

CONSULTATIONS QUESTIONS

Public consultation on the development of the Regional Energy Strategy of the Energy Community

Consultation period:	From 02/04/2011 to 23/04/2012
Details on the contributing stakeholder	
Representation	<input checked="" type="checkbox"/> public authorities <input type="checkbox"/> industry associations <input type="checkbox"/> consultancies <input type="checkbox"/> international financial institutions <input type="checkbox"/> donors <input type="checkbox"/> NGOs <input type="checkbox"/> trade unions <input type="checkbox"/> citizen
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Publication	Do you agree that we publish your contribution on the Energy Community website? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Consultations questions	
1. Question	What are the most important challenges, which the region as a whole is facing in terms of moving towards secure, sustainable and competitive energy?
Answer	<ul style="list-style-type: none"> - strengthen independence, increase powers of national energy regulators and establish a comprehensive cross-border regulatory framework by 2015 (deadline for 3rd package implementation), open wholesale electricity market to all customers (household/non household) and integrate short-term, medium-term and long-term markets through harmonized regulatory approach - reduce risk of electricity congestions through modernization of already existing cross-border interconnection capacity and construction of new cross-border interconnection capacity - increase liquidity of gas market through additional investment in

	<p>transport and storage capacity, liquefied natural gas terminals and combined-cycle gas turbines</p> <ul style="list-style-type: none"> - monitor transparency of electricity and gas supply and quality of service - tackle issues relating to household end-users, including non-payment, energy poverty, lack of social safety net
2. Question	<p>What are the strengths and opportunities that make the region attractive to investors?</p>
Answer	<p>Strengths:</p> <ul style="list-style-type: none"> - potential of Renewable Energy Sources, in particular hydro, biomass and wind - strategic position for Europe in terms of gas and electricity procurement <p>Opportunities:</p> <ul style="list-style-type: none"> - increase in number of generation plants - electricity and gas network modernization and expansion - integration of regional electricity market with Centre-East and Centre-South European Regional Initiative - for Europe to import energy at lower prices; for the South East Europe Region to attract private investments - The region has a great potential to play a major role in securing gas supplies for the future. The countries of the region will be tremendously important partners when it comes to diversifying supply routes to Europe.
3. Question	<p>What concrete and measurable objectives would you include in the Strategy (max. 5 objectives with a description of not more than 200 words per objective)?</p>
Answer	<ul style="list-style-type: none"> - Creation of well functioning, open and liquid wholesale electricity market - increase of cross-border electricity interconnection capacity - increase of RES installed capacity - cost-based and competitive electricity prices for final customers - Creation of well functioning, open and liquid wholesale gas market
4. Question	<p>What concrete actions would you see to achieve the drafted objectives (not more than 10 actions, with a description of not more than 100 words per action)?</p>
Answer	<p>In the short-medium term:</p> <ul style="list-style-type: none"> - develop a common grid model and coordinated capacity calculation method in the South-East European (SEE) region in line with the European electricity target model, for short-term and long-term timeframes - create a single regional office for coordinated long-term auctions based on harmonized auction rules - establish power exchanges in several SEE countries or contracting services from the existing power exchanges - resolve the situation with respect to vulnerable customers (ensuring

	<p>affordability of tariffs)</p> <p>In the long term:</p> <ul style="list-style-type: none"> - pursue price-based electricity market coupling with the EU internal market - investment incentives in national tariff regimes - unbundling of vertically integrated and state-owned energy companies - create a harmonized regulatory framework for gas transport and distribution activities
5. Question	<p>In order to achieve a sufficient level of market integration, security of supply and to improve the environmental situation in the Energy Community related to renewable energy and energy efficiency, significant investments are needed. In your view, what are the main barriers to necessary investments and how could they be removed in order to reach these goals?</p>
Answer	<ul style="list-style-type: none"> - <u>Barrier</u>: state aid to national energy companies and power of governments to approve network tariffs keep regulated prices of energy supplied at levels below their costs, hence jeopardizing new investments <u>Proposal</u>: provide Regulatory authorities with the power to monitor unbundled accounts of energy supply and distribution from the vertically integrated national company and to ensure adequate transfer of costs in the tariff and the regulated prices
6. Question	<p>In terms of investments, how should energy projects (infrastructure, renewables, energy efficiency, power generation etc.) be financed?</p> <ul style="list-style-type: none"> ▪ What should be the balance of public and private involvement and who should be involved (governments, municipalities, energy companies, financial investors, other private investors, donors, international organizations etc.)? ▪ What should be the forms of financing (grants, loans, project bonds, tariffs etc.)?
Answer	<p>From a Regulatory perspective, investment incentives should be considered in tariff regimes, taking into account the requirement for cost reflectivity and the necessity for affordability of energy prices for domestic customers in a context characterized by energy poverty.</p>