



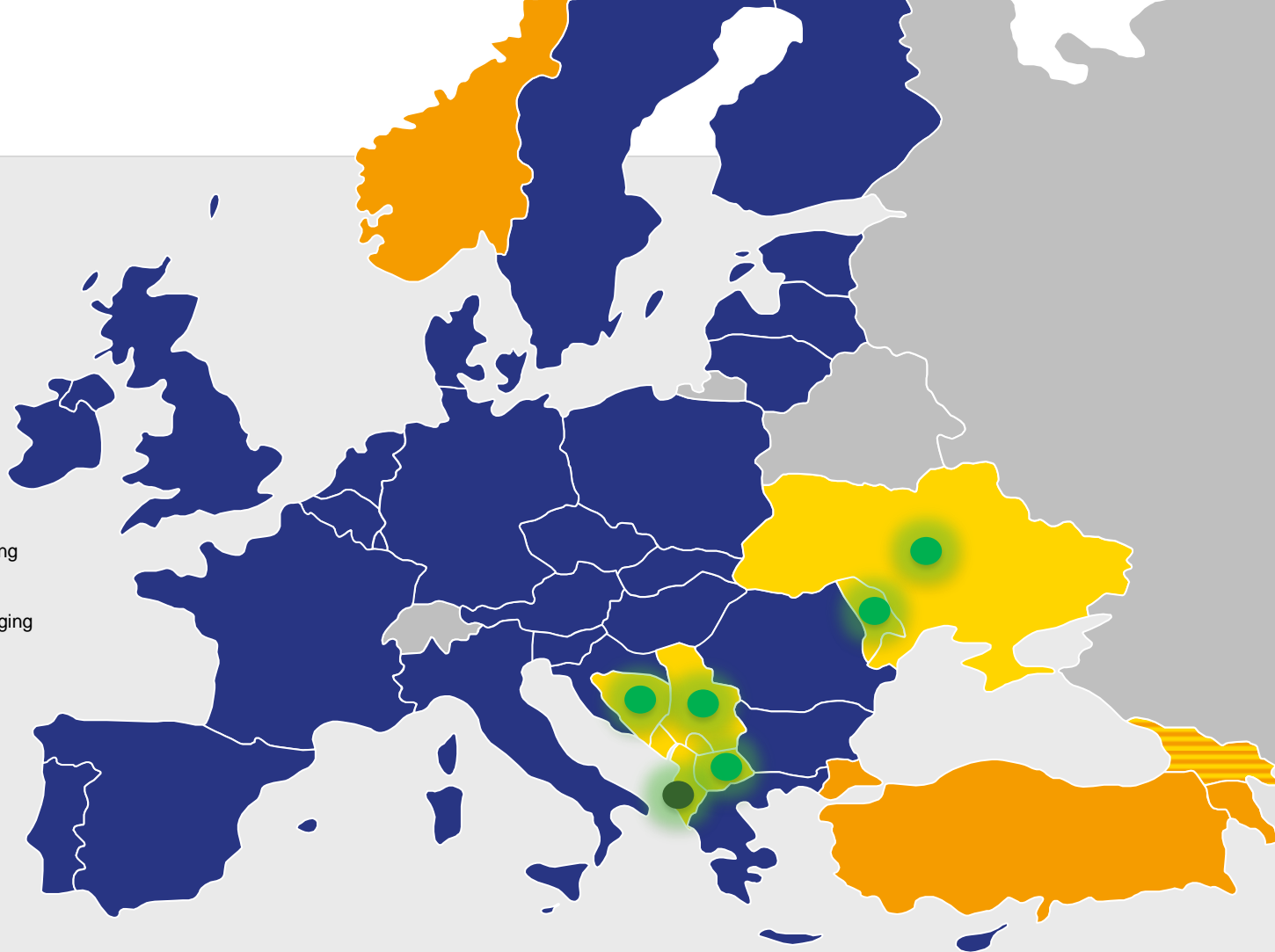
Implementation of the Treaty in Gas sector

