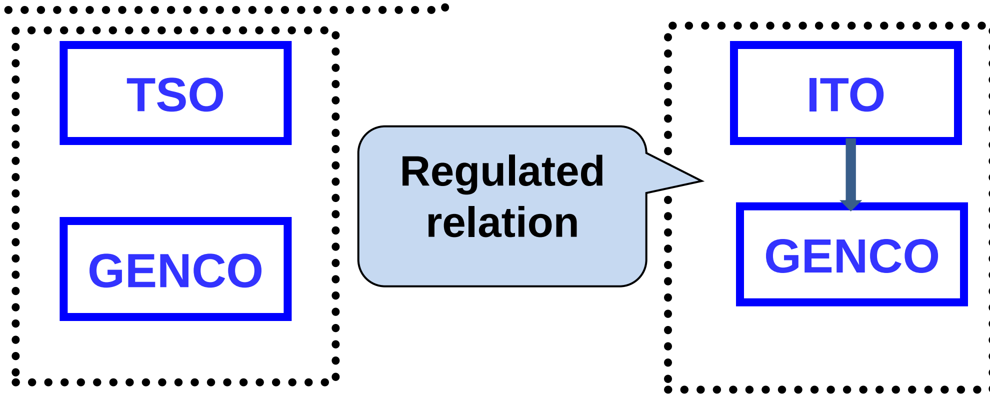
OWNERSHIP UNBUNDLING



Independent system operator



Independent transmission operator



Unbundling and ownership of the gas and electricity TSOs in the CEE countries in 2010

	Electricity TSO		Gas TSO	
	Ownership unbundled	Private ownership, %	Ownership unbundled	Private ownership, %
Bulgaria	N	0	N	0
Czech R.	Y	0	N	100
Estonia	N	0	N	100
Hungary	N	100	Y	100
Latvia	N	0	N	97
Lithuania	N	36	N	82
Poland	Y	0	Y	0
Romania	Y	74	Y	25
Slovakia	Y	0	N	49

Unbundling options taken by the MS in the CEE region

	Country	Electricity TSO		Gas TSO	
		company	unbundling	company	un-bundling
1.	Bulgaria	ESO	ITO	Bulgar-transgas	ITO
2.	Czech Republic	ČEPS	OU	NET4GAS	ITO
3,	Estonia	Elering	OU	derogation	
4.	Hungary	Mavir	ITO	FGSZ	ITO
5.	Lithuania	Litgrid	OU	Ambergrid	OU
6.	Latvia	AST	ISO	derogation	
7.	Poland	PSE Operator	OU	Gaz-System	OU or ISO
8.	Slovakia	SEPS	OU	Eustream	ITO

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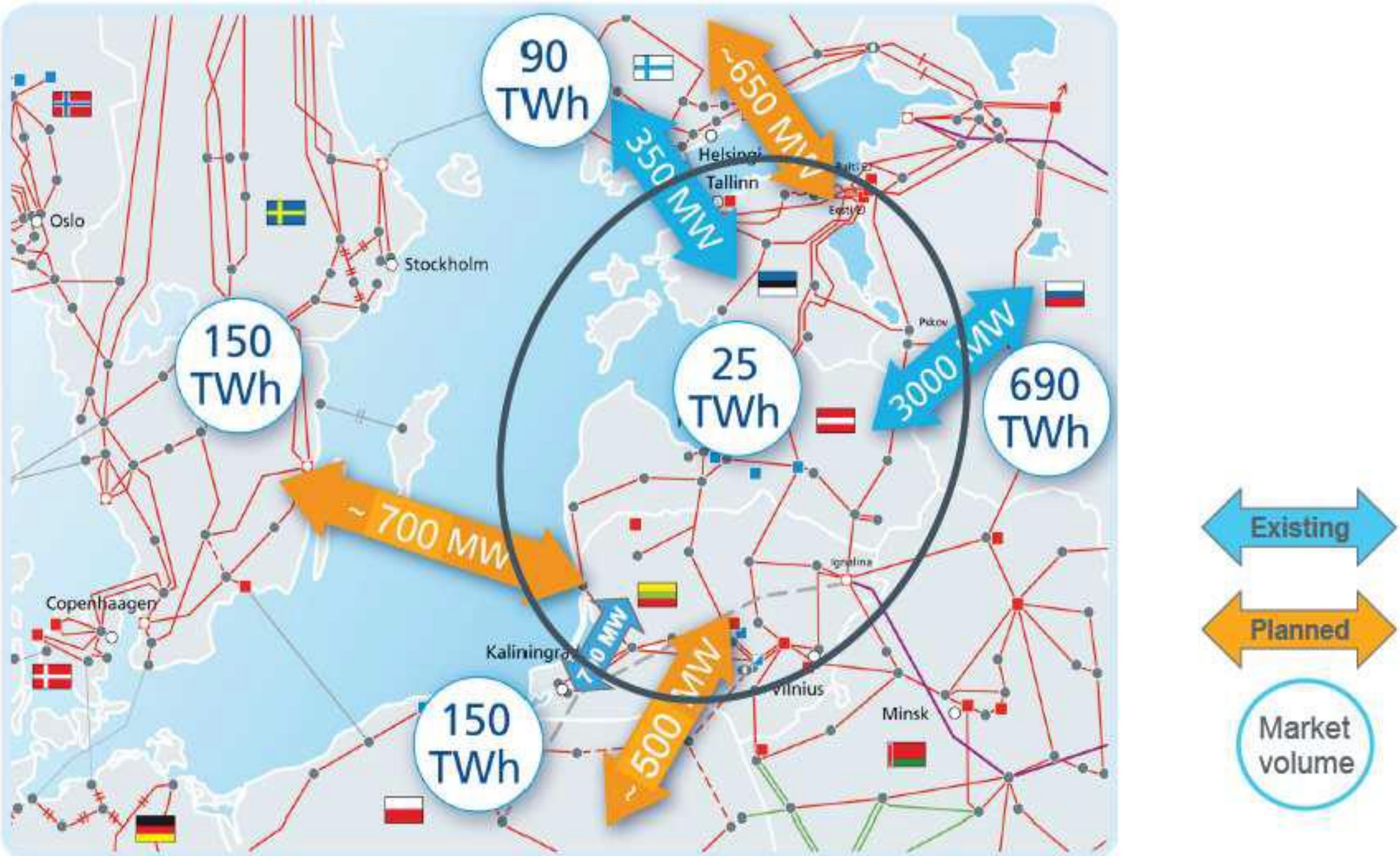
Unbundling of electricity DSOs in the CEE region

