The new INOGATE Project
Electricity & Gas
John Swinscoe on behalf of Key Expert 2
Chisinau, March 2014
BUILDING PARTNERSHIPS FOR ENERGY SECURITY
www.inogate.org
Electricity and Gas
(scope of work & approach)

Objectives:

Improved Trade/Competitive Markets/Harmonised Standards
Efficiency of Infrastructure

Policy Framework:
- Baku Initiative
- Eastern Partnership
- Energy Security Platform
- Energy Community

Tariffs, Market rules, Regulatory issues

Cross-border trade

Standards

Infrastructure Efficiency

REGIONAL ACTIVITIES
(Seminars, workshops, studies)

SPECIFIC ASSISTANCE (AHEF)
(Short projects)
Stakeholders Targeted

Cabinets of **Ministers**
**Ministries** in charge of Energy
**Ministries** of Economy

Energy **Regulators**

**Consumer** protection Organisations

Electricity Companies (**TSOs**)  
Gas Companies (**TSOs**)  
**Commercial** System Operators

NSBs (National **Standardisation** Bodies)  
**Certification & Accreditation** organisation

**Research** Energy Institutes
**Technical Experts Groups (TEG) in PCs**

...about 120 specialists in 11 PCs (16 in Moldova)

### TEG 1: Energy Markets & Infrastructure

- **Team 1:** Energy Policy
- **Team 2:** Tariffs & Regulation
- **Team 3:** Licensing, Markets and Monitoring
- **Team 4:** Cross-border trade Electricity
- **Team 5:** Cross-border trade Gas
- **Team 6:** Gas infrastructure

### TEG 2: Standardisation (Electricity & Gas)

- **Team 1:** Standardisation policy, Technical regulations
- **Team 2:** Gas standards
- **Team 3:** Electricity standards
Technical Experts Groups (TEGs)

**Purpose**

- TEGs support the CCs in the overall steering of the INOGATE Programme to **maximise benefits** in the PCs
- Strengthen **ownership and results** of the project activities
- TEGs as a **contact point** for INOGATE team
EU partner organisations
# Regional Activities (1)

**with participation of Moldova**

## Tariffs
- Tariff Study methodologies review & recommendations – first draft is ready.
- Tariff Seminar, Budapest, 29-31 October, 2013

## Regulatory Issues, Market rules
- High-level national seminars (6 PCs):
  - Capacity building of Regulators, Consumer Protection.
  - Combo event & study tour, Vienna, Bratislava, 9-11 Oct. 2013

## Cross-border Trade (E & G)
- Capacity building of TSOs (2 regional seminars, Jan & May 2013)
- Sub-regional workshops (AHEF based)
Regional Activities (2)
with participation of Moldova

E & G Infrastructure

- EU Gas Technologies & Methodologies – Study with updated approach (Final draft is ready)
- Regional seminar in EU, April/May 2014; showcase of methodologies & technologies for gas losses, PIMS, LDAR, optimal programme for each PC.

E & G Standards

- PC Road Maps & Action Plans for harmonisation of standards (for Moldova under preparation)
- Facilitated implementation of the agreement EASC on transfer of 60 translated gas standards to PCs – NSBs will be provided on request
- Study tour to DWGV, April 2014, Bonn, Germany
Regional Activities (example 1)

Capacity Building of Gas TSOs, Venice, Milan, May 2013
Regional Seminar/study tour.

Work scope & Key Results:

- latest EU CBT gas platform
- gas markets & prices
- visit to SNAM facilities
- 3rd GIE conference
- access to 350 EU gas stakeholders, exchange of experience
- increased capacity of PCs gas TSOs (high evaluation results)
- PCs gas investment projects promoted (initial negotiations held)
- AHEF ideas initiated (Uzbekistan)
Regional Activities (example 2)

Capacity building of National Standardisation Bodies,
London, Loughborough, July 2013
Regional Seminar/study tour.

- concept RM & AP presented
- key competences of NSBs discussed
- visit to BSI facilities & laboratories (E & G)
- agreement to go ahead with RM & APs for 6 PCs
- agreement to harmonise Priority standards (Ukraine, etc)
- agreement with EASC, transfer of 112 translated standards to PCs

Work scope & Key Results:
Regional Activities (example 3)

Tariff seminar,
Budapest, 29 -31 October

Work scope & Key Results:

Representatives from 7 of PCs. Covered all aspects of tariff setting:

- OPEX, CAPX and RoA
- Tariff design
- Investments
- Public Service Obligations
- Network Access
Regional Activities (example 4)

Review of standardisation and technical legislation systems of 11 NOGATE Partner Countries. Regional Study.

