



Economic and Technical Aspects to foster Electricity Cooperation in SE Europe

06.06.2006

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Conclusions

SEE at a glance

55 m people

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, (Greece,) Montenegro, FYR Macedonia, Romania, Serbia, (Turkey), UNMIK

Increase in demand up to 9% y-y in some parts of region

Transition Countries with Economies with fast changing parameters

Introduction – present situation

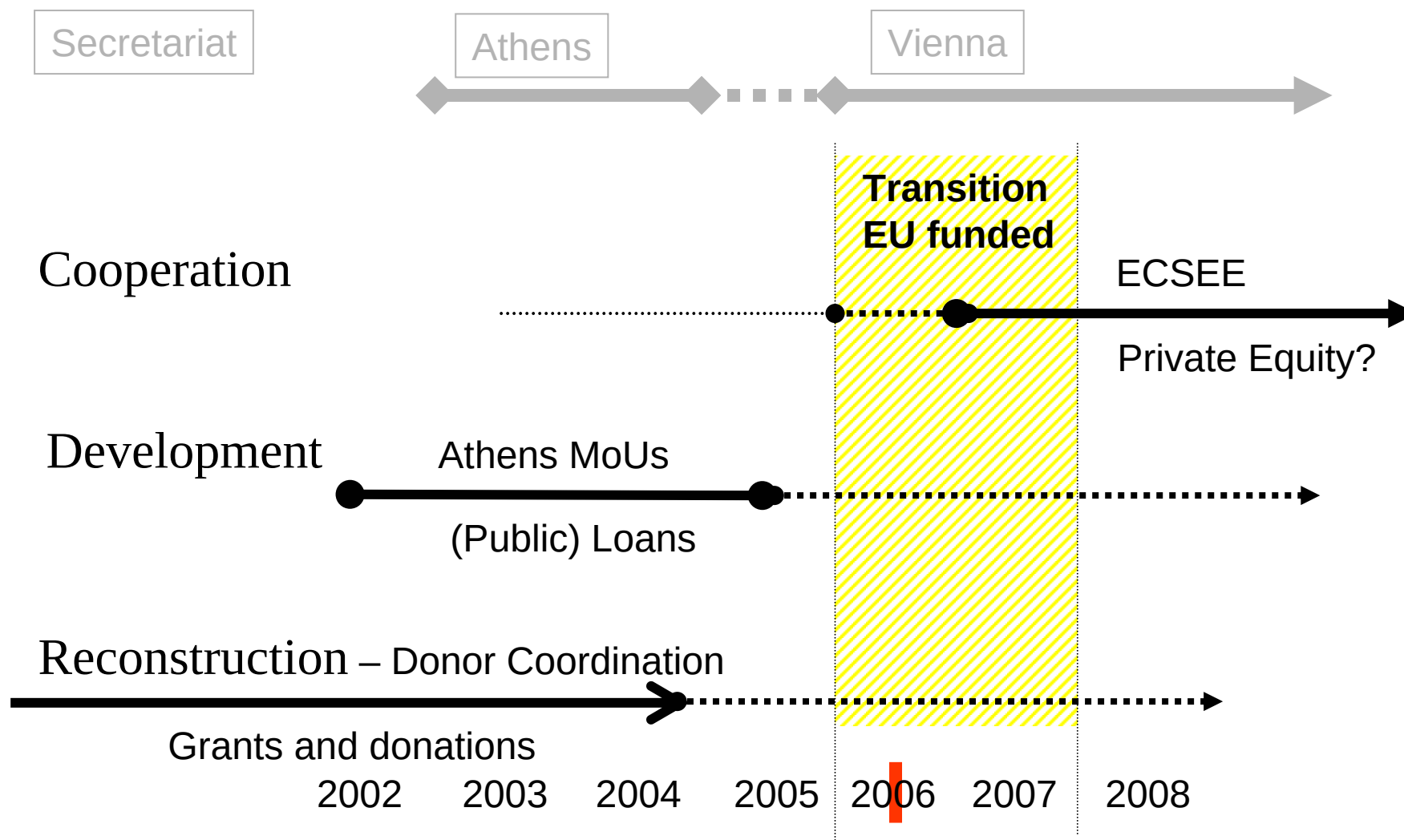
Electricity keeps people alive and businesses running

EU learned a bitter lesson in early 2006 (Italy ran on red alert)
SEE situation a much severer and tighter (originated in the past conflicts)