Country	No of DSOs	OU	Legal	Small
BL	4	4		
CZ	3	0	3	
HU	6	0	6	
LV	11	0	1	10
LT	2	0	2	
PL	20	0	16	4
RO	36	5	8	28
SK	3	0	3	

Integration of the Baltic electricity market



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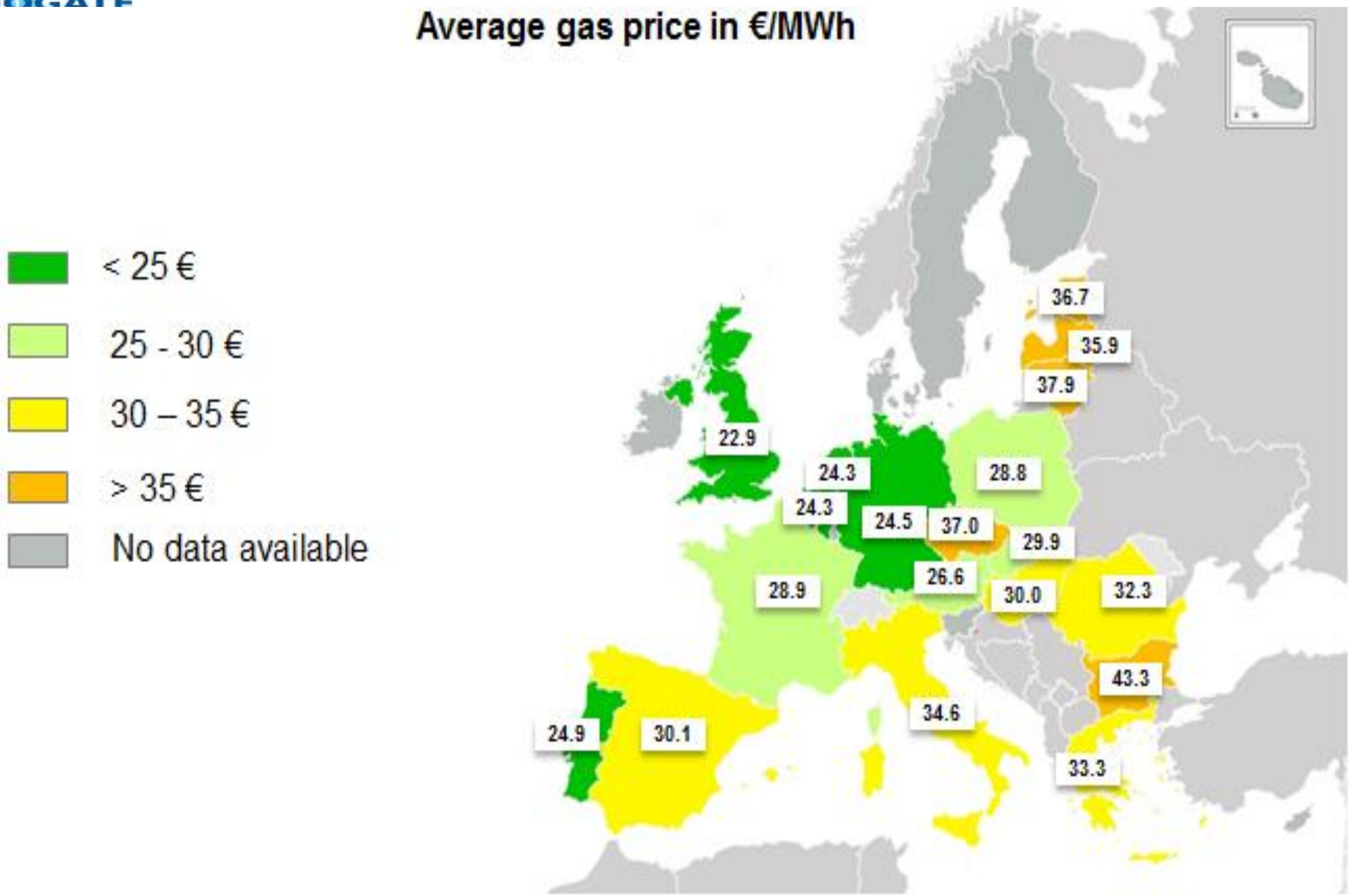
Gas prices are the highest in the CEE region



Source: European Commission, 3rd Quarter 2012

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Thank you

INOGATE Caucasus Regional Office
Kakheti Highway, 21,
Tbilisi, 0190 Georgia
v.jankauskas@inogate.org
Tel: + 995 32 2 24 40 50

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