



MINUTES

EASTERN PARTNERSHIP PLATFORM 3: "Energy Security"

6th WORKSHOP OF EASTERN PARTNERSHIP ENERGY REGULATORY BODIES

16-17 May 2017 in Kyiv

"Quality of supply - Continuity of Supply and Commercial Quality of Supply from a regulatory perspective"

The 6th workshop of the Eastern Partnership energy regulatory bodies took place on 16-17 May 2017 in Kyiv, Ukraine. It was co-organized by the European Commission and the Council of European Energy Regulators (CEER) and hosted by the Ukrainian regulatory body NEURC. 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 list of participants as well as the agenda is attached to the minutes.

The overall aim of the 6th workshop was to share experience and best practice on quality of supply regulation. Participants gained insight into the state of the quality of supply regulation in EU member states. The results of the 6th CEER benchmarking report on quality of supply were presented, which provided a comprehensive overview of the different quality of supply regulations around Europe. Furthermore, Eastern partner countries presented the status quo as well as the challenges regarding quality of supply regulation in their countries.

The workshop was complemented by a field trip on the second day to the Metrological Centre of National Joint-Stock Company "Naftogaz of Ukraine" in Boyarka.

The agenda, the minutes and all presentations held during the workshop are publically available on the following websites: <https://ec.europa.eu/energy/node/2710> and

http://www.ceer.eu/portal/page/portal/EER_HOME/EER_INTERNATIONAL/CEER_Eastern_Partnership/6th_EaP_Workshop

The results of the workshop will be presented at the next meeting of the Eastern Partnership Platform on Energy Security to take place in Brussels on 23 June 2017.

Workshop, 16 May 2017

Participants were welcomed by **Mr Vovk**, Chairman of the Ukrainian regulatory body, NEURC. He identified the Eastern Partnership workshop as a very constructive framework, where NRAs can exchange experience and best practices. He also highlighted the well-functioning cooperation between NEURC and CEER on quality of supply regulation and other regulatory issues.

On behalf of the European Commission, **Mr Baur**, Head of Operations Section Energy, Environment and Transport from the Delegation of the EU to the Ukraine, welcomed the participants. He underlined the importance of cooperation amongst NRAs and stressed the need to equip NRAs with the necessary powers which allow them to fulfil their tasks and duties. **Mr Ebrill** welcomed the participants in his capacity as Secretary General of CEER. He considered the Eastern partnership as an ideal form of exchange between NRAs and a well-functioning quality of supply regulation as a key objective of NRAs.

In the first presentation of the day, **Mr Westermann** and **Mr Radovic** gave a comprehensive introduction into the topic of quality of supply. Both explained the reasoning behind quality of supply and underlined the importance of NRAs having a well-functioning quality of supply regulation in place. The presentation also covered challenges which NRAs may face when dealing with quality of supply issues. Both speakers informed the participants about the main findings and recommendations of the recent 6th CEER benchmarking report on quality of supply, which for the first time does not only include electricity, but also gas related issues. The benchmarking report, which illustrates the status quo of different components of quality of supply across Europe, does not only include EU member states, but also countries from the Energy Community.

With regard to continuity of supply, the report came to the conclusion that reward / penalty schemes on system level and compensation schemes on individual user level are used in more than half of the countries. The report recommends implementing adequate incentive schemes in order to maintain continuity of supply levels or improve them if economically viable.

Assessing commercial quality, the report highlighted the increased focus of NRAs on the quality of service provided to customers and stated, that a broad, but increasingly harmonised range of commercial quality indicators are monitored across Europe.

In general, the two speakers recommended pursuing the harmonisation of quality indicators to make comparisons more reliable in the future. Nonetheless, harmonisation should be weighted against possible costs.

Several questions raised by participants dealt with the collection of data and in particular on how to make sure that NRAs have access to high-quality data when assessing quality of supply indicators.

In her presentation "Quality of Commercial Supply in the Energy Community", **Ms Karali** from EU4Energy also referred to the CEER benchmarking report. She informed about the main findings of the report regarding connection, customer care, technical service and billing and metering. She came to the conclusion, that existing standards in Energy Community countries that apply to all customers should be more specific. She further stressed that commercial quality standards should be created for different entities and for different models, and should all be based on specific and precise definitions. She was concluding that DSOs and suppliers should implement the so call Customer Relationship Management.

Mr Hayrapetyan from the Public Services Regulatory Commission of Armenia provided an overview of the competences of the regulatory commission in the field of quality regulation and informed about indicators which are used for measuring quality of supply. He also underlined the important role which the regulatory commission plays when dealing with consumer complaints.

