Partner Countries’ State of Play - Results of Benchmarking Report

Area of cooperation 1: Energy market convergence

INOGATE Working Group Meeting
Brussels, 18-19 May 2011
State of play

Process

Step 1 – Country profiles by ITS – Desk research
Step 2 – Validation with CCs and WGMs – Visitation programme
Step 3 – Allocation of progress categories based on the findings on ‘indicators’

Categories

Basic
Developing
Mature
Indicators

- Third Party Access
- Unbundling
- Independent energy regulators
- Technical rules
- Integrated regional markets

- Indicators agreed at the Meeting 20 October 2010 in Tbilisi
- Mostly derive directly from the Energy Road Map
- Few indicators are defined using EU principles
### Benchmarking criteria (1)

<table>
<thead>
<tr>
<th>Basic</th>
<th>Developing</th>
<th>Mature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Access limited or non-existent</td>
<td>Third Party Access is foreseen, but restrictions on transparency or principle of non-discrimination</td>
<td>Third Party Access fully applied in line with EU practice</td>
</tr>
<tr>
<td>Independent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No unbundling of TSO and DSO in place</td>
<td>Unbundling of accounts of TSO/ DSO in place</td>
<td>Ownership unbundling has taken place, fully unbundled in line with EU principles</td>
</tr>
<tr>
<td>Regulatory authority exists, but not independent and limited authority</td>
<td>Regulator exists with limited authorities</td>
<td>Regulators exist in line with EU principles</td>
</tr>
</tbody>
</table>
## Benchmarking criteria (2)

<table>
<thead>
<tr>
<th>Basic</th>
<th>Developing</th>
<th>Mature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy on harmonization with EU and International standards but no implementation measures taken</td>
<td>Harmonisation with EU and International standards on going</td>
<td>Fully harmonised-International standards adopted</td>
</tr>
<tr>
<td>Discussions on integrated markets ongoing, but no official agreement in place</td>
<td>Agreements with neighbours on integrated market exist</td>
<td>Integrated markets in operation</td>
</tr>
</tbody>
</table>
Results

Third party access
1. Gas sector: not all countries encourage Third Party Access to the transmission networks
2. Electricity sector: Third Party Access is allowed but barriers still exist.

Unbundling of TSO and DSO
1. In all partner countries a transmission system operator (TSO) and a least one distribution system operator (DSO) exist, but most under state control
2. Gas sector: majority not unbundled
3. Electricity sector: some unbundled legally and financially
Results

Independent energy regulators
1. In all partner countries an energy regulatory body exists.
2. Three (3) categories of regulators:
   - Department of ministry in charge of energy
   - Body acting under the supervision of a Ministry
   - Body acting in a more free environment
1. In some countries energy tariffs is a matter of social policy

Technical rules
1. Increased interest over last years
2. Few countries established the process for harmonisation

Integrated regional markets
1. Increased interest for developing regional energy markets
Best practices/examples

Third party access
1. Best cases in gas sector: Georgia and Moldova
2. Best cases in electricity sector: Georgia, Kazakhstan, Moldova and Ukraine

Unbundling of TSO and DSO
1. In gas unbundling best cases: Armenia, Georgia and Moldova
2. In electricity sector: Armenia, Georgia, Kazakhstan, Moldova and Ukraine
Best practices/examples

Independent energy regulators
1. Best cases: Armenia, Georgia, Moldova and Ukraine
2. In some countries energy tariffs is a matter of social policy

Technical rules
1. Most advanced cases: Armenia, Georgia, Kazakhstan and Moldova
2. Established the process for harmonisation

Integrated regional markets
Most interested in creating regional energy markets
1. Transmission countries (Georgia, Ukraine)
2. Energy producing countries (Kazakhstan, Uzbekistan)