Predrag Grujičić, Head of Gas Unit

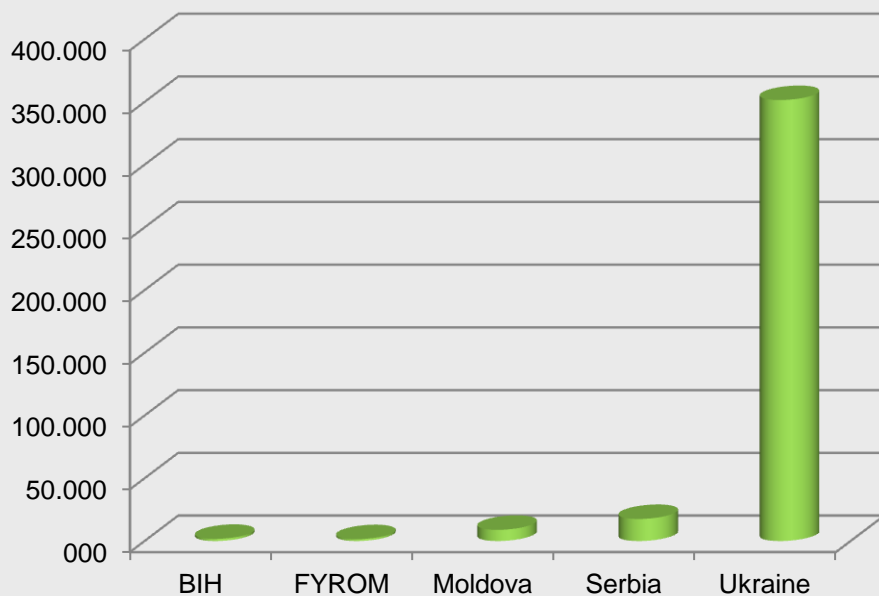
Vienna, 25 January 2016

Energy Community

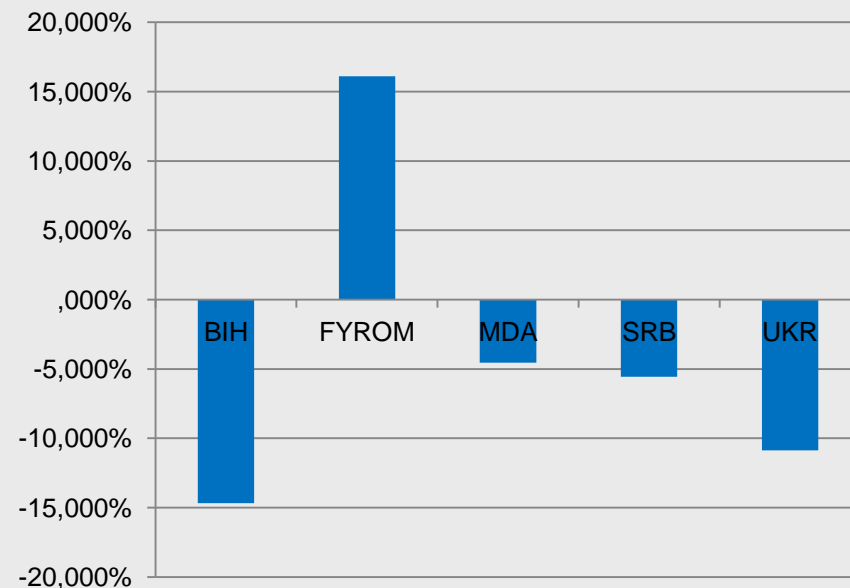
-  Contracting Parties with existing gas markets
-  Contracting Parties with emerging gas markets
-  European Union
-  Contracting Parties
-  Candidate
-  Observers



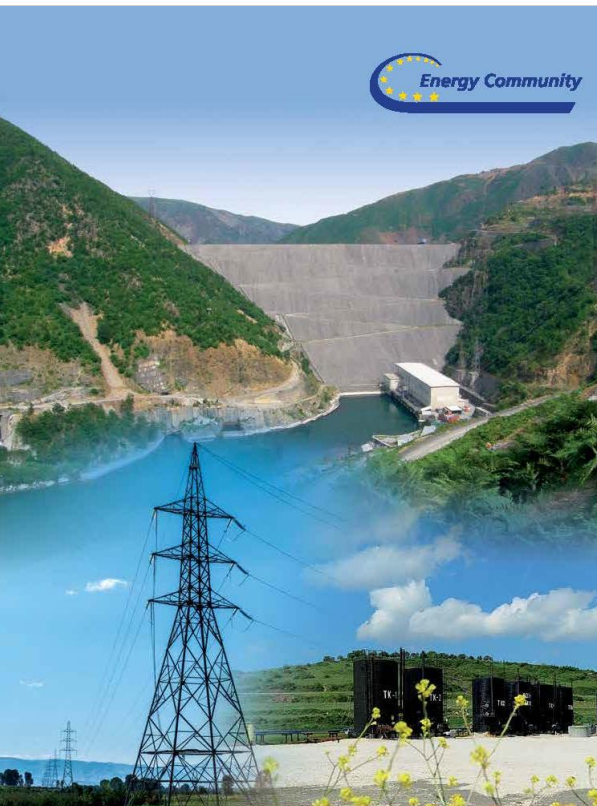
Gas market trends



Gas consumption 2013 (GWh)



