

Legal framework and AERS authority

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General overview

- **Treaty establishing Energy Community** (Oct 25th 2005)

In order to reinforce the regulatory and market principles set by the Treaty, the Contracting Parties are to implement the following '*acquis communautaire on energy*', by July 2007:

Directive 2003/54/EC conc. common rules on internal market in electricity

Directive 2003/55/EC conc, common rules on internal market in natural gas

- *Regulation 1228/2003/ EC on conditions for access to network for cross border exchange of electricity*

+ *relevant EU legislation environment, competition, and renewables.*

EC Directives 2003/54 & 2003/55 (art. 23/25)

Art. 23/25 reinforce the creation of independent authority which is to :

- ensure effective competition and functioning of the market, monitor the management and allocation of interconnection capacities, set mechanisms to deal congested capacity, ensure unbundling of accounts
- set or approve methodologies used to calculate/establish the terms and conditions for connection and access to national networks, storage, including transmission and distribution tariffs
- act as a dispute settlement authority, on complaints lodged against transmission or distribution system operator
- issue licenses

Implementation of EU legislation in Serbia

Energy Law (OJRS 84/04) establishes AERS as regulatory body

AERS is legal entity functionally independent from any state entity of body, which gained *sui generis* position within the system via:

- Separation from the state administration

AERS is functioning in accordance with the Company Law, and no provisions deriving from the Law on State Administration and Law on Civil Servants is to be applied

- Separate budget, formed by annual license fees and % of tariffs for access to system

the AERS budget excluded from the State Treasury

AERS Financial plan approved by National Assembly

AERS' competencies (I)

According to Energy Law, AERS is to:

- 1) formulate Draft Tariffs for calculating electricity and natural gas for tariff customers and tariffs for access and usage of trans/distrib. system & storage and other services (approved by Government)
- 2) set Methodologies for determination of tariff elements for calculation of electricity and natural gas prices for tariff customers, including the heat produced in combined processes
- 3) set criteria for determination of costs of access to trans/distr. system
- 4) approves Market and Grid Codes
- 5) sets the eligibility threshold
- 6) verifies, upon requests, the status of eligible customer

AERS' competencies (II)

According to Energy law, AERS is authorized to conduct functions which are defined as activities of Public Interest:

7) act as dispute resolution authority on appeals, when request for access to trans/distrib/storage or transit is denied or decision is not delivered by ES.

8) issue licensees

* Both the dispute settlement resolution and license procedure are conducted in accordance with the Law on General Administrative Procedure

AERS' competencies (III)

AERS' Consultative competencies (II):

- 9) issues opinions on calculated costs for TPA, determined by SO, prior Government' approval
- 10) issues opinions on prices of electricity and natural gas, determined by supplier, prior Government' approval
- 11) ex ante approval of Electricity Market Code, set by ES
- 12) ex ante approval of Transport and Distribution Grid Codes for transport of electricity, crude oil, and natural gas and distribution of electricity, oil derivatives and natural gas

AERS' competencies (III)

AERS takes part in the process of Market and Grid Codes formulation, via consultative Committee, which is comprised of representatives of TSO/DSO and AERS

Committee's authority established via Act on Market and Grid Codes, in order to assure continuous monitoring on modes of implementation of Market and Grid Codes

Committee envisaged as channel for interaction and instance relevant for enactment of amendments needed to the Market and Grid Codes

In this process, the role of AERS is consultative, but AERS representative in the Committee do not have the right to vote

Acquis communautaire – environment, renewables

- AERS is excluded from the process of new infrastructure planning, and issuance of energy permits (exclusive competence of the Ministry of energy)
- In general, relevant legislation on Competition, Environmental protection and Renewables are entrusted to relevant Ministries, Competition Commission, and Agency for energy efficiency



AERS' regional competencies (IV)

- AERS Consultative competencies (II)

According the **Treaty establishing Energy Community**, AERS is represented in two out of five institutions of Energy Community:

- Energy Community Regulatory Board
- Fora (Athens and Maribor)

Thank you for your attention!

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