“Capacity Building for Energy Regulators in Eastern Europe and Central Asia”

REPORT on Regulatory Peer Review at the National Energy Regulatory Agency (ANRE) of Moldova

Contract ENPI/2008/171926

December, 2009

This project is funded by The European Union

A project implemented by Energy Regulators Regional Association (ERRA)
REPORT

on

Regulatory Peer Review
at the National Energy Regulatory Agency (ANRE) of Moldova

Prepared by

Dr. Vidmantas Jankauskas former Chairman of the National Control Commission (NCC) of Lithuania and
Mr. Csaba Kovács, Vice-president, Hungarian Energy Office (HEO), Hungary

December, 2009

Disclaimer: The contents of this publication are the sole responsibility of the contractor, the Energy Regulators Regional Association (ERRA) and can in no way be taken to reflect the views of the European Union.
Table of Content

Background Information ........................................................................................................3
Introduction ..........................................................................................................................6
Execution of the peer review ..............................................................................................8
Current status of the Moldova’s National Energy Regulatory Agency (ANRE) ..................9
  Legislative framework .........................................................................................................9
  Organizational structure, relations with other agencies ..................................................14
  Electricity and natural gas markets’ models .......................................................................17
  Licensing policies and procedures .....................................................................................19
  Pricing policies and procedures .........................................................................................21
  Service quality and performance standards ......................................................................24
  Public participation and transparency ................................................................................25
Summary of the peer review ...............................................................................................28
Key findings and recommendations .....................................................................................30
  Comments of ANRE, Moldova upon the finalization of the Peer Review Report ...........33
Annex I: ................................................................................................................................34
  AGENDA ............................................................................................................................34
  REGULATORY PEER REVIEW ......................................................................................34
Background Information

“Peer Reviews” are based on the concept that peers with similar experience and expertise are in the best position to judge, evaluate or provide appropriate feedback on one another’s work.

In the context of the INOGATE Programme, the concept of the regulatory peer review is more in the spirit of what might be called “peer support” or consultation. It is not an inspection or an audit to judge whether or not an Energy Regulatory Commission is doing a good job. It is an opportunity for regulatory commissions and their staff to share their experiences and practices and jointly explore ways to achieve the purposes of independent energy regulatory authorities.

The regulatory peer review furthers these objectives by providing an opportunity for regulators from consenting countries to compare and discuss their legal framework and regulatory practices with each other in a confidential setting that allows frankness in the sharing of experiences and observations. It is a collaborative process built around dialogue of colleagues. Because it is a context in which regulators can examine each others regulatory practices in a concentrated and personal manner, it should help participating regulators draw on each other’s experience and knowledge to strengthen their organizations and improve the quality of regulation.

The key objectives of the Regulatory Peer Review are to enhance the effectiveness of the regulator by:

- Providing the host country (regulator and potential governmental authorities) with an objective review of their regulatory practice;
- Providing the host regulator with recommendations and suggestions for improvement in areas where their organization or performance falls short of internationally accepted practices;
- Providing key staff at the host regulator with an opportunity to discuss their practices with experts who have experience of other practices in the same field; and
Providing all INOGATE partner countries with information regarding good practices identified in the course of the review;

Scope and method of review:

There are key characteristics of regulatory bodies upon which the review should focus:

- Autonomy – the degree to which the regulatory body is independent and free from political influence or outside interference.
- Authority – the degree to which regulatory body has the ability to grant licenses, set tariffs, establish guidelines, and adopt and enforce terms and conditions of service.
- Accountability – the presence of public participation, ethics requirements, avenues for redress of grievances and oversight that assure transparency and credibility without unnecessarily undermining autonomy.
- Organizational Structure – does it enable the regulatory body to efficiently and effectively carry out responsibilities and respond to changes in workload and the structure of the energy markets.

In order to conduct a review oriented to these characteristics, it is necessary to examine various elements of the regulatory body’s operation. This will include the following general areas:

- National legislation or administrative law affecting the regulatory body and its authority;
- The specific roles and responsibilities of the regulatory body;
- Relation of the regulatory body to other government bodies;
- Organizational structure of the commission;
- Licensing process and requirements;
- Tariff procedures and methodologies;
- Inspection and enforcement authority and practices;
- Forms of public participation in the regulatory procedures and dissemination of information to the public;
- Relationship of market structure to authority and workload
Composition of the review team:

In case of the INOGATE Partner Countries the Review Team should ideally consist of five members: two senior practicing or former regulators of EU Member States and three senior regulators of other INOGATE Partner Countries, as beneficiary observers. The review is to be conducted and overseen by the two senior regulators. The reason for including representatives of INOGATE Partner Countries is for them to learn the review practice from expert reviewers and to foster the exchange of experiences between regulatory authorities in the Partner Countries.

In the case of the Regulatory Peer Review conducted at the National Energy Regulatory Agency (ANRE) of Moldova on October 26-27, 2009 in Chisinau the experts were: Dr. Vidmantas Jankauskas former Chairman of the National Control Commission (NCC) of Lithuania and Mr. Csaba Kovács, Vice-president, Hungarian Energy Office (HEO), Hungary. The observer was Imanbek Bezkat Turganbekovich, Chief Expert of the Legal Department of the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies (AREM).

The agenda of the Peer Review is available in Annex I of the report.
Introduction

Regulators in different countries differ in their institutional structures, powers and scope of their duties. This is because different countries have different market structures, legal and political background, etc. For these reasons, it is neither realistic nor proper to expect any international group to review and pass absolute judgment on a national regulator. However it is possible to compare the regulatory practices in a country and equivalent good practices elsewhere. Acting or former experienced regulators from other countries in the region can evaluate the regulator with respect to these guidelines and practices; they can also provide recommendations and suggestions for improvement. Peer review framework gives also a possibility for observer regulators to learn from the practice of the assessed regulatory authority and to discuss relevant and timely energy sector related issues with participants present at the review.

The review is therefore not a regulatory inspection or an audit against set codes and standards. Instead, it is a comparison (insofar as this is possible) of the regulatory practices of among the ERRA countries and an exchange of experiences and equivalent good practices aimed at strengthening the organization and practices being followed.