Through the presentation of **Mr Musaliyev** from the Ministry of Energy of Azerbaijan participants gained an insight into the recent developments of the Azerbaijani electricity market, in particular into the efforts to establish competitive markets. He underlined the functions which the regulatory body carries out when dealing with quality regulation.

Ms Rybakovskaya from the Ministry of Energy of Belarus briefly outlined the current status of the electricity sector in Belarus. She mentioned the national strategy for modernising the energy system and highlighted the main results deriving from this strategy. She informed about the legal framework which is in place to ensure reliable power supply and quality of supply. She presented the latest findings in this area.

Mr Sumbadze from the Georgian Regulatory Commission GNERC provided a short overview of the legal framework on quality of supply before presenting the commercial service quality online monitoring system, which enables companies to report data on commercial quality, which they are obliged to. He further informed participants of future plans and challenges of GNERC with regard to quality regulation. He came to the conclusion, that price-cap regulation without any quality standards or incentive/penalty schemes for quality may provide unintended and misleading incentives to reduce quality levels.

On behalf of the Moldavian regulator ANRE, **Mr Barcaru** provided a brief overview of the structure of the electricity market in Moldova. With regard to the quality of supply, he informed the participants about the different indicators ANRE uses for measuring continuity of supply, voltage quality and commercial quality, as well as on the latest findings based on the data received. He underlined, that Moldova has been taking part in the CEER benchmarking report in the last couple of years.

Mr Koval from the Ukrainian regulator NEURC started his presentation with a brief overview of the legal framework. He reported that NEURC already started the implementation of a service quality monitoring system in 2005. Bearing this in mind, Mr Koval mentioned that the Ukraine has participated in the last CEER benchmarking report. He presented the indicators used and the current findings when monitoring continuity of supply, commercial quality and power quality. In his presentation he also raised the attention to the process of implementing call centres, which are mandatory for suppliers with more than 100.000 (??) customers.

In her presentation, **Ms Pavlenko** from the DiXi Group provided an overview of the situation regarding quality of gas supply in the Ukraine. She came to the conclusion that continuity of supply indicators are very well covered in the Ukraine, commercial quality indicators however only poorly. She further stated that NEURC, TSOs and DSOs already have most of the indicators defined in the CEER benchmarking report which is why she would welcome the participation of the Ukraine in the gas chapter of the next CEER Benchmarking report.

Ms Guggenbauer from E-Control gave an overview of the responsibilities and duties of the Alternative Dispute Resolution at E-Control and highlighted the important role of this dispute

resolution when discussing service quality. After defining E-Control's role in complaint handling, she highlighted the main complaints and inquiries, E-Control receives from customers, such as cost of information on energy bills, service quality, energy prices, switching supplier. She pointed out that over the last years, service quality, such as time and correctness of billing, customer information and complaint handling, have become more and more important for customers.

Finally, **Ms Schiller-Probst** from the European Commission informed about the most recent achievements in the area of regional cooperation in the gas and electricity sector within the EU and the impact on the implementation of the Energy Union. The new electricity market design as proposed by the European Commission is expected to upgrade the wholesale market, empower the consumers and to increase regional cooperation and risk preparedness. In both gas and electricity the shift from a national to a regional approach aim at preventing supply crisis and manage shortages by applying, for the first time, the solidarity principle. This implies as well the need to work towards regional risk assessments, regional preventive action and emergency plans and the development of shared methodologies and monitoring for cross-border trading. Despite the huge variety of challenges this new approach presents to the EU Member States and the different actors in the energy sector, it was understood that common rules lead to enhanced cooperation and that the EU Member States' energy situation is safer when working together.

Field trip to the Metrological Centre of National Joint-Stock Company «Naftogaz of Ukraine» in Boyarka, 17 May 2017:

The workshop included a visit to the Metrological Centre of National Joint-Stock Company «Naftogaz of Ukraine» in Boyarka, situated +/- 25 km South West of Kiev. It is a regional centre of excellence for metrology technology whose development the EU has been largely supported via the former INOGATE programme with almost € 7.5 million. The centre was created to provide unified standards for determining the quality of natural gas and metering the rate of gas flow being transported from and to European countries from the Caucasus and Central Asia, and to implement the introduction of ISO standards (gas metering and quality system) in gas metering within the territory of Ukraine. Its main function includes the improvement and bringing the measuring techniques of metering gas transit to the most modern international standards. It is the only such centre in the Eastern neighbourhood region and is at the same technical level as comparable metrological centres in the Netherlands, Denmark or in Germany, countries who were involved in the technical equipment. The centre is expected to lead the creation of an accurate gas accounting system in Ukraine.

Gas measurement methodologies and standards being also of interest to the other Eastern partners, they were encouraged to visit the Metrological centre for learning purposes.

Enclosures: Agenda, participants list