

**Market Inefficiencies in the Contracting Parties of the Energy Community**

<b>Country</b>	<b>Trading Barrier/Market Inefficiency</b>	<b>Responsible Institution or Body</b>	<b>Impact on Market</b>	<b>Proposed Solution of EFET</b>
<b>Albania</b>	Licensing regime for wholesale trading.	Ministry, Regulator	Barrier to entry the market for the companies legally established in EU member state or Contracting Parties of Energy Community.	Abolish such requirement.
	Requirement for a local establishment (taxable presence).	Ministry, Regulator	Bureaucratic, burdensome and costly requirements. Barrier to entry the market for the companies legally established in EU member state or Contracting Parties of Energy Community.	Abolish the requirement of a local establishment.
	Only licensed parties can sign the contract with the TSO.	TSO	Bureaucratic and burdensome requirements for licensing and establishment of a local presence.	Market participants without a license should be enabled to sign a contract with the TSO at least for commercial transit.

	<p>Transparency Discrimination Language barriers</p>	<p>Regulator TSO</p>	<p>Market participants lack the market information on prices, availability of plants, cross-border capacities, demand forecast, real-time data, historic information etc. Complexity due to non-harmonised rule and procedure, price formation. Incumbent company/ies have priority access on interconnection capacity. No information on the use of congestion rent. Formal communication and submission of documents in local language.</p>	<p>Establish a transparent market with the wholesale price reference. Facilitate access for foreign companies → liquidity. Publication of information in a summarised form.</p>
	<p>Lack of D-1 and intra-day capacity allocation.</p>	<p>TSO</p>	<p>No short term liquidity. No possibilities for short term optimisation.</p>	<p>D-1 and intraday capacity allocation process should be developed.</p>
	<p>Absence of short term market and balancing mechanism.</p>	<p>Regulator TSO</p>	<p>No short term liquidity and no efficiency. Non transparent balancing costs.</p>	<p>Development of short term market and transparent balancing mechanism with market based prices. Possibility for intra-day nomination</p>
	<p>No wholesale reference price.</p>	<p>Regulator TSO</p>	<p>No efficient allocation of resources. Causes flows in the opposite direction with the congestion</p>	<p>Publication of wholesale prices and development of centralised trading</p>

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<b>Bosnia and Herzegovina</b>	Licensing regime for wholesale trading requiring two licences: state and cantonal.	Ministry Regulators (DERK + FERK or REERS)	Barrier to entry the market for the companies legally established in EU member state or Contracting Parties of the Energy Community.	No licensing requirement for wholesale trading or much simplified process, were local branch is not required to be established.
	Requirement for a local establishment (taxable presence).	Ministry, Regulator	Bureaucratic, burdensome and costly requirements. Barrier to entry the market for the companies legally established in EU member state or countries of the Energy Community.	Abolish the requirement of a local establishment.
	Only licensed parties can sign the contract with the TSO.	NOS BiH and Elektroprenos BiH	Bureaucratic and burdensome requirements for licensing and establishment of a local presence.	Market participants without a license should be enabled to sign contract with the TSO at least for commercial transit.
	High annual transaction based license fee.	Regulators (DERK, FERK, REERS)	Market participants are charged on the basis of their turnover. It gives the wrong signals to the market. If market participants traded more volume with the lower spread, even though contributed to liquidity are charged more.	Abolish transaction based fees.

	Transparency Discrimination Language barriers	Regulator, TSO	Market participants lack the market information on prices, availability of plants, cross-border capacities, demand forecast, real-time data, historic information etc. Complexity due to non-harmonised rule and procedure, price formation. Incumbent company/ies have priority access on interconnection capacity. No information on the use of congestion rent. Formal communication and submission of documents in local language.	Establish a transparent market with the wholesale price reference. Facilitate access for foreign companies → liquidity. Publication of information in a summarised form to help market participants.
	No coordinated cross-border capacity allocation and no market based allocation process.	TSO	Limited possibilities for cross-border trade. No liquidity. No possibilities for short term optimisation.	Start with coordinated capacity allocation as soon as possible.
	Absence of short term market.	Regulator TSO	No short term liquidity and no efficiency.	Development of short term market and transparent balancing mechanism with market based prices. Possibility for intra-day nomination.
	No wholesale reference price.	Regulator TSO	No efficient allocation of resources. Causes flows in the opposite direction with the congestion.	Publication of wholesale prices and development of centralised trading.

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<b>Kosovo</b>	No clear division between trading (wholesale) and supply activities (single license for both activities).	Ministry Regulator	Uncertainty and ambiguity to access the market.	Trading activities should be exempt from any kind of licensing requirements.
	Transaction based license fee.	Regulator	Market participants are charged on the basis of their turnover. It gives the wrong signals to the market. If MPs traded more volume with the lower spread, even though contributed to liquidity are charged more.	Abolish of transaction based fees.
	If market participants want to trade in Kosovo, they must be licensed and establish an office in Serbia, in order to have access to cross-border capacities and transmission network.	Ministry Regulator	Uncertainty to the market. Directly affects liquidity and prices.	Abolish requirement

	Only licensed parties can sign the contract with the TSO.	Regulator	Bureaucratic and burdensome requirements for licensing.	Market participants without a license should be enabled to sign contract with the TSO at least for commercial transit.
	Transparency Discrimination on how cross-border capacities are allocated.	Regulator TSO	Market participants lack the market information on prices, availability of plants, cross-border capacities, demand forecast, real-time data, historic information etc. Complexity due to non-harmonised rule and procedure, price formation.	Establish a transparent market with the wholesale price reference. Publication of information in a summarised form to help market participants.

