Matching pairs? – Energy Community and Mediterranean regional electricity market initiatives

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Scope

• **MEDREG**
  - Promotes a transparent, **stable** and harmonized regulatory framework in the Mediterranean Region
  - Fostering market integration and **infrastructure investments**
  - Aiming to consumer protection and enhanced energy cooperation.

• **Energy Community**
  - Establish a **stable regulatory and market framework** capable of attracting investment in power generation and networks;
  - Create an **integrated energy market** allowing for cross-border energy trade and integration with the EU market;
  - Enhance the security of supply to ensure stable and continuous energy supply;
  - Improve the environmental situation in relation with energy supply in the region and foster the use of renewable energy and energy efficiency;
MEDREG
Energy Community

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.
Matching pairs? (1/2)

• MEDREG established on a voluntary contribution

VS

• Energy Community Contracting Parties committed to implementing key EU energy law, develop an adequate regulatory framework and liberalise their energy markets in line with the Treaty acquis within a fixed timeframe

• Sharing 4 Members (Bosnia and Herzegovina, Montenegro, Albania and Turkey EnC observer)

• Collaboration is the key to jointly work on the same issues that the region is facing

• 1st joint collaboration among MEDREG and ECRB in developing a joint report on Consumers issues
Matching pairs? (2/2)

- Around the Mediterranean, the geography is often less favorable to cross-border integration
  - Population located near the sea shores
  - Large territories: distances between consumption areas can be long
- Generation levels per capita, transmission networks are below European standards
- Investment is key: strengthening systems and covering growing needs
- Security of supply often needs to deal with geographic isolation
- Addressing energy challenges by reinforcing cooperation in the Mediterranean region
Common vision

- Stable Regulatory framework
- Attract infrastructure investment
- Market Integration
How MedReg Achieve those three pillars??
MEDREG Groups

Institutional Working Group

Electricity Working Group

Gas Working Group

Renewables Working Group

Consumers Working Group

Task Force on UFM
Institutional

- Promotes the role and competencies of independent regulatory authorities, and a consolidated institutional presence of the Association in the EU and international context.

- Coordinates the dialogue on energy regulation with the European Union, international institutions, regional organisations of regulators and other bodies.

- MEDREG’s mission is to promote common energy regulatory provisions throughout the Mediterranean in order to progressively develop integrated energy systems.

- MEDREG approved a report on “Good Regulatory Principles” which highlighted the main standards characterizing an efficient regulator in terms of independence, competences, effective internal organization, enforcement, transparency and accountability.

- Based on that report, the Working Group on Institutional Issues (INS WG) prepared a methodology to assess the performance of MEDREG’s member regulators against those regulatory principles through the performance of peer review exercises.
## MEDREG Good Regulatory Principles

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<tr>
<th>Principle</th>
<th>Description</th>
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<tr>
<td>Independence</td>
<td>Independence from national and regional government and from the industry guarantees regulatory stability and neutrality and avoids situations in which the decisions of the regulator are constantly modified or taken under influence.</td>
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<td>Competences</td>
<td>Duties and powers should constitute a minimum set of competences defining the specific responsibilities of a regulator to promote competition and to empower consumers.</td>
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<td>Internal Organization</td>
<td>Effective organization means to have clear decision making processes and an operative internal structure, with distinction of roles and responsibilities.</td>
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<td>Enforcement</td>
<td>Enforcement is to ensure compliance with rules by market participants and regulated entities, in order to obtain the public benefit that regulation provides.</td>
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<td>Transparency</td>
<td>Transparency in the regulatory process helps others to understand the regulator’s work and is beneficial for a proactive stakeholder engagement.</td>
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<tr>
<td>Accountability</td>
<td>Accountability means that the regulator takes on the responsibility and is able to demonstrate outcomes and results from its regulatory action.</td>
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This Group is in charge of assessing the current status of electricity markets and regulatory frameworks in MEDREG countries and their possible developments.

- Mission to identify and propose basic requirements that will lead to the harmonization of energy regulation in the MEDREG region, developing a competitive, strengthened and running regional electricity market in the region.

- The challenges of interconnecting regions through common regulatory frameworks
  - Independent Energy Regulators
  - Regulatory Capacity of enforcement (Independence of the regulatory Board)
  - Common Regulatory Principles
  - Transparency and accountability
  - Coherent regulatory framework
  - Regulatory Capacity of enforcement
  - (Independence of the regulatory Board)
Actions to facilitate interconnecting regions through common regulatory frameworks

- Establish competitive and reliable energy markets
- Promote deeper harmonization of national regulatory frameworks
- Enhance cooperation between regulators and TSOs
- Evaluate the economic benefits of building new cross-border infrastructure
- Increase the use of existing interconnections in the Southern shore
- Design a Ten-Year Network Development Plan for the Mediterranean region
- Support technology innovation to improve the condition of vulnerable consumers
Towards a MedReg Electricity Market Observatory (MEMO)

- Having an observatory for the regulatory frameworks and market status in MedReg members countries helps in reflecting the actual situation.
- Identifying the achievements gained and obstacles facing each country will indeed fasten the way towards a sound fully competitive national electricity market in the short run and a regional electricity market on the long run.
- Evaluating the status through common indicators over a long period will create a trend aligning these individual electricity markets for homogenous cross-border trade in the future among and for both North- and South MedReg members countries.
It is in this spirit that the UfM Senior Official Meeting (SOM) approved the establishment of three UfM high-level Energy Platforms in March 2015:

1. The UfM REM Platform establishment of regional and sub-regional inter-connected electricity markets.
2. The UfM Gas Platform (UfM Gas Platform) for reinforcing the security of gas supply and regional gas exchanges.
3. The UfM Renewable Energy and Energy Efficiency Platform (UfM REEE Platform) for assisting the deployment of renewable energy and energy efficiency technologies and projects.
A NEW UNIFYING APPROACH TO EXISTING PROJECTS

Adding value through the coordination of already deployed resources and activities, to reach a **common goal through a step-by-step approach**

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**The Regional Electricity Market Integration**

- Integration of the Grids / TSOs
- Harmonization of the Rules and Codes / NRAs
UfM REM Platform Objectvies

- MEDREG prepare the first Regulatory Outlook of the region based on data collected from 20 Mediterranean energy regulatory authorities and ministries, with aims to provide a complete overview about how the national energy sectors are ruled, ranging from independent entities to governmental bodies.

- Med-TSO has identified and assessed 14 interconnection projects, corresponding to about 18GW of new interconnection capacity, requiring grid reinforcements for about 2,200 Km of new HV lines and 840 km of lines reconductoring. The estimated additional investments count for about 16,000 million euros.

- Identifying and implementing sub-regional pilot projects for market and systems integration in UfM Members.
Integration

MedReg

Energy Community

Euro Mediterranean Markets
Thank you for your attention!

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