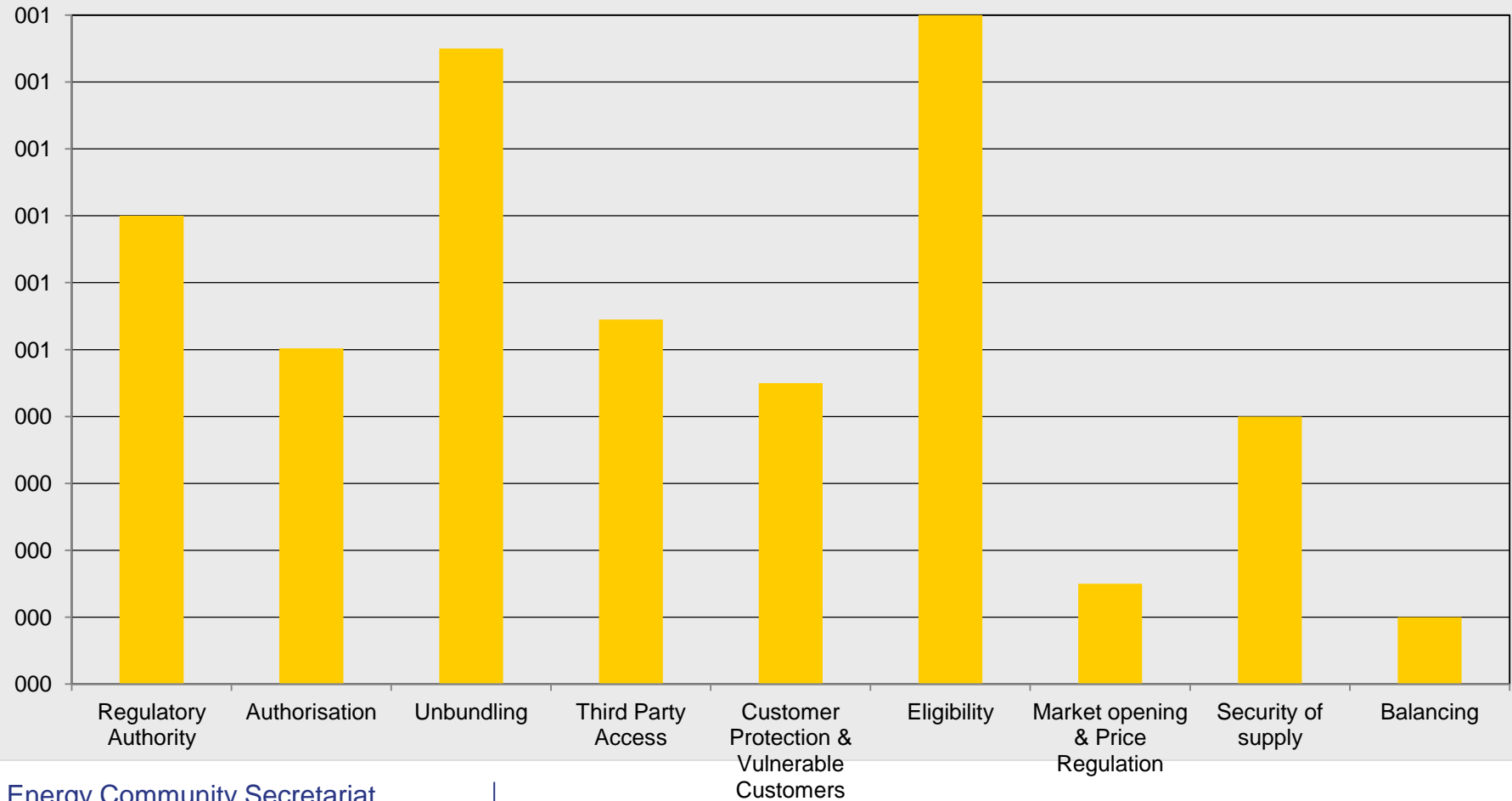
Demand growth 2012-2013 (%)



ANNUAL IMPLEMENTATION REPORT
ENERGY COMMUNITY SECRETARIAT
1 SEPTEMBER 2015

- The Secretariat has a legal obligation to monitor the implementation of the acquis and submit yearly progress reports to the Energy Community Ministerial Council (Energy Community Treaty Art. 67)
- Secretariat's 2015 report covers period from 1 August 2014 to 1 September 2015
- Report available online - https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3842305/EnC_IR2015_WEB.pdf
- ECS reports on the gas acquis implementation per Contracting Party and per elements of the acquis

Transposition of gas acquis/graphical interpretation



Third package is advancing – aligning with the EU



Third package (Directive 2009/73, Regulation 715/2009) deadline 1.1.2015.