Regulatory and Legal Framework underway as part of EU integration

SEE is still at the cutting edge and forerunner

Economic Reconstruction, Development and Cooperation



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The Athens Process aims at creating a Energy Community

SEE – Three steps

UCTE

Non UCTE

Synchronous
Borders

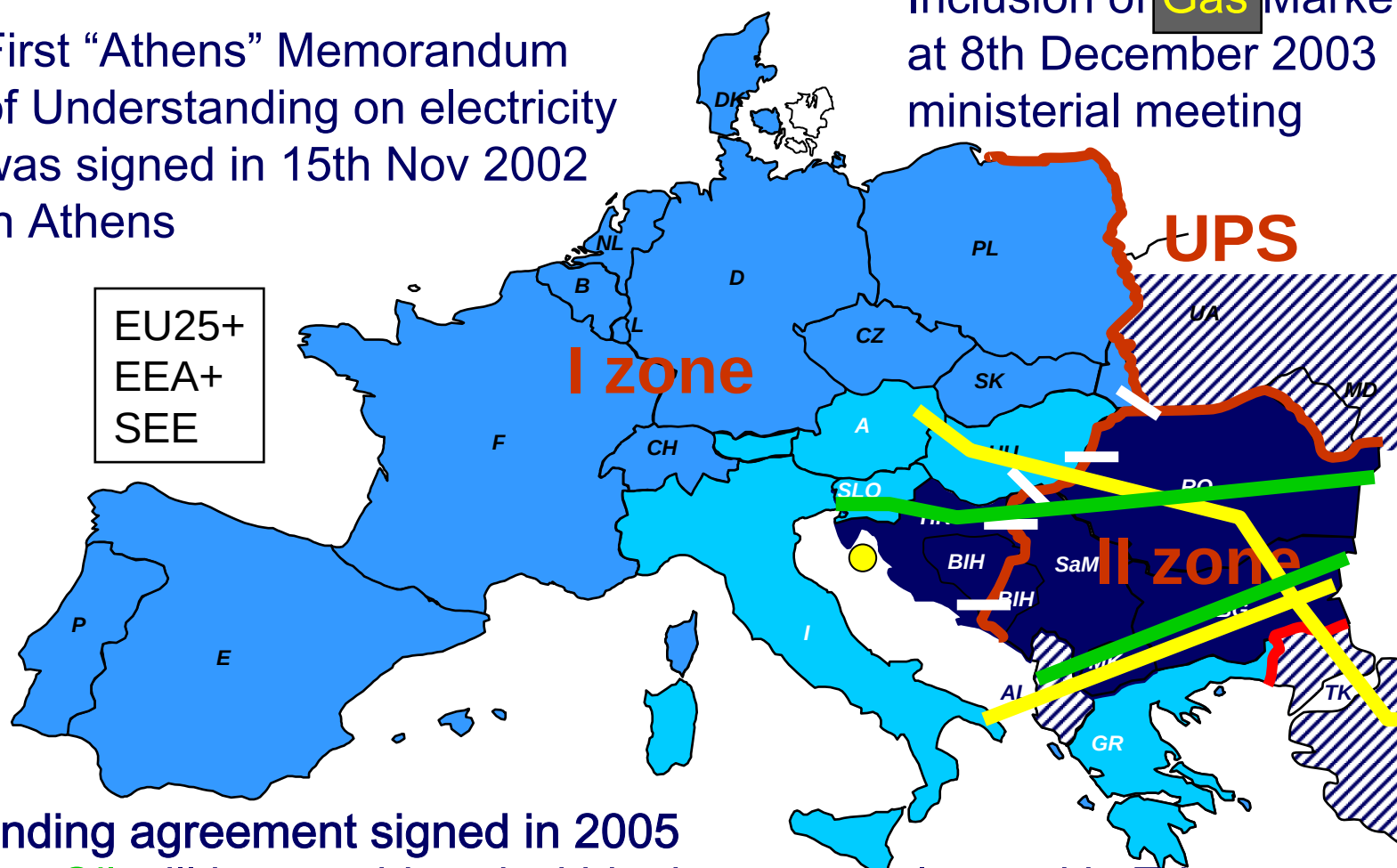
ECSEE

participant
ECSEE

First “Athens” Memorandum
of Understanding on electricity
was signed in 15th Nov 2002
in Athens