Moldova’s National Energy Regulatory Agency (ANRE) was an object of the peer review conducted by the colleagues from the region (former regulator from Lithuania and acting regulator from Hungary). The peer review team consisted of the former ERRA Chairman, former Lithuanian energy regulator Vidmantas Jankauskas and Csaba Kovács, head of Department for economic research and environmental protection, Hungarian Energy Office (HEO), Hungary. Bekzat Imanbek, chief specialist from the Agency of the Republic of Kazakhstan for Regulation of Natural Monopolies (AREM) took part as an observer.
The main topics analyzed by studying the national legislation and conducting interviews with the ANRE staff were:

1) overview of the national legislation and the role of the regulator, its autonomy, authority and organizational structure;
2) electricity and gas market models, privatization and competition issues;
3) licensing policies and procedures;
4) pricing policies and tariff setting;
5) Service quality and performance standards
6) public participation and transparency; and
7) implementation of the EU energy policy.

The key objectives of the peer review mission were to enhance the effectiveness of the regulator by:

- Providing key staff at the host regulator with an opportunity to discuss their practices with experts who have experience of other practices in the same field;
- Providing the host regulator with recommendations and suggestions for improvement in areas where their organization or performance falls short of internationally accepted practices;
- Providing all other INOGATE member countries with information regarding good practices identified in the course of the review.
Execution of the peer review

The peer review started on October 26 2009 in the morning at the premises of the Moldova’s National Energy Regulatory Agency (ANRE) with the brief introduction of the reviewers, the observer and the objectives of the peer review. The general director of ANRE Vadim Ceban and director Nicolae Triboi introduced the senior staff of the Agency and briefly described the main functions and tasks of the Agency.

The basic legislative framework governing the electricity and natural gas sectors and the role of the regulator was introduced by Ms. Veronica Muruziuc, chief-specialist at the Legal and consumer protection department. Executive director of the Agency Mr. Marin Profir presented the organizational structure of ANRE, explained how the staff is recruited, trained, what are their salaries levels. He also described relations of ANRE with the other governmental agencies (relevant ministries, competition agency, consumer protection agency, etc.) and non-governmental organizations.

The deputy chief of the Regulation and licensing department Mr. Ion Nistor described the licensing policies and procedures: licensed activities and requirements to obtain the license, competences of ANRE in imposing license conditions, monitoring and enforcement of the licensees.

Electricity and natural gas market models were presented by the leading expert of the Regulation and licensing department Mr. Andrei Sula. History of privatization in the electricity and natural gas sectors and possible future privatizations were described by Mr. Anatol Saracuta.

At the end of the day the reviewers, the observer and the executive director of ANRE Marin Profir had a joint meeting to discuss and share observations from the interviews conducted. Some points were clarified and further questions as also requests for additional information were raised.

The second day started with the presentation on the ANRE pricing policies by the deputy chief of the Tariff policy and economic analysis department Mr. Alexandru Mija. He explained what prices are set up by ANRE, how the pricing methodologies are developed
and approved and how the final tariffs are set. Mr. Lilian Bacaru from the Service quality monitoring section explained how the service quality is evaluated and monitored.

Ms. Veronica Muruziuc, chief-specialist at the Legal and consumer protection department explained how disputes between market players may be resolved by ANRE; she also informed about public hearings conducted by ANRE and possibilities to the general public to take part at them. Mrs. Rodica Suruceanu, senior specialist from the same department presented how the necessary data is collected by ANRE from the licensees.

At the end of the day the review team met with Mr. Marin Profir to discuss findings and make some conclusions. The final meeting with the general director Mr. Vadim Ceban and director Nicolae Triboi summed up the main findings of the peer review.

Current status of the Moldova’s National Energy Regulatory Agency (ANRE)

Legislative framework
(based on interviews with Director General Vadim Ceban, Ms. Veronica Muruziuc and Mrs. Rodica Suruceanu)

The legal basis for an independent energy regulator in Moldova was set in 1998 when the Parliament of the Republic of Moldova passed 2 laws: the Electricity Act and Gas Act. The laws described in details the role, responsibilities and functions of the National Agency for Energy Regulation (ANRE). According to these laws ANRE is a central regulatory public agency operating on a permanent basis, having a status of a legal person and in its activity is not subordinated to any governmental body or private agency.
The main functions of ANRE are as follows:

- issuance of licenses for production, transportation, dispatch, distribution and supply of electricity and natural gas; supervise the activities of the licensees; amendment of license conditions;
- development and approval of the tariffs setting methodologies and approval of the tariffs calculated by the licensees according to the approved methodologies;
- control of protection of the consumers’ legal rights and quality of service;
- promotion of competition in the electricity and gas sectors.

In implementation of those functions ANRE has the main following rights:

- to control licensees if they follow the licensing conditions;
- to control licensees if the regulated tariffs are applied correctly;
- to receive from the licensees all the necessary information, including confidential ones, and all the required additional information;
- to issue regulations on the activities in the regulated sectors;
- to impose sanctions in the cases defined by the laws.

Licensing principles (issuance of licenses, control of the licensees’ activities, amendments and annulment of the licenses, payment of the license fees, etc.) are defined in the general Law on the regulation of the entrepreneurial activities by licensing.

ANRE Bylaws “Regulation of the National Energy Regulatory Agency” according to the Electricity Act should be approved by the Government of Moldova. The latest amended version of the Bylaws was approved by the Government on 31 December, 2008. The Bylaws prescribed some additional tasks to ANRE not defined in the laws on electricity and on gas, namely it requires that ANRE should regulate the district heating as also water supply and waste water treatment activities by developing the correspondent pricing methodologies and approving them with the consent of the Government, as it is provided for in the Law on communal public service. ANRE also approves tariffs of the technological water supply and tariffs of heat sold by the combined heat and power plants. (According to the latest amendments to the legislation, approved in December 2009, ANRE also approves the heat supply tariffs. After the adoption of the Law on the petroleum products market in 2001, the
assignments of the Agency were extended and it was authorized to license and monitor the activities of this market as well.

**AN OBSERVATION:** According to the ANRE bylaws approved by the Government, ANRE develops and approves district heating and water supply methodologies, sets the technological water prices, but all those tasks are not defined in the Law on electricity or Law on natural gas, governing activities of ANRE. Therefore ANRE becomes subordinated to the Government, and this contradicts to the main principle of independence of the Agency. Even more, in practice the Government frequently asks ANRE to review the district heating and water supply tariffs calculated by the municipal district heating and water supply companies. These tasks are not defined neither in the laws nor in the ANRE bylaws; ANRE is not monitoring the water supply and district heating companies and have insufficient historical data to judge on the correctness of the costs used to calculate the consequent tariffs.