Serbia adopted a 3P compliant law in December 2014


Ukraine: the draft law prepared with the ECS and adopted and enforced in May 2015

Albania, Montenegro adopted laws in 2015

Kosovo*, – advanced their 3P draft laws, Moldova has received a draft gas law prepared by ECS – work in progress

fYRoM - a draft law shared by ECS in autumn 2015

BH - long standing dispute (2nd package)

- 
- **3rd package implementation; assistance in drafting secondary legislation**
 - **Network Code implementation**
 1. **Capacity allocation / congestion management**
 2. **Balancing Code**
 3. **Interoperability Code**
 - Adapted drafts to be prepared by ECS
 - to be adopted by the Energy Community
 - **Regulation 994/2010 – participation in the public consultation; involvement of the EnC in the revised Regulation**
 - **Gas market integration initiatives (GRI) participation**
 - **CESEC initiative**



Dispute settlement cases: upon a complaint or upon the ECS's own initiative

- Recent disputes against Serbia and Bosnia and Herzegovina were brought to Ministerial Council

Certification of TSOs; TPA Exemption for new interconnectors:

- Issuing ECS opinions
- TAP is in the process of certification

On our gas agenda₃ - cooperation with EU



- ***Cooperation with ACER***
- ***Gas regional integration initiatives (GRI) under ACER's umbrella***
- ***CESEC initiative***
- ***Market integration study***
- ***ENTSOG – inclusion of TSOs from CPs***
 - ***TYNDP***
 - ***Common understanding for NC***

Energy Community Treaty – articles from Title III and IV; also on SoS Statements

Directive 2009/73 - Safeguard Measures, Monitoring of Security of Supply

Directive 2004/67 - binding acquis (from 31 Dec 2009)

Guidelines for SoS Statements

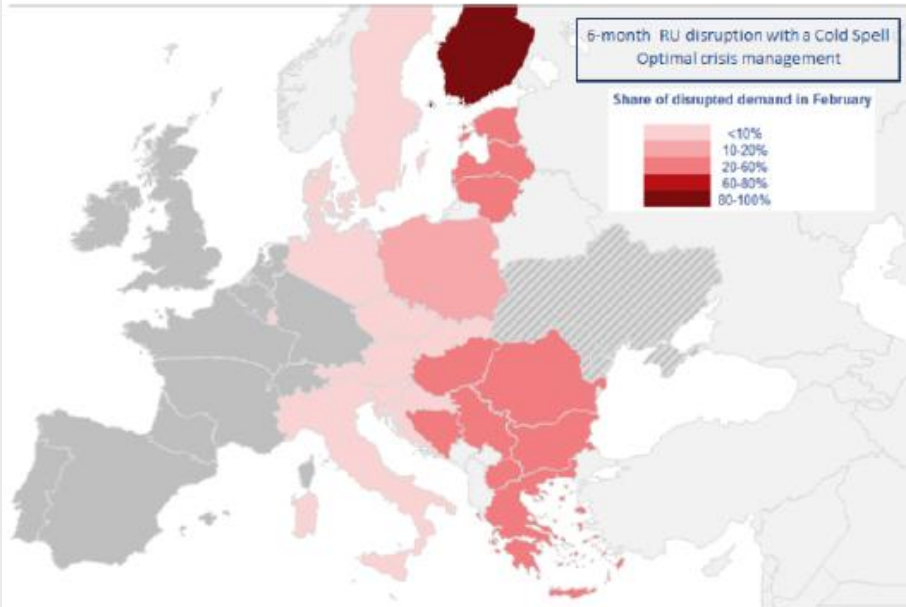
EnC: Security of supply Coordination group for gas