EU25+
EEA+
SEE

Inclusion of **Gas** Market
at 8th December 2003
ministerial meeting



Int. legally binding agreement signed in 2005

Oil will be considered within the process located in Trieste

Transmission is the key to exchange – UCTE Reconnection with end of 2004 enables physical exchanges



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Reconstruction

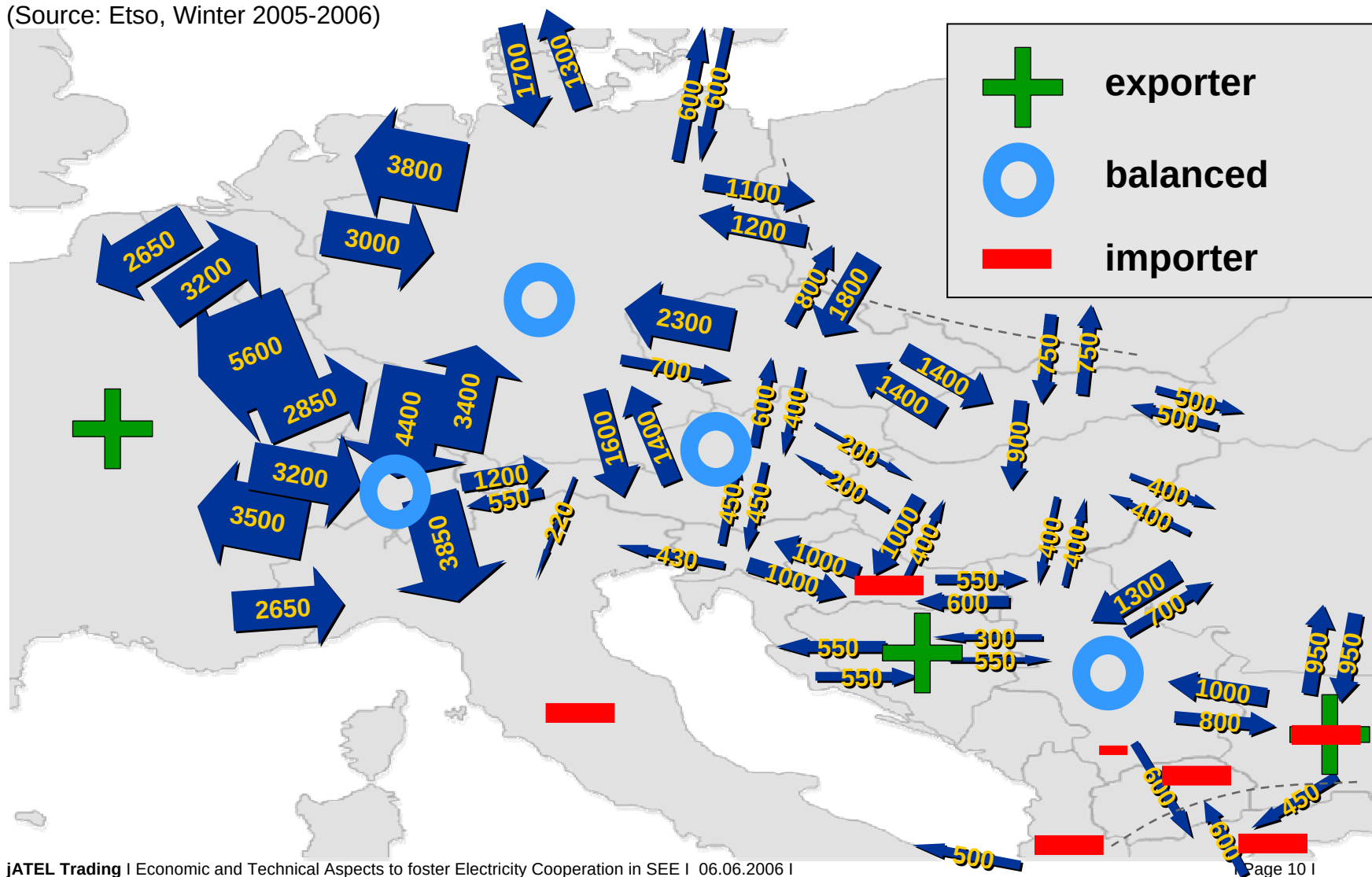
Development

Cooperation

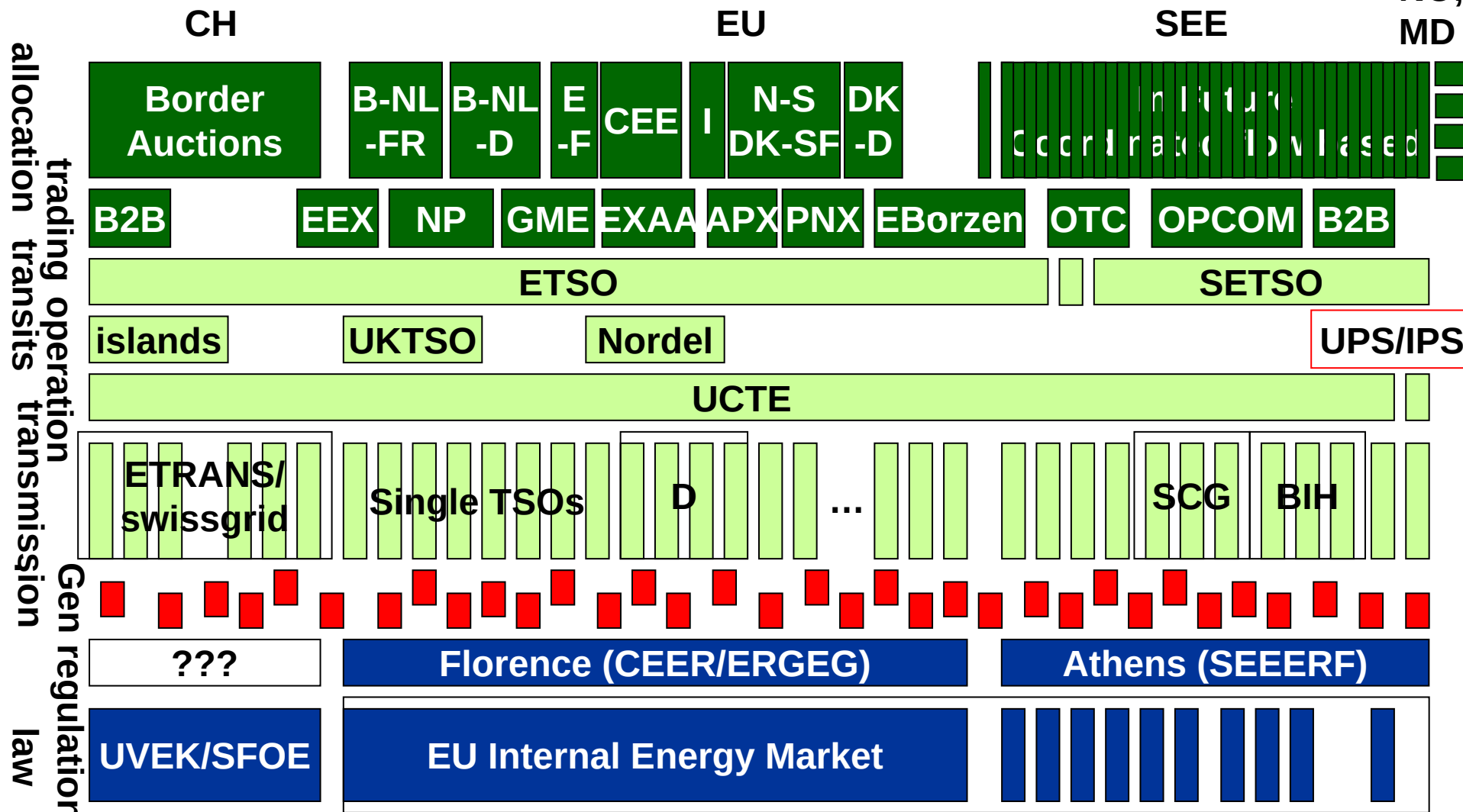
Conclusions

Cross Border Capacities (NTC) in CEE limit economics

(Source: Etso, Winter 2005-2006)