Therefore it is necessary to define clearly in the basic legislation that ANRE regulates district heating and water supply activities in the same way as electricity and natural gas supply activities. It would give more tasks to ANRE but would secure reliable, cost based tariffs in district heating and water supply sectors. It has to be stressed out, that in case of distributed, local services the information asymmetry between the regulator and the regulated firms is significant. It means that to carry out cost review functions regarding district heating and water supply services might require an increase in number of staff and other regulator resources (financial, human, technical etc.)

**AN OBSERVATION:** Activities, rights and procedures of ANRE are set in different kind of legal documents - general, energy related laws on energy, electricity, natural gas, petroleum products, other general laws – on consumer protection, licensing, transparency etc. and normative acts. Although this very complex legal background tries to make clear the rights and procedures of ANRE it may have some contradictions between the provisions of

---

1 According to the latest amendments of legislation from December 2009, the Bylaws will be approved by the Parliament
the different acts and rules, mainly in case of lack of harmonization after amendments some of them.

ANRE is managed by the Administrative council consisting of three directors, all decisions are taken by the majority votes. Each director has one vote only. Directors are appointed by the Government for the 4 year time period with a possible renewal once (but no tender procedure). The Government approves one of the directors to serve as a general director of the Administrative council. A director can be removed from the office only in cases defined by the Laws on electricity and natural gas, he/she cannot have any other employment, or have any shares of the regulated companies, or seek employment in a regulated company after the term at the office expires. Regarding staff members General Director practices employer’s rights.

AN OBSERVATION: The term in the office for the directors’ is 4 years long, previously it was 6 years. Provisions of the new EU directives require a fixed term between 5 and 7 years for top management of the national regulatory agencies to avoid political interventions after elections.

ANRE publishes and presents its professional annual report to the Parliament and to the Government. Although it is not a legal obligation, ANRE publishes this report on its website as well.

ANRE has an independent budget consisting of the regulatory fees paid by the licensees. The value of the fees should be in the interval from 0.06 to 0.09 percent of the turnover of the regulated companies, the percentage is approved every year by the Government. ANRE prepares its annual financial report until March 1 of the next year and publishes it in central papers.

AN OBSERVATION: The level of fees calculated as the percentage of the turnover of the licensees is obviously too low and the range should be increased. For example, the Latvian Public utilities commission’s budget is similarly based on the fees paid by the
licensees, but the fees consist of 0.2% of the turnover of the regulated companies. Therefore, in the draft Law on electricity the proposed increase of the percentage to 0.15% is necessary and may be not even sufficient. Of course, revenue coming from the regulatory fees depends on the number and accounting of the transactions of the market players as well (in Hungary supervisory fee is 0.05% of the total sales of the Licensees, but it is set in the Electricity Act and the Government cannot change it year by year). It is interesting that license fees are going to the central budget instead of the ANRE budget, even if the level of the license fees is very low.

Current legislation (general and specific laws) requires public participation in the different stages of the regulatory process. In case of tariff issues the public itself, regarding acts and regulations public authorities are involved and invited for consultation. ANRE organizes open meetings except in cases when the topic concerned is confidential (confidentiality is judged by the Agency). There are some complaints against the content and the form of public consultation but it is not typical.

ANRE contacts licensees through e-mails and letters and in case of consumer complaints personally at meetings. They have a contact persons list, so getting in touch with the licensee’s staff and partners is quite easy and smooth. In official letters the person in charge is stated.

There is a plan to implement a new legislation in the near future. In December 2009 they shall accept the new Laws on Electricity and Natural gas. After having the new Laws it is necessary to update and harmonize the secondary legislation as well. Separation of activities (unbundling) and total market opening shall be achieved by 2015.

ANRE’s decisions can be appealed only to the court. Agency wins approx. 90% of the cases. By now Moldavian regulator has not have any international court case.
Organizational structure, relations with other agencies

Currently ANRE employs 33 specialists (no explicit staff limit) and 6 of the administrative staff and consists of the Administration council (general director and 2 directors), executive director and 4 departments: Department of the tariff policy and economic analysis, Regulatory and licensing department, Legal and consumer protection department and Audit department. There is a separate Section of monitoring quality of service within the Legal and consumer protection department (see Fig. 1).

---

**Fig. 1. Organizational structure of ANRE (source: ANRE)**

The majority of the staff are engineers and economists (or engineers-economists) and there are 3 lawyers employed at the Legal and consumer protection department. Requirements to new employees are very high, e.g. 6 year experience is preferred as also a proper education (university degree in engineering or economics) and knowledge of the sector. Therefore when there is an announcement in the official newspaper and in the internet about a new or vacant position at ANRE only 2-3 candidates apply for the position. As all the staff are not civil servants and are employed under contracts there are no problems to fire any of them for some wrong-doings or insufficient professional level.
ANRE has recently employed more lawyers as there is more work with the consumer complaints and resolution of disputes between the market players. If the Parliament will pass amendments to some laws giving responsibility of the district heating price setting (not only approval of methodologies, as it is now) to ANRE, as it is planned, ANRE will need some additional staff of at least 5 persons with a specific knowledge in district heating. It is very straightforward, that regarding Directors there are now some incompatibility rules and ANRE plans to introduce such kind of provisions for lower level staff members as well.

Funding of ANRE comes from the regulatory fees, though the percentage paid by the licensees is approved by the Government in the range set by the law. Though even the highest percentage looks not sufficient for an efficient operation of the regulator and will be perhaps increased with a new legislation, salaries of the staff at ANRE are rather attractive but smaller than at the private energy enterprises and lower than salaries from other regulators in Europe.

All the newcomers are obliged to participate at various training courses in the country and abroad but there are no training courses or seminars at ANRE. The most effective (according to the executive director) are the ERRA training courses, and all professional staff of ANRE took part at least once at some of those courses. Limited funding is a barrier for an additional education and training.

In the Bylaws approved by the Government are described the functions to be performed by ANRE at all levels. Individual responsibilities of all staff are also defined, all the positions of the staff at ANRE have written requirements, tasks and obligations to be followed and all employees should follow them. Professional knowledge of the ANRE staff is very high, so all the regulations to be approved by ANRE are drafted by the staff, external experts are used as advisers and reviewers only. Even the better paid staff from private companies is not better educated and trained than the ANRE staff. High level of knowledge is sometimes abused by the Government: it frequently (unofficially) asks ANRE to evaluate if calculations of district heating tariffs were performed correctly.

According to the Law on electricity ANRE cooperates with the Ministry responsible for the energy sector (currently it is the Ministry of Economy), with the National Agency of Protection of Competition (by exchanging information necessary for the implementation of
the legislation in the area of competition and legislation in the area of energy), with the Standardization and metrology service, with the ministries and other public agencies and also with the civil society.