The Secretariat is member of the Gas Coordination Group

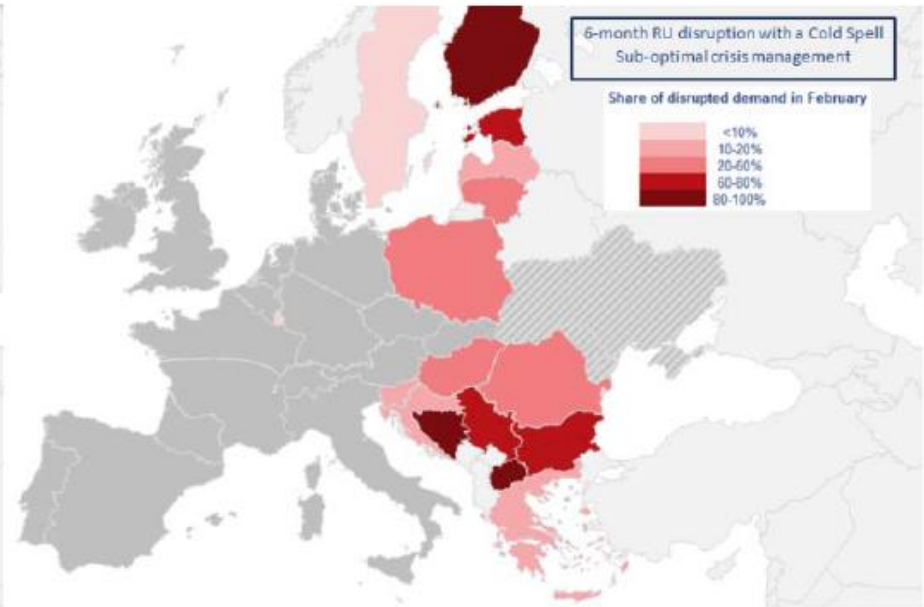
2014: Stress test and a disruption of Russian supplies via Ukraine

Stress test 2014 → high vulnerability of the region in case of Russian supply disruption

Cooperative Scenario



Non-cooperative scenario

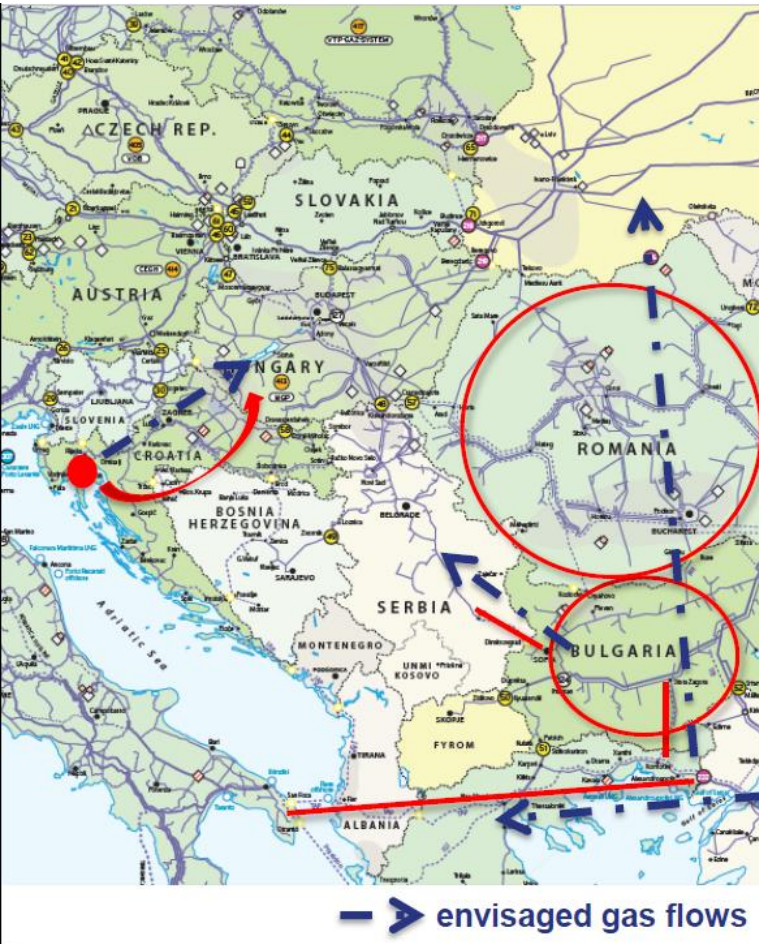


Source: ENTSOG

Create a fully operational framework for security of gas supply based on revised Regulation 994/2010 by:

- covering cross-border cooperation between Member States and the Contracting Parties
- Contracting Parties to be involved in the process - a Joint act on SoS adopted by Ministerial Council in 2015
- EnC to be a part of the EU legal act for the first time
- an ambitious process: revision and adaptation of the Regulation for the EnC

