MINUTES

EASTERN PARTNERSHIP PLATFORM 3: "Energy Security"

5th WORKSHOP OF EASTERN PARTNERSHIP ENERGY REGULATORY BODIES

12 - 13 April 2016 - Vilnius

"Data Collection and Data Management as prerequisites for monitoring energy systems "

Summary:

The 5th workshop of the Eastern Partnership energy regulatory bodies took place on 12 and 13 April 2016 in Vilnius, Lithuania. It was co-organized by the European Commission and the Council of European Energy Regulators (CEER). It contributed to the objective "approximation of regulatory frameworks" of the work program for the period 2014-2017 of the Eastern Partnership Platform on energy security. The audience included regulatory authorities from the EU and the partner countries as well as ministry representatives and other bodies. The participant's list as well as the agenda are attached to the minutes.

The overall aim of the 5th workshop was to share experience and best practice of data collection and data management activities as prerequisites of monitoring energy systems. Participants gained insight into the state of the art in data collection, data processing and (market) monitoring activities in EU MS. Furthermore, Eastern partner countries presented their experience with data collection and data management.

The workshop was complemented by a field trip to the Kruonis Pumped Storage Hydroelectric Plant. The visit was organized by the National Commission for Energy Control and Prices (NCC) of Lithuania.

The minutes and all presentations held during the workshop are publically available on the following websites:

- CEER: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_INTERNATIONAL/CEER_Eastern_Partnership/5th_EaP_Workshop
- European Commission: https://ec.europa.eu/energy/node/2710

The results of the discussions will be presented at the next meeting of the Eastern Partnership Platform on Energy Security to take place in Brussels on 24 June 2016.

1. Workshop meeting on 12 April 2016

Participants were **welcomed** by Ms Schiller-Probst, international relations officer in Directorate-General Energy of the European Commission, Mr Beridze, Director of the Electricity Department from the Georgian National Energy and Water Supply Regulatory Commission (GNERC), and Ms Žilienė, Chair of the National Commission for Energy Control and Prices (NCC) of Lithuania.

All three stressed the importance to further strengthen cooperation in the energy field and to enhance the harmonization and coherence of the different regulatory frameworks. The availability of reliable data as well as an efficient data management were considered by all as a key prerequisite for any kind of independent monitoring activities of National Regulatory Authorities (NRA). Speakers highlighted that monitoring activities based on valid data do not only increase efficiency of the market, but also help evaluate the implementation of policies and serve as a reliable decision-making tool with the view of developing a modern energy market.

The **morning session** was moderated by **Mr Preinstorfer** on behalf of CEER, who welcomed the efforts made by all involved countries to bring their energy systems closer together and to enhance market integration. He stated that market integration brings benefits for all involved parties as it increases welfare of people and creates the right signals for economy and industry.

In the first presentation, **Mr Reisinger** from E-Control highlighted the important role of monitoring and considered monitoring as the basis for any decision taking. He stressed that if monitoring is conducted based on quality data, it creates a win-win situation for both the regulator and the monitored companies. While the regulator fulfils its monitoring needs and is able to react adequately to developments, companies can learn about themselves by reporting and may become even more efficient. With regard to data collection and data management he alerted participants to question the aims, the received data and the methods used. He further stressed the importance to respect data protection and to act according to the legal framework when collecting data.

In his presentation “Data management and Energy Statistics in Eastern Partnership Countries“, **Mr Tourlis**, Senior Electricity Market Convergence Expert at INOGATE, provided a comprehensive overview of the experience drawn from the INOGATE project. After presenting a couple of examples from INGATE activities in this field, he came to the conclusion that in principle, enough data is available in Eastern partner countries for conducting monitoring activities. Nonetheless, the disaggregation and the final use of data should further be improved. He further emphasised the importance of streamlining data processing and invited Eastern partners to make use of EU legislation which provides structured reporting mechanisms for streaming the national processes.

Armenia: **Ms Harutyunyan**, Leading Specialist at the Division at the Development and Monitoring department of the Armenian Public Services Regulatory Commission, provided an overview of monitoring activities with regard to regulated entities. Monitoring of investments, procurement, quality indicators such as AIDI, SAIFI; CAIDI, etc. and new connections is conducted. She briefly outlined the legal framework for monitoring activities of the Regulatory

Commission and presented the different monitoring reports the Regulatory Commission publishes.