ANRE has the best professional relations with the Ministry of Economy (also responsible for the energy sector): all the draft regulations issued by the regulator go to the ministry for their comments and all the drafts prepared by the ministry go to the regulator. It does not mean that the Ministry of Economy may change or revoke any decision of ANRE, but all comments and suggestions are always analyzed and evaluated. Similarly, ANRE cooperates with other Ministries. According to the laws Ministry of Justice makes expertise of the regulations approved by ANRE and register them according to laws. Draft regulations of ANRE are always sent to the trade unions and Association of the industrialists for their opinions.

ANRE has agreements with some Organizations of the Protection of Customers’ Interests. Based on them ANRE and Customer Organizations have personal meetings three or four times a year.

**AN OBSERVATION:** It is not a “lucky” situation that ANRE is functioning at the building of one of the licensees. Using or hiring premises from market players might cause shadow of suspicion of discriminatory behavior even if the relationship is a pure commercial transaction between two legal entities. Apart from the ownership of the headquarter it seems to be evident, that transparent functioning of ANRE with a lot of discussions, meetings, press conferences will require more and larger premises and meeting rooms in the future.
Electricity and natural gas markets’ models

Reforms came to the Moldova’s electricity sector in 1997 when the vertically integrated state owned company Moldenergo was restructured into the generation, transmission and distribution companies. The biggest generation unit is Cuciurgan thermal power plant with an available capacity of about 900 MW (installed capacity more than 2500 MW), unfortunately it is on the left bank of the Dniester river controlled by the separatist Transnistrian authorities. On the right side of the Dniester river there are three combined heat and power plants (CHP), a hydro power plant and several industrial CHPs; the total available capacity is about 400 MW. The final electricity consumption in 2008 was 3.3 bln. kWh or only 900 kWh/capita – one of the lowest figures in Europe. The fact that the biggest power plant is in the separatist area causes problems with the security of electricity supply. Therefore, Moldova imports electricity from Ukraine also. According to the Electricity Act all generators require licenses; and ANRE has issued licenses to all power plants on the right bank of the Dniester river as well as to the biggest plant on the left side of the river – Cuciurgan power plant.

Moldova’s transmission network is operated by the state owned company Moldelectrica (transmission includes the lines with voltage of 35 kV and higher), this company is responsible for the dispatch of electricity flows. ANRE has issued 2 licenses to Moldelectrica: the transmission license and the central dispatch license. Moldova has very strong interconnectors with the neighbors: three 110 kV lines with Romania, 400 kV line to Bulgaria (during the Soviet time 6-7 billion kWh of electricity every year were transmitted through this line); five 330 kV and nine 110 kV lines interconnecting with Ukraine (current – carrying capacity more than 1000 MW). The 750 kV line connecting Ukraine, Moldova, Romania and Bulgaria is owned by Ukraine but currently is not functional.

There are 3 distribution companies on the right bank of the Dniester river and one on the left bank (previously, two). After the restructuring in 1997 there were 5 distribution companies on the right bank, they were planned to be privatized. In 2000 the Spanish group Union Fenosa bought 3 out of 5 distribution companies, acquiring about 70% of the Moldova’s market for the electricity distribution and supply (supply is not unbundled from
ANRE did not take a direct involvement into the privatization process; nevertheless it prepared and approved the regulatory framework where the rate of return, the principles for the valuation of the assets, the principle of the approval of the investments, their value and inclusion into the asset base, etc. were clearly defined.

Later the three privatized companies were merged into the one, currently there are 2 smaller companies with the state capital and the biggest private one Union Fenosa. As at the time of privatization there were no clear separation between the transmission and distribution activities Union Fenosa owns and operates some high voltage (35 kV and 110 kV) lines, causing some additional problems to the regulator.

Privatization of the distribution made a very favorable impact on the quality of supply: there was a significant reduction in the distribution losses, steep decrease in interruptions and disconnections, the barter system in payments for the electricity consumption was eliminated.

Market opening level is decided by the regulator; ANRE defined the eligible consumers – these connected to 35 kV or 110 kV lines (so eligibility related to voltage level). They may choose a supplier and buy electricity directly, including from abroad also. At present there are only 3 eligible consumers and only one had a direct contract with an independent supplier. There is a restriction that all consumers must buy some share of the local production but eligible consumers are not allowed to buy energy from the cheapest hydro power plant. All the other consumers are supplied by their distributors acting as public suppliers, selling electricity at the regulated tariffs. There is a single importer – joint stock company Energocom buying electricity from abroad. It is planned that from 2013 independent suppliers will be working directly with eligible consumers.

Moldova’s gas sector was restructured and privatized in 1997, 50% of shares of the Moldovagaz now are owned by Gazprom. The Moldovagaz systems are mainly used for the transit of natural gas from Russia to the European countries. All natural gas coming to the Moldova’s consumers is supplied by Gazprom. The total gas consumption in Moldova in 2007 was 1.2 billion cubic meters.

Moldovatransgaz is an affiliate of the Moldovagaz company responsible for the transmission of natural gas through the main gas pipelines to the underground gas storage in Bogoredechen (Ukraine) and Balkan countries.
Moldovatransgaz develops and maintains the main pipes of the Moldova’s gas system. It has a transmission license issued by ANRE.

Moldovagaz has 12 affiliates for the distribution of natural gas; they are legally unbundled from each other but also supply natural gas to final consumers. Besides the above mentioned 12 distribution companies there are 16 or 17 small, physically independent private distribution and supply companies. Legal persons having transmission or distribution licenses are responsible for the maintenance and development of the pipelines; ANRE approves the development plans and includes the necessary costs into the transmission or distribution tariffs. ANRE also approves all the final consumer tariffs calculated by the gas suppliers. There are cross-subsidies for the residential consumers consuming less than 30 cubic meters of gas per month.

**Licensing policies and procedures**
*(based on an interview with Mr. Ion Nistor)*

From 1998 ANRE has an exclusive right to issue licenses in the field of electricity and natural gas, from 2001 regarding oil products as well (before 1998 energy related activities were licensed by Ministries). Licensing rules are set in different kind of Laws: general ones (Licensing Law) and specific energy legislation (Law on Electricity, Law on Natural Gas, Law on Petroleum Products Market, Law on Renewable Energy etc.). The ANRE is the only licensing authority of the energy sector, but of course, carrying out energy related activities may need other permits from other authorities.