	<p>Uncertainty in allocation process. Capacity is allocated in Serbia but is controlled by the Kosovo TSO. Therefore, market participants licensed in Kosovo may face legal repercussions for using cross-border interconnection without an agreement with the Kosovo TSO. The same repercussions can apply on the Serbian side as well. No coordinated cross-border capacity allocation and lack of an auction process. No D-1 and intra-day capacity allocation.</p>	<p>TSO</p>	<p>Uncertainty is affecting liquidity.</p>	<p>Starting with coordinated capacity allocation as soon as possible. D-1 and intraday capacity allocation process should be developed.</p>
	<p>Absence of short term market and balancing mechanism.</p>	<p>TSO</p>	<p>No short term liquidity and no efficiency.</p>	<p>Development of short term market and transparent balancing mechanism. Possibility for intra-day nomination.</p>

	No wholesale reference price	TSO Regulator	No efficient allocation of resources. Causes flows in the opposite direction with the congestion.	Publication of wholesale prices and development of centralised trading.
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<b>Macedonia</b>	Licensing regime for wholesale trading.	Ministry, Regulator	Barrier to entry the market for the companies legally established in EU member state or countries of Energy Community.	Abolish this requirement
	Requirement for a local establishment (taxable presence).	Ministry, Regulator	Bureaucratic and burdensome requirements. Barrier to entry the market for the companies legally established in EU member state or countries of Energy Community.	Abolish this requirement
	Only licensed parties can sign the contract with the TSO, only required for the MK-BG border.	Regulator	Bureaucratic and burdensome requirement.	Market participants without a license should be enabled to sign contract with the TSO for MK-BG border.
	Total turnover percentage based license fee.	Regulator	Market participants are charged on the basis of their turnover. It gives the wrong signals to the market. If MPs traded more volume with the lower spread, even though contributed to liquidity are charged more.	Abolishment of transaction based fees.



	Transparency Discrimination Language barriers	Regulator TSO	Market participants lack the market information on prices, availability of plants, demand forecast, etc. Complexity due to non-harmonised rule and procedure, price formation. No information on the use of congestion rent. Formal communication and submission of documents in local language.	Need for regular bilingual public announcements of short-term and long-term historical data, as well as projections related to: real-time energy balance (supply vs. demand), electricity generation capacities information, about planned unavailability and outages, electricity prices (wholesale/retail).
	No intra-day (except intra-day on SER-MK) capacity allocation.	Regulator TSO	Limited possibilities for cross-border trade. No liquidity. Limited possibilities for short term optimisation.	Intraday capacity allocation process should be developed on all borders.
	No short term liquidity and no efficiency.	Regulator TSO	No short term liquidity and no efficiency.	Development of short term market. Possibility for intra-day nomination.
	No wholesale reference price.	Regulator TSO	No efficient allocation of resources. Causes flows in the opposite direction with the congestion.	Publication of wholesale prices and development of centralised trading.

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Montenegro	Transparency Discrimination Language barriers	Regulator TSO	Market participants lack the market information on prices, availability of plants, demand forecast, historic information etc. Complexity due to non-harmonised rule and procedure, price formation. No information on the use of congestion rent. Formal communication and submission of documents in local language.	Establish a transparent market with the wholesale price reference. Publication of information in a summarised form to help market participants.
	Still missing coordinated cross-border capacity allocation on MN-RS border.	Regulator TSO	Poor liquidity.	Starting with coordinated capacity allocation as soon as possible on MN-RS border.
	Absence of short term market.	Regulator TSO	No short term liquidity and no efficiency.	Development of short term market and transparent balancing mechanism with market based prices.
	No wholesale reference price.	Regulator TSO	No efficient allocation of resources. Causes flows in the opposite direction with the congestion.	Publication of wholesale prices and development of centralised trading.

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<b>Serbia</b>	Licensing regime for wholesale trading (taxable presence).	Ministry Regulator	Registration is needed for the companies legally established in EU member state or countries of Energy Community.	No licensing requirement for wholesale trading.
	Only licensed parties can sign the contract with the TSO, but it is only needed for RS-MN border.	Ministry Regulator	Bureaucratic and burdensome requirements for licensing and establishment of a local presence.	Market participants without a license should be enabled to sign contract with the TSO for RS-MN border.
	Contradictory rules over trading in Kosovo.	Ministry Regulator	Double licencing for trading	Abolish licensing requirement
	Transparency Discrimination	Regulator TSO	Market participants lack the market information on availability of plants and real-time data. No information on the use of congestion rent.	Establish a transparent market with the wholesale price reference. Publication of information in a summarised form.

	<p>Still missing coordinated cross-border capacity allocation on RS-MN border). Intraday not available on RS-HR and RS-BG.</p>	<p>TSO</p>		<p>Starting with coordinated capacity allocation as soon as possible on MN border and intraday capacity allocation process should be settled for HR and BG border.</p>
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