CESEC – missing infrastructure and market elements for security of supply



- Based on the same 2014 stress test: **6 priority projects** to increase SoS via strengthened interconnection
 - TAP
 - Interconnector GR-BG (IGB)
 - Interconnector BG-SRB
 - System reinforcement BG
 - System reinforcement ROM
 - LNG Terminal HR
 - LNG evacuation system towards HU
- **MoU signed in July 2015**
 - EU | AL | AT | BG | FYROM | GR | HR | HU | IT | ROM | SI | SK | SRB | UA

ECS to monitor and facilitate CESEC – list of measures

Case study: Ukraine – reforming the gas sector

Adoption of the gas law constitutes a big leap forward for Ukraine (and beyond)

The EnC Secretariat drafted Gas Law (April 2014) and assisted in development of secondary legislation and implement an effective unbundling model

Ukraine consults case law of the EnC and:

- Develop licensing conditions, PSO decrees, general rules on supply and rules on supplier of last resort upon consultation with the ECS***
- notify the ECS about regional cooperation, emergency measures and SoS action plan***
- ECS shall issue an opinion for TSO certification and TPA exemptions for new infrastructure***

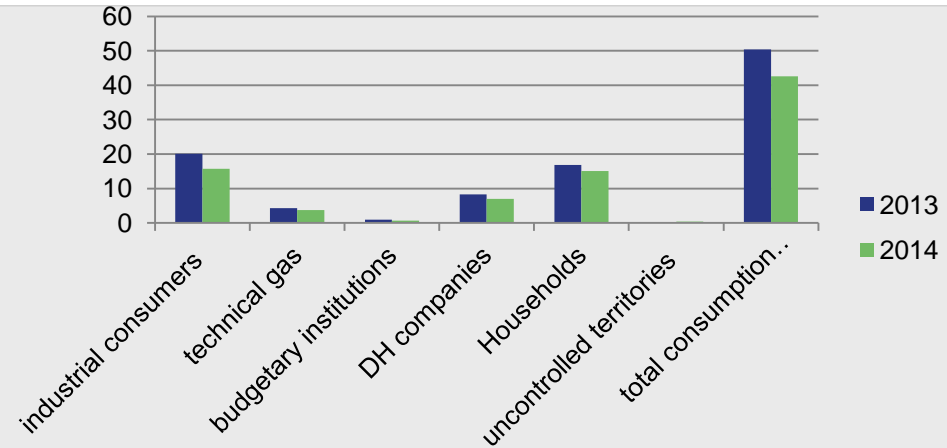
Ukraine disputed: Gas transit and supply contracts with Gazprom and the Nord Stream 2 project