Single stage licensing process:
- Application, documentation (applicant): Due to taxation issues only companies established (registered) in Moldova can apply for a license. Applicants have to dispose of all resources necessary to carry out the given activity. Electricity TSO and DSO have to possess the network assets, in natural gas sector asset lease is a possibility.
- Assessment of documentation (ANRE) – in 15 days. Examination time can be extended only with justification. In some cases (lack of necessary, required information) meetings can be held with the participation of ANRE and the representatives of the applicant (no special licensing guidelines issued by the Agency). Licensing is more rigorous for price regulated activities, free market businesses are handled a bit more lightly.
- Payment of the license fee – The level of the license fee is very low and it goes directly to the central budget.
- Issuing the license – Duration of the license: 25 years (electricity and natural gas).

ANRE issued most of the licenses between 1997 and 2001 for the activities provided for by legislation. Staff number of licensing department is limited (only 4 people).

**Electricity Market Licenses**

<table>
<thead>
<tr>
<th>Types of Activity</th>
<th>Number of Licenses issued since the Beginning of Regulation and Licensing Activity</th>
<th>Number of Licenses Valid as per 31.12.2008</th>
<th>Number of Economic Entities – licensees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Electricity production</td>
<td>10</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2 Electricity transportation</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3 Electricity distribution</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4 Electricity supply at regulated tariffs</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>5 Electricity supply at unregulated tariffs</td>
<td>27</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>6 Central dispatch activity</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>24</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: ANRE Activity Report 2008
Natural Gas Market Licenses

<table>
<thead>
<tr>
<th>Types of Activity</th>
<th>Number of Licenses issued since the Beginning of Regulation and Licensing Activity</th>
<th>Number of Licenses Valid as per 31.12.2008</th>
<th>Number of Economic Entities – licensees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Natural gas transmission</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2 Natural gas distribution</td>
<td>35</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>3 Natural gas supply at regulated tariffs</td>
<td>50</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>4 Natural gas supply at unregulated tariffs</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>53</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: ANRE Activity Report 2008

Licensing is an ownership neutral process, in Moldova there are state owned and privatized companies as well (in case of electricity Spanish Union Fenosa has bought three DSOs).

AN OBSERVATION: In the field of natural gas licensing there are some challenging issues. DSOs are not organized by geographical areas, but cities and villages attached are listed in the license. Licensees do not pay for network asset lease which has some tariff consequences. Apart from tariff impacts unsolved ownership and licensing issues cause third party access problems as well.

Pricing policies and procedures
(based on the interview with Mr. Alexandru Mija)

ANRE regulates tariffs of electricity and natural gas, and – on request, without legal mandate – checks applied district heat prices as well (retail heat prices for household and industrial consumers, water supply and sewage treatment are regulated by local authorities). The cost allocation is fuel-based, carried out by the concerned company, and submitted for approval to ANRE. Oil product final prices are not regulated by the Agency, but licensees have to inform ANRE about the modification of prices submitting the respective calculations justifying the necessity to modify the prices for gasoline, diesel oil or liquefied petroleum gas. The methodologies for calculation of petroleum products prices are developed and approved by
ANRE and enter into force after it is published in the Moldavian official journal, and can be modified only on request and only by ANRE according to Law on petroleum products market. After assessment and careful examination of the request ANRE modifies the methodology, or refuses the modification request.

Before approval the electricity and natural gas tariffs they are discussed with the representatives of trade unions, consumer groups and civil society. During these meetings ANRE experts explain in details the methodology and background of the tariff setting procedure and the necessity to amend tariffs. Moldavian energy prices are lower than Romanian, but there is a supply security Memorandum signed by Romania and Moldova. Csaba Kovács: we should ask ANRE to explain it in 2-3 sentences.

**Electricity:** Moldavian electricity consumers are supplied from domestic generation and import. Conditions (price) of import are based on bilateral (quarterly) negotiations, due to the fact that the long term import contract does not contain a price formula. In Moldova final end-user electricity prices are not uniform but regional, it means that price level is different within the three distribution areas (70 % of the market is controlled by Union Fenosa, the remaining 30 % is in the hands of two state owned companies). Although there are regional prices and tariffs, from 2007 the price regulation methodology is the same for all DSOs. From 2007 ANRE uses the so-called price cap tariff-setting method. Before starting the 5 year long price regulation period they carried out a very detailed asset and cost review. Regulatory Asset Base (RAB) is calculated from investment data, expected yield of investors is set with the help of Weighted Average Cost of Capital (WACC) formula. During the price regulation period the Agency only index the starting tariffs with the inflation and the exchange rates.

**Natural gas:** End-user tariffs contain cost of gas, cost of transportation and cost of distribution and supply. Gas year is the calendar year; ANRE collects all necessary data (purchase and sale volumes, expected losses, revenue requirement, and cost elements of different activities) for this time period. Data supply tables are prepared by ANRE for monthly, quarterly and yearly data supply obligation. Quarterly data supply, which is more
detailed than the monthly one, contains also some information regarding financial performance of the regulated companies. Audited annual (yearly) data supply is very detailed; in case of vertically integrated companies accounting unbundling is an obligation. Beside using and analyzing real cost data, ANRE uses benchmarking as a method for justification of different kind of cost elements. The price of the imported natural gas is linked to Platts’ data, and it is estimated for the whole year. In case of deviation of the real cost of import gas (more than) ±3 % compared to the expected one, they change the prices, but differences between real costs and collected revenues from regulated tariffs are taken into account in the next price regulation period (next year). There is an ongoing project to describe the whole price regulation process in a regulatory Act. As we were informed cross-subsidy between consumer groups still exists. Large industrial customers connected to the high pressure pipelines pay more, than the cost arisen at that pressure level, and there is a special tariff for CHP power plants as well.

AN OBSERVATION: ANRE’s price regulation practice has some very developed and straightforward elements (price cap, regional electricity distribution tariffs, Platts connected natural gas formula), while some others are a bit worrying. Termination of cross-subsidization between products and consumer groups, reduction of areas covered by social tariffs might seem to be very hard and painful regulatory (and political) steps, but this is the way to get closer to cost reflective prices and tariffs. Cost reflective prices can increase trust in regulation, promote new investments and give incentives for more efficient generation and consumption of energy.
Service quality and performance standards
(based on interview with Mr. Lilian Bacaru)

ANRE has a quite developed electricity service quality regulation; the work on this field was begun in 2003. First they started to collect all necessary data for building a reliable and suitable database for electricity service quality regulation and performance standard setting. In 2007 the Agency re-evaluated the applied methodology, and it was a big achievement to get the right by law for sanctions in case of non-compliance of quality standards (electricity sector only). It is really remarkable that within the legal department of the Agency a separated section was established for monitoring the service quality.

