

# EXPLANATORY NOTE

## INCENTIVES FOR INVESTMENTS IN NEW ELECTRICITY AND GAS INFRASTRUCTURE

### ECRB RECOMMENDATIONS

#### I. BACKGROUND

Attracting investments in new network infrastructure is of key relevance for the Energy Community Contracting Parties and one of the core goals of the Energy Community. This is both the case for electricity and gas.

Regulators can contribute to the realisation of new network capacities by providing a stable, transparent and investment friendly regulatory framework. In the light of the topic's relevance and the role regulators can play in this respect, the ECRB has included the area in its Work Programme.

#### II. DOCUMENTS

The ECRB in early 2010 published<sup>1</sup> two documents dealing with regulatory investment incentives, namely:

1. GAS – *Regulatory Framework for Gas Investments in the Energy Community*
2. ELECTRICITY - *Cooperation of Regulators with Regard to Cross Border Investment Projects*

**Both documents assess the existing and possible regulatory measures for promoting new investments in the Contracting Parties and recommend:**

- Recommendations for regulatory steps to be taken without legal changes: such as the harmonised transposition and implementation of the acquis; the introduction of regulatory investment incentives and technical harmonisation
- Recommendations requiring legislative changes such as empowering regulators to recognize nondomestic investments in their national regulated asset base (non-

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<sup>1</sup> Both documents are published at [www.energy-community.org](http://www.energy-community.org).

domestic investments and regulatory gap) and the introduction of a regional investment plan developed by TSOs and approved by regulators.

These documents, however, are hereby attached for information.

### **III. WAY FORWARD**

As follow up of the two ECRB reports a **study** has been commissioned and will be financed by the Energy Community answering the following questions

- Which regulatory investment incentives are possible, making use of experience on EU and other markets?
- Which regulatory and legislative changes are necessary for introduction in the single Contracting Parties?

Study results are expected in early 2011. **Based on the study's recommendations:**

- National regulators shall adjust their regulatory systems;
- The ECRB will report to the PHLG and MC on necessary legislative changes as identified by the consultant as relevant for providing a legal and regulatory framework able to attract investments.