

SOUTHEAST EUROPE ELECTRICITY MARKET MONITORING WORKSHOP

ROLE OF THE REGULATOR IN COMPETITIVE ENERGY MARKETS

State Energy & Water Regulatory
Commission, Bulgaria

Athens, October 4-5, 2005

Regulator Role on Competitive Energy Markets

- Develop the Proper Environment for Energy Trading
- Monitor the Competitive Energy Market
- Correct for Market Imperfections

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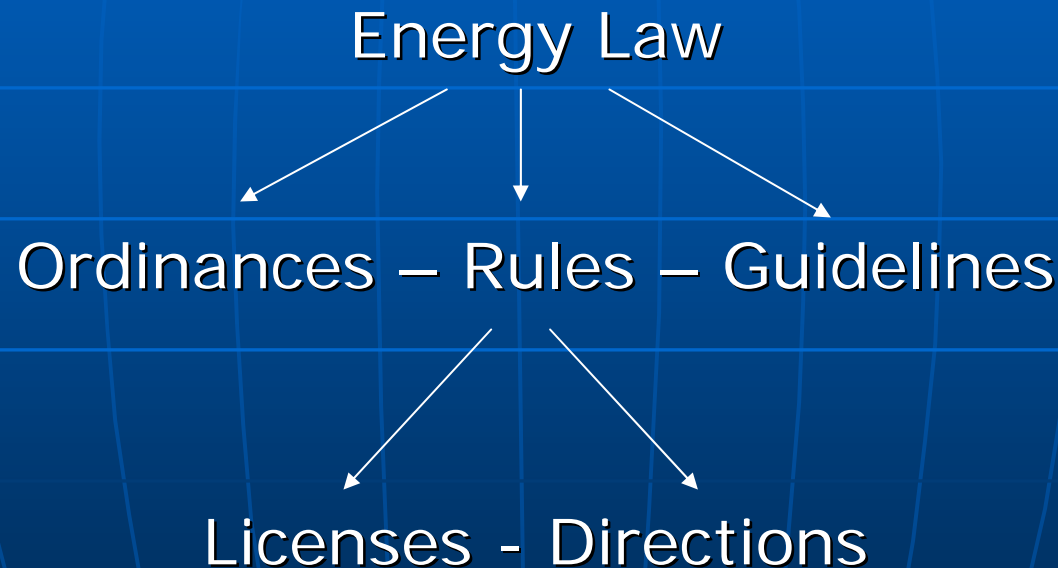
Develop the Proper Environment for Energy Trading

- Establish the Legal Basis for Competitive Energy Trading
- Ensure Infrastructure Development

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Establish the Legal Basis for Competitive Energy Trading

International Treaties - EU Directives



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Legal Basis- Int'l Treaties, Agreements & EU Directives

- Energy Community Treaty
- UCTE Rules / ETSO Agreements
- EU Directives -2003/54EC, 2003/55EC
- Bilateral / Multilateral Trading Agreements

The Commission **MUST** take an active role in development of European Agreements and Rules

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Legal Basis – Energy Law

The Energy Law provides the basis for competitive energy trading

- Assigns authority to SEWRC to open market through ordinances and rules
- Specifies the type of licenses
- Requires unbundling of production, transmission, distribution and sales
- Allows for a gradual transition for foreign trade

Legal Basis – Ordinances, Rules & Instructions

- Trading Rules (incl. market power restrictions)
- Open Access Rules
- Metering Rules
- Grid Code (Technical Rules)
- Cross Border Trading, Capacity Auctioning Rules
- Public Service Obligations Instructions
- Electricity Tariff Ordinance
- Certificate of Origin and Trading of Green Certificates

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Legal Basis – Licenses & Directions

- Transmission Wheeling Tariff Methodologies
- Distribution Tariff Methodologies
- Ancillary Services Tariff Methodologies
- Trader License

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Ensure Infrastructure Development

Information systems (transmission and distribution companies)

- Customer information databases
- Customer type load profiles
- On-line System Status Report
- Metering and data collections systems
- Reporting systems between TSO-EMO-Exchanges-Traders

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Ensure Infrastructure Development

Unbundling the TSO

Complete accounting and legal separation between each distribution company's:

- Trading division
- Captive supply division, and
- Network distribution

Power Exchange

- Domestic
- Regional
- Including clearing houses
- Trading rules, clearing rules

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Monitoring the Competitive Energy Market

Review of market Operations

- Ensure Market Power Rules are not violated by traders
 - Analyze market for non-discriminatory access
 - Analyze for predatory actions by distribution companies
 - Analyze for market power problems
- Develop monthly reports summarizing market operations
- Develop recommendations for changes in legal basis and market infrastructure

Consult with the Commission for Protection of Competition on market power issues

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Correct for Market Imperfections

- Modify Legislation (Rules, Guidelines, Directions)
- Modify Infrastructure
- Solicit for new resources when market falls short of providing required resources

Mergers, Acquisitions, Sales

When are the licensees required to ask permission from the SERWC

Review of proposed mergers, acquisitions and sales

- Impact of competition
- Impact of retail consumers
- Reduction of transparency
- Possible discriminatory access action
- Possible predatory actions

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THANK YOU FOR YOUR
ATTENTION

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