

Security of supply

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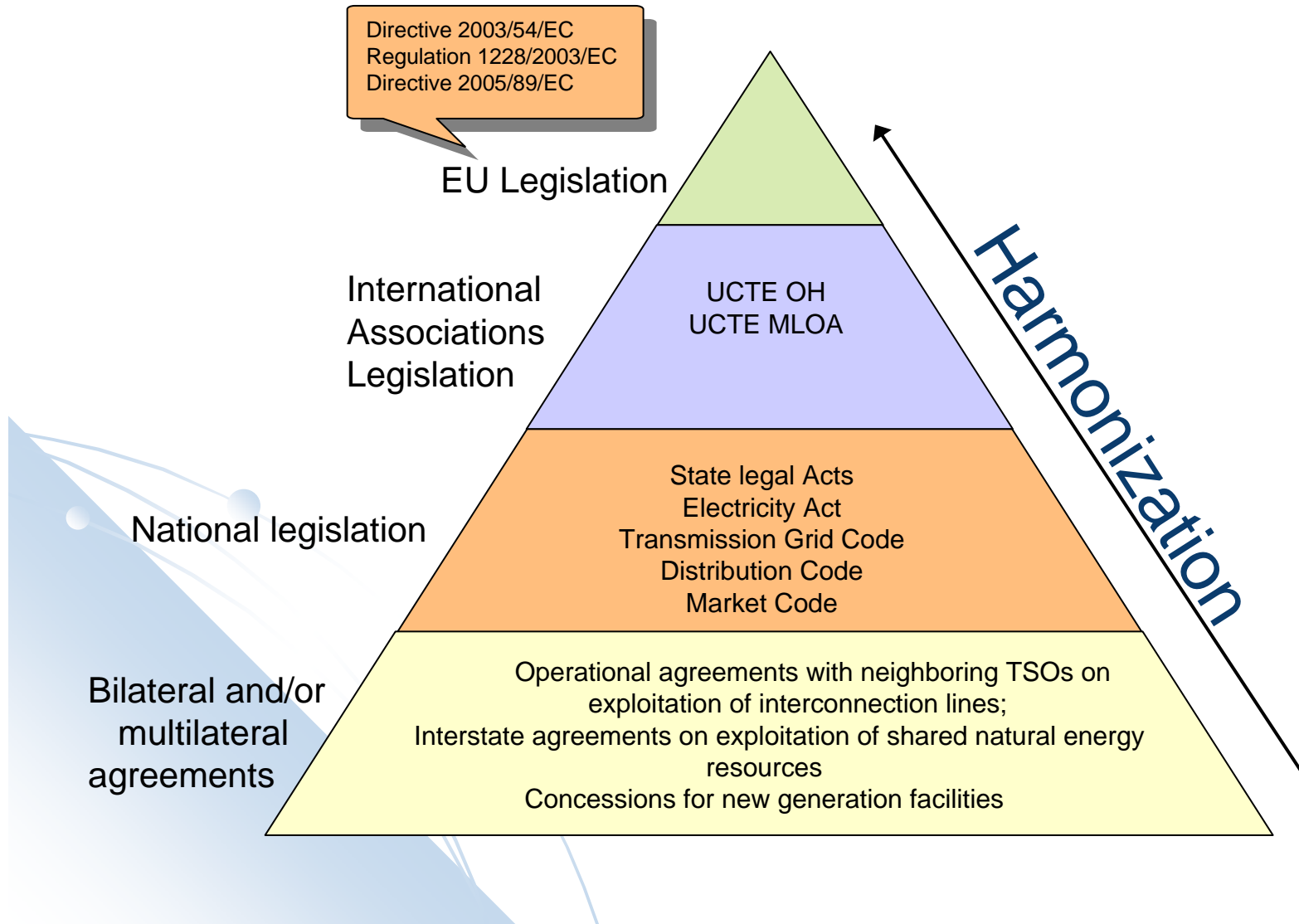
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EU legislation on Security of Supply

- Directive 2005/89/EC = Security of supply Directive
- SoS Directive builds on the Electricity Directive 2003/54/EC

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with the SoS Directive by 24 February 2008.

General implementation scheme



Implementation of EU legislation in Serbia

- Implementation of relevant EU legislation is set out as an obligation in the Energy Community Treaty.
- Relevant EU legislation includes acquis on: energy, environment, competition, and renewables.
- Full implementation of relevant EU legislation by the Adhering Parties was required by July 2007.

Implementation of EU legislation in Serbia

- The **acquis communautaire** on energy to be implemented by the Parties to the Treaty have been **extended** by Ministerial Council Decision 2007/06/MC-EnC to the SoS Directive, and full compliance is required by December 31st 2009.

EU legislation - Goal

- Safeguarding security of electricity supply so as to ensure the proper functioning of the internal market for electricity and to ensure:

- (a) an adequate level of generation capacity;

EU legislation - Goal

(b) an adequate balance between supply and demand

(c) an appropriate level of interconnection between Member States for the development of the internal market.

EU legislation – basic definitions from the SoS Directive

- ‘SECURITY OF ELECTRICITY SUPPLY’ means the ability of an electricity system to supply final customers with electricity, as provided for under this Directive;
- ‘OPERATIONAL NETWORK SECURITY’ means the continuous operation of the transmission and, where appropriate, the distribution network under foreseeable circumstances;

EU legislation – basic definitions in SoS Directive

- **‘BALANCE BETWEEN SUPPLY AND DEMAND’** means the satisfaction of foreseeable demand of consumers to use electricity without the need to enforce measures to reduce consumption.

EU legislation – General provisions

- Member States to ensure a high level of security of electricity supply via measures to facilitate a stable investment climate *and by defining the roles and responsibilities of competent authorities, and all relevant market actors and publishing information thereon.*

EU legislation – Generation adequacy

- Generation adequacy should be ensured through:
 - Authorization procedure for new capacity







- Tendering for new capacity



EU legislation – Operational network security

TSOs are obliged to:

- set the minimum **operational rules** and obligations on network security (might be subject to regulatory approval). ✓ 
- maintain an appropriate level of technical transmission **reserve capacity** ✓ - ✗ 
- cooperate and to **exchange information** on operation of networks ✓ 
- meet quality of supply and network security **performance objectives** (subject to regulatory approval and monitoring) ✓ 

Network investment

Member States shall establish a regulatory framework that:

- (a) provides investment signals for both the transmission and distribution system network operators to develop their networks in order to meet foreseeable demand from the market; ✓ - ✗ 

Network investment


(b) facilitates maintenance and, where necessary, renewal of their networks. ✓ 

Without prejudice to Regulation (EC) No 1228/2003, Member States may allow for merchant investments in interconnection.

✓ - ✗ 




EU legislation – Maintaining balance between supply and demand

Member States obliged to:

- encourage the establishment of a wholesale market framework that provides suitable price signals for generation and consumption ✓ 
- Require TSOs to ensure an appropriate level of generation reserve capacity for balancing purposes ✓ 

EU legislation – Maintaining balance between supply and demand

Member States may take additional measures such as:

- provisions facilitating new generation capacity
✓ 
- removal of barriers for use of interruptible contracts x 
- encouraging real-time demand management technologies (ex. advanced metering systems)
x 
- encouraging energy conservation measures, etc. ✓ - x 

Monitoring and Reporting

- Member States to ensure monitoring – may be delegated to regulatory authorities (Directive 54)
- Competent authorities to issue a biannual report on SoS and forward it to the European Commission → European Commission reports to Member States, competent authorities, and ERGEG on planned investments and contribution to the goals set out in the SoS Directive. ✓ - ✗



Thank you for your attention!

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