Ukraine – gas supply diversification and consumption

Source-Naftogaz

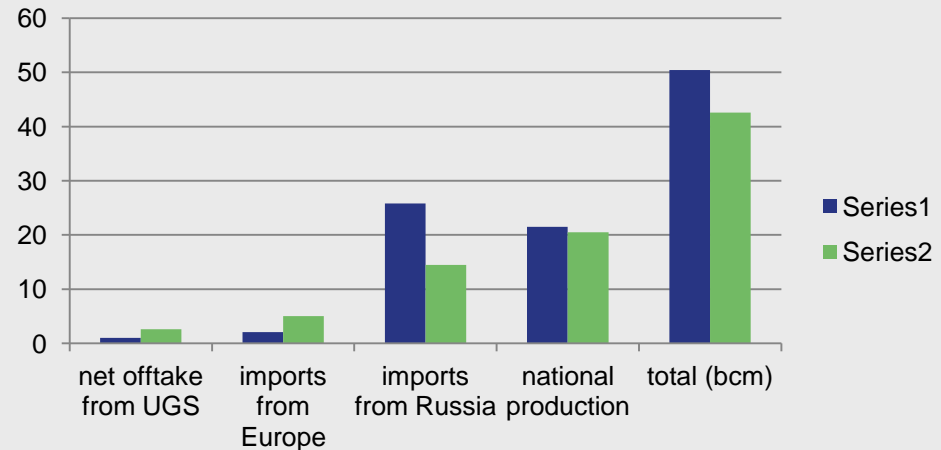
Gas consumption in Ukr

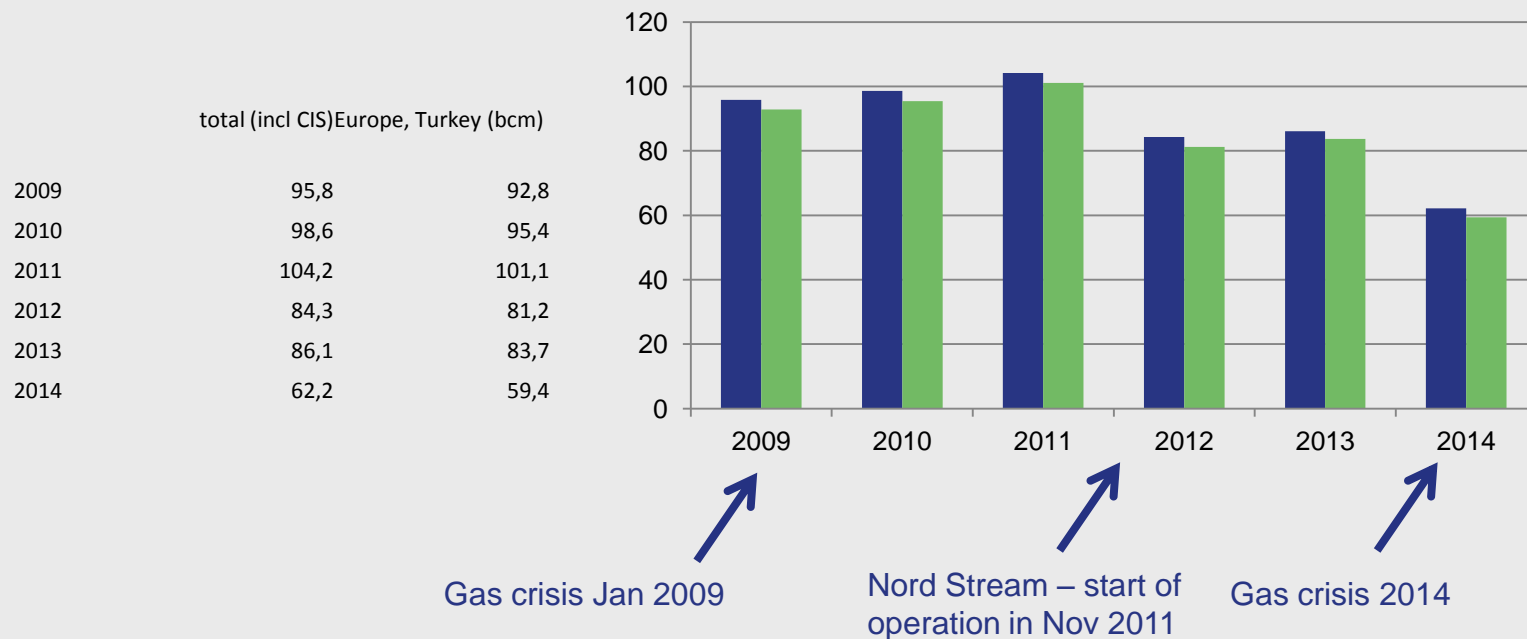
	2013	2014
industrial consumers	20,1	15,7
technical gas	4,3	3,7
budgetary institutions	0,9	0,7
DH companies	8,3	7
households	16,8	15,1
uncontrolled territories	0	0,4
total consumption (bcm)	50,4	42,6



Gas by sources

	2013	2014
net offtake from UGS	1	2,6
imports from Europe	2,1	5
imports from Russia	25,8	14,5
national production	21,5	20,5
total (bcm)	50,4	42,6