ANRE sets the quality standards and other parameters in a legally mandatory ANRE regulation. They determine the quality requirements company by company, taking into account the service characteristics as well (e.g. rural or urban area). The data source has been developed continuously, after introduction the well-known and widely used SCADA system (TSO) and SAIDI, SAIFI standards they receive more and more reliable data which is a perquisite of quality regulation.

In case of deviation from SAIDI standards, ANRE has the right to reduce the tariffs of the concerned company by 5% as a maximum (this sanction is a possibility instead of an obligation and ANRE has never used it yet). Within this field ANRE monitors not only the continuity of the supply but other – not by ANRE regulated – technical qualities as well. Beside the possibility of connection of the tariff level and service quality consumers can receive compensation if the service quality is not appropriate. You can have compensation if there is a problem with the continuity of the supply, in case of voltage quality and commercial quality issues. The compensation process is not automatic; the concerned consumers have to submit a claim to the suppliers. This reduces the effectiveness of the rules and hinders the execution of the regulatory goals, so there is plan to introduce automatic consumer compensation process during the next stage of the quality regulation. In practice
the suppliers are ready to replace damaged assets of the consumers if the damage was due to quality of electricity supply.

Unfortunately the physical condition of the network assets is quite poor. There is a chance to introduce positive incentives to improve quality, namely rewarding companies where the quality is better than expected. ANRE and/or concerned market players do not publish quality data yet. Customer satisfaction is measured only with the number of written claims as an indicator, but there is plan to improve this field of the regulation.

Public participation and transparency

According to the Law on electricity, Article 12, ANRE should act in an open and transparent way:

1) meetings of the Administrative council of ANRE are public,
2) all interested sides as also the general public are informed beforehand about the agenda of the Administrative council’s meeting and they may take part at the discussion of all the issues included into the agenda, if they do not include any confidential information,
3) all draft regulations are published and sent to the interested sides at least 30 days before they are approved in an open meeting of the Administrative council of ANRE,
4) general public is informed about the decisions of ANRE, including the arguments why certain proposals were accepted or declined.

Confidentiality sometimes is used by energy companies as a tool to restrict the broad participation of the general public, but in case of Moldova decisions about confidentiality of the information takes ANRE, case by case. Therefore, not only the tariffs but all the cost elements are also available for all interested consumers and organizations representing consumer interests. The Law requires that all the draft regulations of ANRE are to be published on their website. Those drafts are analyzed and commented by the Ministry of Economy, Ministry of Justice and other governmental agencies and non-governmental organizations.
All decisions of ANRE having any public interest according to the Law on electricity and Law on publishing the normative acts require to be published in the Official monitor of the Republic of Moldova.

**AN OBSERVATION:** The Law on electricity allows no time for the consumers (as also for the suppliers) to prepare for the tariff changes, they become valid at the day of their publication in the Official monitor. This legal norm should be changed and a reasonable time (usually, one or two months) for the preparation to adapt to new tariffs by the consumers and suppliers (communication, adjustment of settlement and billing systems, meter reading if it is necessary) should be defined.

There is no Code of ethics at ANRE but the Law on electricity requires that the members of the Administrative council are restricted from

a) taking any job at the companies regulated by ANRE,
b) having any amount of shares of those companies,
c) receiving any financial or material reimbursements or gifts from those companies,
d) seeking of employment in those companies after the end of their term at the ANRE’s Administrative council.

According to the Law on electricity ANRE is responsible for the electricity and gas consumers’ protection and for the settling disputes between the market players. Consumer protection measures consist of the analysis of the consumer complaints and close cooperation with the consumers’ organizations. ANRE shall take the binding decisions in the following consumer complaints cases: 1) connection of consumers, 2) contracts for the energy supply and 3) quality of electricity supply. The number of complaints is big as consumers may address their complaints directly to ANRE without having any (positive or negative) response from their supplier.

**AN OBSERVATION:** ANRE may enforce its decision by declaring the breach with the laws or regulations, preparing a correspondent act of violation and sending it to the court asking to punish the culprit; only the court may decide on the severance of the
punishment. This procedure is slow and inefficient; it would be better if ANRE was able to put some fine on the culprit, as it used to be recently.

ANRE is also responsible for considering disputes between the market players in the electricity and natural gas sector and taking decisions as a court of the first instance. ANRE must take a binding decision in 30 calendar days and to present it to the both interested sides with all explanations of the presumptions for the decision. The decision may be appealed by any side at the Administrative court.

AN OBSERVATION: The Law on electricity does not define clearly what kind of disputes between the market players could be considered and resolved by ANRE.
Summary of the peer review

The peer review of the Moldova’s electricity and natural gas regulatory agency ANRE was performed by the former energy regulator from Lithuania and the acting regulator from Hungary by studying the national legislation and conducting interviews with the senior staff of the Agency. The main topics discussed were: overview of the national legislation and the role of the regulator, its autonomy, authority and organizational structure; electricity and gas market models, privatization and competition issues; licensing policies and procedures; pricing policies and tariff setting; service quality regulation, public participation and transparency; and implementation of the EU energy policy. Members of the ANRE Administrative council, administrative director and the leading staff were very helpful by providing explanations, comments and copies of the documents to the interviewers. All the findings were additionally discussed and analyzed with the executive director Marin Profir.

There is a good legal background for operation of ANRE: the place of the national energy regulator among the other governmental agencies, its independence, the rules of appointing the Administrative council, requirements to the members of the Administrative council, all powers of the regulators are well defined in the primary legislation - the Law on electricity, the Law on natural gas, the Law on regulation of the entrepreneurial activities by licensing and the Law on consumer protection. According to the Law on electricity ANRE is an independent agency, having an independent budget, its management (Administrative council) may take the final decisions on approval of the tariffs and pricing methodologies as also of the final electricity and natural gas tariffs, on issuing licenses and supervising the licensees, and settling disputes among the market players. One of the weaknesses of the current legislation is that the fees paid by the licensees are not sufficient for an efficient operation of ANRE.

In general the single step licensing procedure is legally well-based and transparent enough, although the number staff of Licensing Department of ANRE is limited (only 4 people). In the field of natural gas licensing there are some challenging issues. DSOs are not
organized by geographical areas, but cities and villages attached are listed in the license. Licensees do not pay for network asset lease which has some tariff consequences. Apart from tariff impacts unsolved ownership and licensing issues cause third party access problems as well.