Azerbaijan: **Mr Malikov**, Deputy Chairman of the State Agency on Alternative and Renewable Energy Sources (AREA), informed about AREA's activities regarding data collection and management, as well as about monitoring. He concluded that in particular monitoring activities for the implementation of the action plan for the development of renewables and the energy strategy are being conducted. Mr Malikov highlighted the benefits, which such monitoring activities entail. These monitoring activities include, inter alia, areas such as target achievement, implementation, cooperation with other organisations, external risk management, financial sources and foreign influence. Furthermore, he provided insight into the data collection process used by AREA.

Belarus: By briefly presenting the department responsible for drafting and fixing energy tariff, **Mr Chekurov**, Head of Department at the Ministry of Energy, outlined the process of tariffication in Belarus. He highlighted the importance of using basic economic parameters and data, which the Ministry collect and process for setting the tariffs. The information received through the monitoring of tariffs, is used at Cabinet level to review and adapt these decisions.

Georgia: After presenting the legal framework of Georgia with regard to monitoring and data collection, **Mr Sumbadze**, Chief Specialist of Electricity Department at GNERC, informed about the different data types GNERC is collecting. Financial and technical data of different format are collected, checked, processed and aggregated for areas such as generation, distribution, transmission and dispatch. He informed about GNERC's market monitoring activities and outlined future challenges, such as the harmonization and standardisation of processes (with EU standards), the establishment of online data base and reporting platforms, and the introduction of market monitoring indices. Mr Sumbadze underlined that work is also done to enable Georgia to fulfil its future obligations when becoming contracting party to the Energy Community still within 2016.

Moldova: After outlining the legal basis for monitoring activities in Moldova, **Mr Ursu**, Head of electricity and renewable energy division at the National Agency for Energy Regulation, informed that reporting systems have been developed by the Agency for licence holders of the heating and electricity production, license holders in the electricity sector (transmission, dispatch, distribution, supply) and licence holders in the natural gas sector (transport, distribution and supply). In Moldova, companies have to provide, inter alia, annual, quarterly and monthly reports to the Agency, which have to follow certain formats and requirements.

Ukraine: **Ms Kryvak** from the National Energy and Utilities Regulatory Commission (NEURC) gave a brief overview of the legal framework regarding data collection and monitoring. She presented the different reports which are currently published by the regulator and talked about the data formats, which have to be used by companies for submitting the required data. She also informed about future plans regarding data collection and management, such as the envisaged adoption of the electricity law which will give the regulator new competences in the field of monitoring, and which foresees adaptations regarding the data collection and reporting obligations. She pointed out future challenges such as the increasing volume of data and the need for improved IT solutions to cope with it.

The **afternoon session** was moderated by **Mr Beridze**, Director of Electricity Department at GNERC. He pointed out the importance of monitoring as the main decision-making tool and stressed that monitoring is a prerequisite for further market integration and harmonisation.

Ms Augustinavičienė, Chief Adviser at the NCC, shared the day-to-day work on data collection and gave an insight on the legal aspects from an economist perspective while highlighting the challenge of translating legislation into practice. Her presentation focused on the processing of administrative actions, how the legal framework and specifically secondary legislation (e.g. on the provision and processing of information and on inspections) do impact the definition and the collection of suitable data and the concrete practical issues (e.g. huge amount of data, costs of data storage and processing, creation and adaptation of appropriate and compatible IT systems between the NRA and the companies, data timeliness and reliability).

Ms Valij, Senior Economist at Ofgem, the Office of Gas and Electricity Markets of the UK, provided a comprehensive overview of data management and market monitoring activities in Great Britain. After presenting the structure of the Great Britain's energy market structure, she outlined why and what Ofgem monitors. Ms Valij highlighted the importance of monitoring key indicators to understand market conditions; potential market abuse and security of supply in a short and long term (for instance plant availability, prices, supply side factors, demand, market trends, etc.). With regard to data collection, both fundamental and market data are essential to monitor security of supply and compliance. She pointed out that NRAs have to choose wisely what kind of data is needed to fulfil their monitoring obligations and that NRAs have to make sure that data is stored securely. Furthermore, she stressed the necessity to regularly do horizon scanning as markets are dynamic by nature and change over time.