Different layers of technical and economic aspects



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Introduction

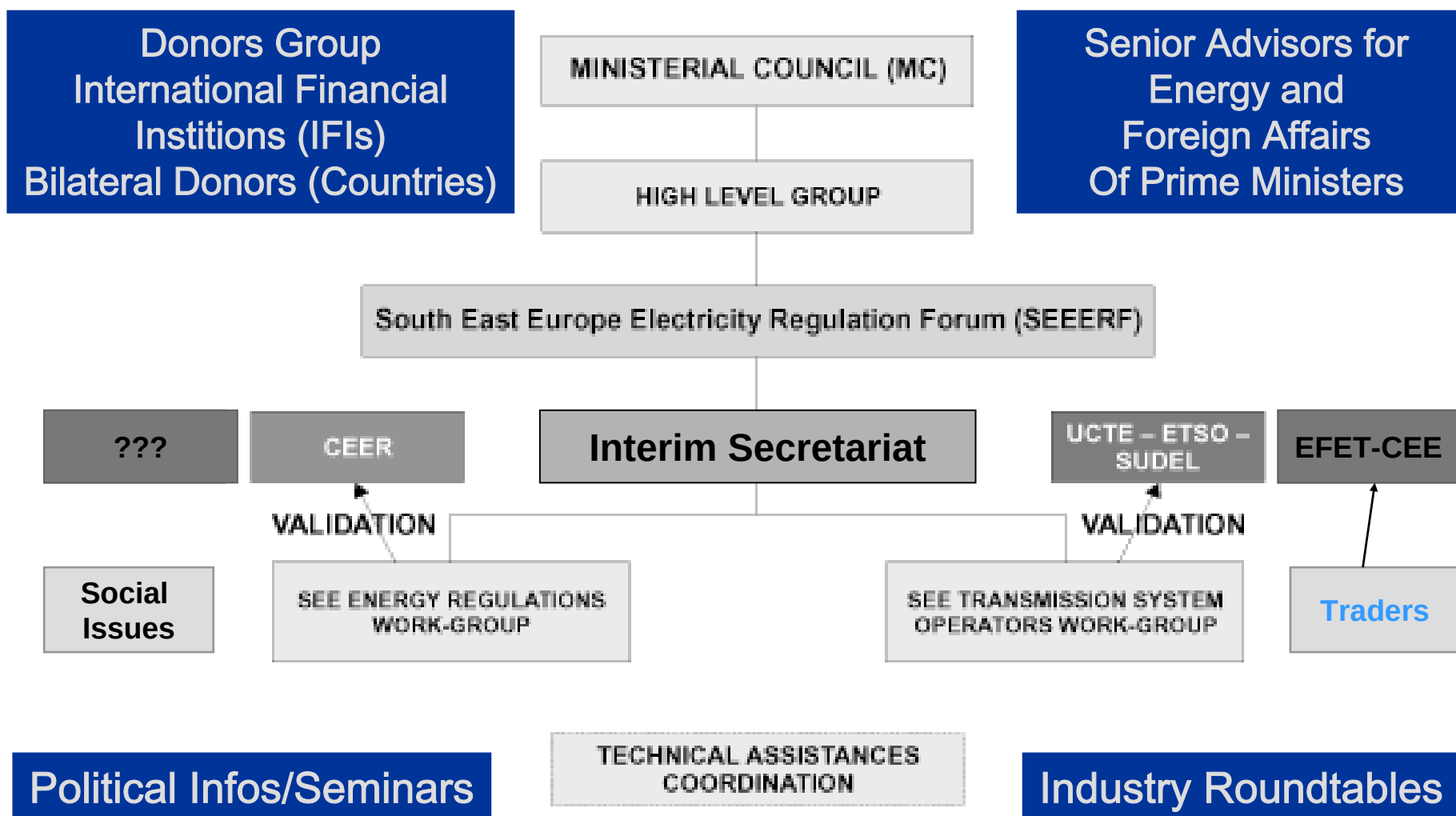
Reconstruction

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Co-ordination and Monitoring Structures



Social Implications – MoU on Social Aspects underway

State owned monopolies

Restructuring Power Companies to
planned economy

consolidation of generation assets

Social Tariffs

sustainable economical basis

Ministry directed

(equally private or state owned)

General overall (cross-) subsidies

Privately owned market participants

Unbundled power companies

Free market exposed

new branches (sales and trading)

Cost reflective tariffs

Affordability of tariffs

independent enterprises follows

market opportunities

Targeted programmes for identified
vulnerable groups

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Conclusions and lessons learned

- Regional Approach catalysed development und funding
- Clear Target (EU integration/accession) gives references and motivation to master extreme burden and difficult excersices
- Western (EU-US) standards gives security to participants and investors and creating a level-playing field
- Longterm approach with more then 10 years is essential for investment decisions (energy community as a bridge to EU membership)
- Harmonised national (secondary) legislation essential for x-border
- Social Issues like tariffs and restructuring must not be excluded

Establishing the Energy Community



www.energy-community.org