Five year long price cap price regulation method in the electricity sector is a quite developed tool in the hand of ANRE. In the field of natural gas there is an ongoing project to describe the whole price regulation process in a regulatory Act, which hopefully will make it clearer, more transparent and understandable. Termination of cross-subsidization between products and consumer groups, reduction of areas covered by social tariffs might seem to be very hard and painful regulatory (and political) steps, but this is the way to get closer to cost reflective prices and tariffs. Cost reflective prices can increase trust in regulation, promote new investments and give incentives for more efficient generation and consumption of energy.

ANRE has a quite developed service quality regulation; the work in this field was begun in 2003. First they started to collect all necessary data for building a reliable and suitable database for service quality regulation and performance standard setting. In 2007 the Agency re-evaluated the applied methodology, and it was a big achievement to get right by law for sanctions in case of non-compliance with the quality standards (electricity sector only). It is really remarkable that within the Legal department of the Agency a separate section was established for monitoring of the service quality.

According to the Law on electricity ANRE is responsible for the electricity and gas consumers’ protection and for the settling disputes between the market players. ANRE acts in an open and transparent way as it is required by the same law. All the Administrative council’s meetings are open and general public may take part there and express opinion on the issues discussed.

Moldova is an observer at the Energy Community; therefore it is implementing the EU legislation on electricity and gas markets. The recently drafted new Law on electricity is fully compatible with the second package of the EU Directives.
Key findings and recommendations

We may conclude with the following key findings reflecting the main requirements to an independent energy regulator:

1. Moldova’s energy regulator ANRE is an independent central regulatory public agency operating on a permanent basis, having a status of a legal person and in its activity is not subject to any governmental or private agency. ANRE is managed by the Administrative council consisting of three directors, appointed by the Government for the 4 year time period with a possible renewal once. A director can be removed from the office only in cases defined by the Laws on electricity and natural gas. ANRE has an independent budget consisting primarily from the fees paid by the licensees.

2. ANRE has a strong authority defined by the basic legislation: the Law on electricity, the Law on natural gas and the Law on regulation of the entrepreneurial activities by licensing. ANRE develops and approves of the price setting methodologies and approves tariffs calculated by the licensees according to the approved methodologies; issues licenses for production, transportation and supply of electricity and natural gas, controls the licensees, amends the license conditions; controls the preservation of the consumers’ rights and quality of service; promotes competition in the electricity and gas sectors.

3. ANRE acts in a transparent way: meetings of the Administrative council of ANRE are open, all interested sides as also the general public are informed beforehand about the agenda of the Administrative council’s meeting and they may take part at the discussion of all the issues included into the agenda; all decisions of ANRE having any public interest require are published in the Official monitor of the Republic of Moldova. ANRE publishes its Annual report and sends it to the Parliament and to the Government.

4. ANRE ability to be the strong and independent body regulating electricity and natural gas sectors and petroleum products market is supported by the qualified staff (high qualification requirements, training possibilities).
We have the main following recommendations:

1. According to the ANRE bylaws approved by the Government ANRE develops and approves district heating and water supply methodologies, sets the technological water prices, but all those tasks are defined in the Law on communal public services also governing activities of ANRE. Therefore ANRE becomes subordinated to the Government, and this contradicts to the main principle of independence of the Agency. Even more, in practice the Government frequently asks ANRE to review the district heating and water supply tariffs calculated by the municipal district heating and water supply companies. ANRE is not monitoring the water supply and district heating companies and have insufficient historical data to judge on the correctness of the costs used to calculate the consequent tariffs. Therefore it is necessary to define clearly in the basic legislation that ANRE regulates district heating and water supply activities in the same way as electricity and natural gas supply activities. It would give more tasks to ANRE but would secure reliable, cost based tariffs in district heating and water supply sectors.

2. The level of fees calculated as the percentage of the turnover of the licensees is obviously too low and the range should be increased. For example, the Latvian Public utilities commission’s budget is similarly based on the fees paid by the licensees, but the fees consist of 0.2% of the turnover of the regulated companies. Therefore, in the draft Law on electricity the proposed increase of the percentage to 0.15% is necessary and may be not even sufficient.

3. The Law on electricity allows no time for the consumers (as also for the suppliers) to prepare for the tariff changes, they become valid the next day after the publication in the Official monitor. This legal norm should be changed and a reasonable time (usually, one or two months) for the preparation to adapt to new tariffs by the consumers and suppliers should be defined.

4. ANRE may enforce its decision by declaring the breach with the laws or regulations, preparing a correspondent act of violations and sending it to the court asking to punish the culprit; only the court may decide on the severance of the punishment. This
procedure is slow and inefficient; it would be better if ANRE was able to put some fine on the culprit, as it used to be recently.

5. The term in the office of the directors is 4 years, previously it was 6 years. Provisions of the new EU directives require a fixed term between 5 and 7 years for top management of the national regulatory agencies to avoid political interventions after elections. When implementing provisions of the new EU directives in Moldova it is advisable to extend the duration of the term of the directors. 6. In the field of natural gas licensing there are some challenging issues. DSOs are not organized by geographical areas, but cities and villages attached are listed in the license. Licensees do not pay for network asset lease which has some tariff consequences. Apart from tariff impacts unsolved ownership and licensing issues cause third party access problems as well. Some companies are functioning without a license and ANRE is not empowered to intervene, not even in the case of disconnection of a customer. It is advised the set clear rules regarding the asset ownership and licensing requirements, giving sufficient time to market players for fulfilling them.
Comments of ANRE, Moldova upon the finalization of the Peer Review Report

1. In December 2009 the Parliament of the Republic of Moldova made some amendments to the legislation empowering ANRE to approve tariffs for heat supply.

2. Also the Administration Council of ANRE consists of 5 Directors (Director General and 4 other Directors), that are appointed by the Parliament for a 6 year term, except as for the first appointment when the Director General is appointed for 6 year term, 2 Directors for 4 years term and 2 Director for 2 years terms.