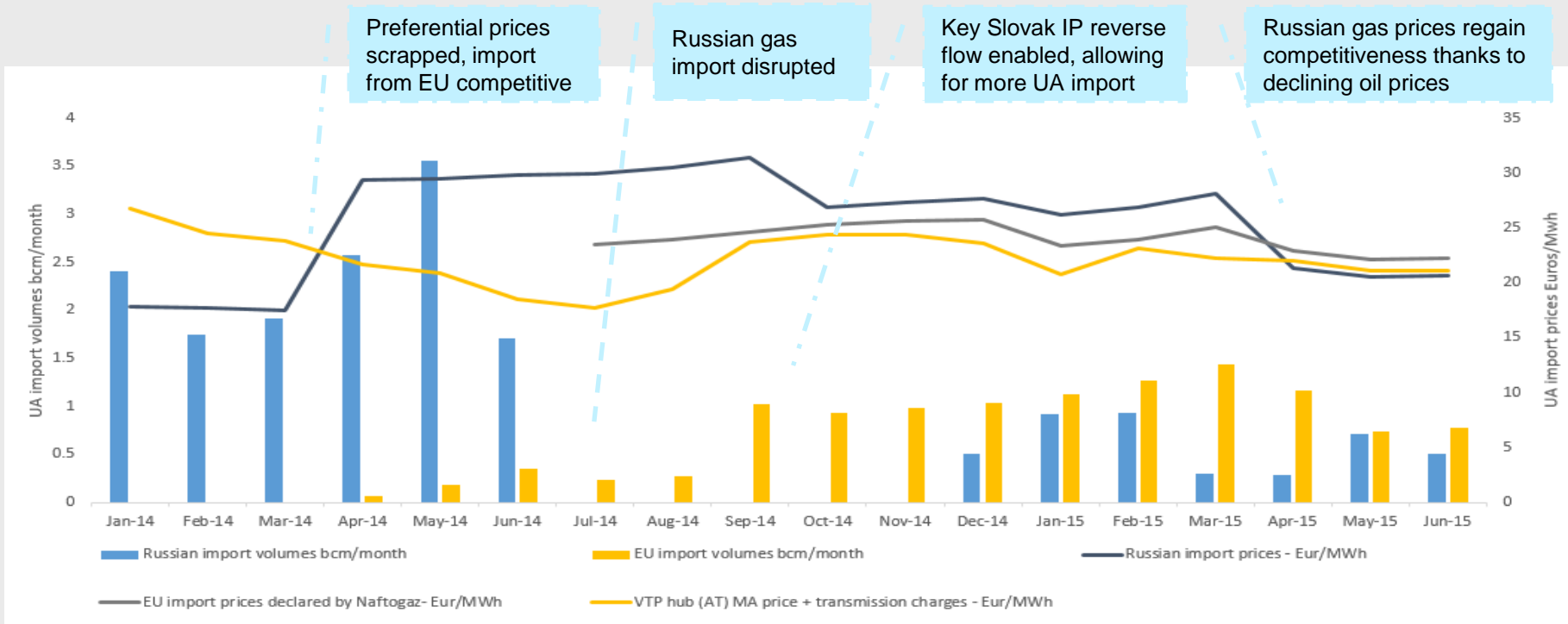
Average prices and quantities supplied to Ukraine in winter 2014/2015



Month	Total Imports, bcm	From Russia, bcm	From Europe, bcm
July '14	0.21	0.00	0.21
August '14	0.34	0.00	0.34
September '14	0.95	0.00	0.95
October '14	0.88	0.00	0.88
November '14	0.93	0.00	0.93
December '14	1.51	0.52	1.00
January '15	1.97	0.92	1.05
February '15	2.11	0.93	1.19
March '15	1.63	0.30	1.33
Total	10.54	2.67	7.87

	Average import price from all directions, including transport to Ukrainian border, US\$/tcm	Average import price from Europe, including transport to Ukrainian border, US\$/tcm	Average contractual price in Europe, at the delivery point, US\$/tcm
3Q14	353	353	348
4Q14	360	355	346
1Q15	315	301	293

Ukraine gas imports (bcm/month) and estimated Ukrainian gas import prices



Directive 2009/73/EC

- Definitions
- Main principles and responsibilities
- Unbundling of transmission and supply – TSO, ISO models; certification
- Role, tasks, responsibilities, independence, power of Regulatory authority in gas sector
- Unbundling of DSO, UGSSO, LNGSO
- General rules of access to infrastructure
- Regional cooperation
- Supply / general and specific rules
- As adapted by the Ministerial Council – role and tasks of the Secretariat (PSO, certification, exemptions for new infrastructure)

Directive 2004/67/EC + Regulation 994/2010

- Monitoring of security of supply and reporting
- Security of supply measures / tasks and responsibilities / Risk Assessment
- National Plan of actions in emergency

Regulation (EC) 715/2009

- Basic principles of capacity allocation, congestion management, balancing, regional cooperation
- Further development of secondary legislation – network codes required

Entered into force on 1 October 2015

Secondary gas legislation

Public Service Obligation
Decree

Supply Rules

Security of Supply Rules

National Action Plan

Transmission System Code

Storage System Code

Distribution System Code

Criteria for access to
storages

Decree on mandatory
reserves

Tendering procedure for
Supplier of Last Resort

Standard gas supply contract
(households and SoLR)

Standard access contract
(transmission, storage,
distribution)

Order for protection of
vulnerable customers

Entry-exit transmission tariff
methodology

Storage tariff methodology

Distribution tariff methodology

Certification rules

Compliance programme (for
TSO, for SSO)

Compliance officer contract

Methodology for connection
fee

NRA Dispute Resolution
Rules

Licensing Conditions and
Forms

The background is a satellite-style image of Europe, with landmasses in dark blue and city lights in white. Overlaid on this are numerous glowing blue lines that arc and curve across the map, representing a network or energy grid. These lines connect various points across the continent, creating a sense of interconnectedness.

*Thank you
for your attention!*

www.energy-community.org