Work scope & Key Results:

- review of standardization and technical legislation systems of the PCs.
- recommendations for establishing the new TCs in E & G, and strengthening the existing TCs
- state of play to be used for RM & APs
- gap analysis with EU framework

Diagram:

- Legal framework (primary legislation)
- Technical Regulations/codes
- National/Regional standards
- EN/ISO
### Regional Activities (example 4).

**Tariff Review, Regional Study**

<table>
<thead>
<tr>
<th>Regional Review of Tariffs</th>
<th>Tariff Seminar</th>
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</thead>
<tbody>
<tr>
<td>• Focus on methodologies for Electricity and gas</td>
<td>• Tariff methodologies</td>
</tr>
<tr>
<td>• Comment on alignment with EU practises</td>
<td>• Tariff Design</td>
</tr>
</tbody>
</table>
Tariff Review

• All respondents said that their tariffs are cost based
• Most use historical costs for valuing assets and use straight line depreciation
• All say that tariffs are fully cost reflective
• Most say that there are no subsidies in the tariffs
• Some (Georgia, Kazakhstan, Moldova, Ukraine) are contemplating incentive regulation for transmission/distribution
Commercial & Residential Tariffs in PCs
## Specific assistance AHEF: Active Applications

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
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<tbody>
<tr>
<td>Armenia</td>
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<td>Moldova</td>
<td>4</td>
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<tr>
<td>Azerbaijan</td>
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<td>Tajikistan</td>
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<td>Georgia</td>
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<td>Ukraine</td>
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<td>Kazakhstan</td>
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<td>Uzbekistan</td>
<td>3</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>5</td>
<td></td>
<td>TOTAL: 43</td>
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</table>
How AHEF works?

www.inogate.org

Eligible Applicant:
Application for TA under the AHEF

Selection

ITS Project Team:
Pool of Experts

AHEF Project ToR

Implementation

EC Approval:
AHEF: Moldova
(ongoing)

Energy Regulation (ToR under preparation/approval):

- Introduction of a system of automatic compensation payments for non-compliance with the guaranteed indicators of the quality of services provided by network operators and for the improvement of quality of services monitoring mechanisms.
- Calculation of losses in electricity distribution grids. Methods of calculation and incorporation of losses into end-users tariff.
- Regulation and monitoring of investment activities of regulated companies

Electricity and Gas Standards (implementation launched):

- Harmonization of Standards for small HPP equipment and standards used by testing and certifying laboratories.
AHEF: Georgia example

1. Cathodic Protection System Design (on-going)
2. Direct Assessment Techniques of unpiggable pipelines
3. Construction Supervision (Non Destructive Testing-NDT) and Pipeline Testing and Commissioning (completed)

- 3 seminars in Tbilisi & study tour to Greece
- participation open to other PCs
- reduced cost of the construction and maintenance
- reduced gas emissions improving the environment
- optimal design of rehabilitation programmes
- internationally recognized NDT certificates

Work scope & Key Results:
AHEF: Azerbaijan example

Consultancy services on Advanced Meter Infrastructure (AMI) application at Azerenerji’s distribution networks (ongoing)

- 2 phases
- Assessment of the current state of the Metering Data Management (MDM) systems
- AMI system design
- Support in procurement AMI systems
- 100% collection rates
- Reduction of technical losses to 5%
- Prevention of illegal access to grid and meters;
- Establishment of a modern and well-functioning customer services.
AHEF: Armenia example

Rules of connection to electricity and gas distribution networks (completed).

- Analysis of the current legislation framework on connection conditions and charging propose technology on utilisation
- Recommendations regarding the rules and connection tariffs
- Formulation and adoption by PSRC of proposals and in an improvement of the relevant primary and secondary legislation.

Work scope & Key Results:
**First Caucasus INOGATE office is located in the building of the Georgian Oil and Gas Company (GOGC).**

### Electricity & Gas team

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy TL/KE - Gas and Electricity</td>
<td>Nikos Tsakalidis</td>
</tr>
<tr>
<td>Electricity regulatory expert (long term)</td>
<td>John Swinscoe</td>
</tr>
<tr>
<td>Gas infrastructure expert (long term)</td>
<td>Achilleas Gekas</td>
</tr>
<tr>
<td>Office Manager</td>
<td>Keti Mirianashvili</td>
</tr>
<tr>
<td>Communications and Event Expert</td>
<td>Rusudan Nonikashvili</td>
</tr>
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### One expert in Kiev office

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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<tbody>
<tr>
<td>Standardisation Expert</td>
<td>Viktor Petrenko</td>
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### Back up team / Project Management - Greece

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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<tbody>
<tr>
<td>Energy Market Governance &amp; Electricity Expert</td>
<td>Sophia Nikolakaki</td>
</tr>
<tr>
<td>Energy Markets Convergence Expert</td>
<td>Nikos Tourlis</td>
</tr>
</tbody>
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