3. The Bylaws of ANRE will be approved by the Parliament.

4. The budget of ANRE shall also be approved by the Parliament at the level up to 0,15 % of the turnover of the regulated companies.
Annex I:

**AGENDA**

**REGULATORY PEER REVIEW**

to be performed at the
National Energy Regulatory Agency (ANRE)
of the Republic of Moldova
on October 26-27, 2009
in Chisinau, Moldova

<table>
<thead>
<tr>
<th>Monday, October 26, 2009</th>
<th>Morning Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 – 10:00 Introductory Meeting</td>
<td>10:00 – 12:00 Overview of national legislation and role of the regulator; organizational structure (2 Parallel Reviews)</td>
</tr>
</tbody>
</table>

- Brief Introduction of reviewers and the observers and the objectives of the peer review;
- Brief introduction of the ANRE, Moldova

**ANRE representatives:**
- Mr. Vadim Cheban, Director General;
- Mr. Nicolae Triboi, Director
- Mr. Marin Profir, Executive Director

**Led by Csaba Kovács:**
1) Introduction of basic legislative framework governing the electricity and gas sectors and the authority of the regulatory body
   - Ms. Veronica Muruziuc, legal adviser, Legal and Consumer Protection Department
   - Questions and answers

**Led by Vidmantas Jankauskas:**
2) Introduction of the organizational structure (incl. how staff is recruited, trained, topics on which training needs exist)
3) Relations of the national energy agency with the other governmental agencies
   - Mr. Marin Profir, Executive Director
   - Questions and answers
12:00 – 13:00 - Lunch
### Afternoon Session:

<table>
<thead>
<tr>
<th>13:00 – 16:00</th>
<th>2 Parallel Topical Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Led by Vidmantas Jankauskas:</strong> Market structure, privatization and competition policies</td>
<td></td>
</tr>
<tr>
<td>1) Status of privatization; further steps; investment possibilities</td>
<td></td>
</tr>
<tr>
<td>- Mr. Anatol Saracuta, Head of Audit Department</td>
<td></td>
</tr>
<tr>
<td>- Questions and answers</td>
<td></td>
</tr>
<tr>
<td>2) Presentation of the electricity and natural gas market models and major market participants regulated by the national energy agency</td>
<td></td>
</tr>
<tr>
<td>- Mr. Andrei Sula, Senior Specialist, Regulation and Licensing Department</td>
<td></td>
</tr>
<tr>
<td>- Questions and answers</td>
<td></td>
</tr>
<tr>
<td><strong>Led by Csaba Kovács:</strong> Licensing Policies and Procedures</td>
<td></td>
</tr>
<tr>
<td>1) Licensed activities by national energy agency and the requirements to obtain the license; review and evaluation process of the applications for obtaining the licence</td>
<td></td>
</tr>
<tr>
<td>- Mr. Ion Nistor, Deputy Head of, Regulation and Licensing Department</td>
<td></td>
</tr>
<tr>
<td>- Questions and answers</td>
<td></td>
</tr>
<tr>
<td>2) Competencies of the national energy agency in imposing license conditions</td>
<td></td>
</tr>
<tr>
<td>- Mr. Ion Nistor, Deputy head, Regulation and Licensing Department</td>
<td></td>
</tr>
<tr>
<td>- Questions and answers</td>
<td></td>
</tr>
<tr>
<td>3) Monitoring and enforcement of the licensees</td>
<td></td>
</tr>
<tr>
<td>- Mr. Ion Nistor, Deputy Head of Regulation and Licensing Department</td>
<td></td>
</tr>
<tr>
<td>- Questions and answers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16:00 – 18:00</th>
<th>Review Team Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>(the objective is to discuss and share observations from the days activities; develop additional questions and any further requests for information or meetings with specific personnel; provide time to compile any technical notes based on the day’s discussions)</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>Session</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>09:00 – 11:00</td>
<td>2 Parallel Topical Reviews</td>
</tr>
<tr>
<td></td>
<td><strong>Led by Csaba Kovács:</strong> Tariff and Pricing Policies and Procedures</td>
</tr>
<tr>
<td></td>
<td>1) Tariffs regulated by national energy agency and the tariff methodology</td>
</tr>
<tr>
<td></td>
<td>- Mr. Alexandru Mija, Deputy Head of Tariff Policy and Economic Analysis Department</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td></td>
<td>2) Data based on which tariffs are set and the procedure for review of tariffs</td>
</tr>
<tr>
<td></td>
<td>- Mr. Alexandru Mija, Deputy Head of Tariff Policy and Economic Analysis Department</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td></td>
<td>3) Tariffs and how the service quality or any other performance standards are accounted</td>
</tr>
<tr>
<td></td>
<td>- Mr. Lilian Bacaru, Chef of Service Quality Monitoring Office</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td></td>
<td><strong>Led by Vidmantas Jankauskas:</strong> Public Participation and Transparency</td>
</tr>
<tr>
<td></td>
<td>1) Public hearings at the national energy agency, dispute resolution</td>
</tr>
<tr>
<td></td>
<td>- Ms. Veronica Muruziuc, legal adviser, Legal and Consumer Protection Department Questions and answers</td>
</tr>
<tr>
<td></td>
<td>2) Access to information, public participation in the decisions taken by regulator, customer groups</td>
</tr>
<tr>
<td></td>
<td>- Mrs. Rodica Suruceanu, Senior Specialist, Legal and Consumer Protection Department</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td></td>
<td>3) Code of ethics</td>
</tr>
<tr>
<td></td>
<td>- Mr. Andrei Palii, Senior Specialist, Legal and Consumer Protection Department</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td>11:00 – 13:00</td>
<td>Convergence to the EU Energy Regulation, 3rd Package requirements</td>
</tr>
<tr>
<td></td>
<td>(Unbundling, promotion of competition; establishing competitive energy markets, 3rd party access, quality of service)</td>
</tr>
<tr>
<td></td>
<td>- Mr. Marin Profir, Executive Director</td>
</tr>
<tr>
<td></td>
<td>- Questions and answers</td>
</tr>
<tr>
<td>13:00 – 14:00</td>
<td>Lunch</td>
</tr>
</tbody>
</table>
### Afternoon Session

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
</table>
| 14:00 – 16:00| Review Team Meeting
( the objective is to provide time to meet with any host commission personnel; a follow-up to obtain additional information or to clarify any questions from previous topical reviews; to discuss and share observations from the morning topical review; to provide an opportunity for the review team to prepare for the exit briefing with the host national energy agency and staff) |
| 16:00 – 18:00| Exit Meeting
( to provide an opportunity for the review team to present, either verbally or in writing, its observations and suggestions to the host national energy agency in a private and confidential manner; to discuss whether or not there should be any further written report; to identify any information from either commission to be shared by the participating commissions) |

### After the Visit:

After the review has concluded, the host national energy agency should review written documents (prepared by the review team) for correction or clarification. The product of the review will be defined jointly by the host organization and the review team.