Mr Shonia started his presentation on GNERC's experience in the framework of the Twinning Project "Strengthening capacities of GNERC in regulatory cost audit and market monitoring" with a short summary of the recent developments in the Georgian Energy Sector, such as the development and improvement of primary and secondary legislation, the development of a new tariff methodology and the implementation of service quality standards. The second part of his presentation placed the emphasis on the new twinning project on regulatory cost audits and market monitoring, which GNERC is currently undertaking with E-Control and NCC. The project will prepare GNERC, inter alia, for its market monitoring activities, introducing European best practice and developing a system that is fit for the Georgian circumstances.

Mr Preinstorfer briefly presented the results and objectives of the ACER/CEER Market Monitoring Report 2014, which provides an in-depth year-on-year analysis of developments in the Internal Energy Market and on the remaining barriers to its well-functioning, formulating recommendations. This report, which monitors consumer protection and empowerment, as well as the electricity and gas wholesale and retail markets, elaborates concrete recommendations. This is why such a market monitoring report is an excellent decision-making tool for policy makers.

Ms Schiller-Probst gave an overview of the monitoring progress on the Energy Union and the efforts undertaken by the European Commission towards a more integrated process of assessing European energy and climate policies based on statistics. In that context, the first

State of the Energy Union Report of 2015 provides important steps towards i) an annual assessment of the status by Member State and the EU as a whole, ii) a draft set of harmonized indicators to track the process, iii) a regulation on European statistics on natural gas and electricity prices and iv) a first guidance for Member States to elaborate national energy and climate plans. Energy statistics need to be aligned to the Energy Union policy process and have to be based on principles regarding quality, availability, transparency, timeliness and comparability. Ms Schiller-Probst underlined that in the context of the Eastern Partnership a new regional energy cooperation action will continue the successful work undertaken by INOGATE on energy data management capabilities to feed into energy policy-making.

During the **wrap-up** Ms Augustinavičienė, Mr Beridze and Ms Schiller-Probst reiterated what was expressed in the different presentations during the day. NRAs should regularly review their data collection process and should scrutinize which data is necessary to fulfil their monitoring obligation in an independent manner. Furthermore, it was highlighted that it is of great importance to evaluate, question and cross-check the quality of the received data. The processing and secure storing of the increasing amount of data which has to be collected has been identified as one of the key future challenges for NRAs in the EU and in the Eastern partner countries alike. Bearing this in mind, efforts in data protection will need to increase.

Summing up, speakers agreed that NRAs need access to validated and correct data and information to be able to make well-considered decisions and policy recommendations.

The workshop was considered a very useful platform bringing together regulators and decision-making authorities as well as civil society. The workshop clearly showed the important bottom-up work of independent regulators for the market by adding transparency, stability, predictability and visibility. The presentations given by partner countries showed their will to continue being involved in the harmonization of the markets.

2. Field trip to the Pumped Storage Hydroelectric Plant in Kruonis, on 13 April 2016

On the second day of the workshop a field trip was undertaken to the Kruonis Pumped Storage Hydroelectric Plant, situated +/- 45 km West of Vilnius on the Neman river.

It is the only pumped storage plant of this kind in the Baltic States. Staff at the plant guided the participants through the installation and informed about the main elements of its history, construction, its objectives and functioning as well as its actual and future designed capacity.

The power plant’s main purpose is to provide a spinning reserve of the power system, to regulate the load curve of the power system 24 hours a day.

During off-peak periods power is taken from the lower reservoir (reservoir of Kaunas hydroelectric plant on river Nemunas) to the upper one (artificial reservoir). In peak load periods or in case of emergency, the water stored in the upper reservoir is used to drive turbine generator units and supply power to electricity network.

The station is designed to have an installed capacity of 1,600 MW but only four 225 MW generators are currently operational. A fifth is planned for 2016 and the complex can be expanded to 8 units in total. With fully filled upper reservoir the plant can currently generate 900 MW for about 12 hours.

Enclosures: Agenda, participants list