

EASTERN PARTNERSHIP PLATFORM 3: “Energy Security”

ENERGY REGULATORY COOPERATION 2012-2013

CONCLUSIONS

Background

In accordance with the Eastern Partnership work program 2012-2013, the Council of European Energy Regulators (CEER) and the European Commission organized two specialized workshops with the energy regulatory bodies of the six partner countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). Such workshops allowed a fruitful and constructive exchange of experience and practice among regulatory authorities of the EU and equivalent bodies in Eastern partner countries.

The first workshop took place in Vienna on 30-31 May 2012. Representatives from the European Energy Regulators and the regulatory bodies from the partner countries exchanged experience on the role, powers and challenges of energy regulatory bodies. A specific session took place on customer protection and vulnerable consumers issues.

The second workshop took place in Tbilisi on 18-19 June 2013 and focused on regulatory tools in support of infrastructure development, interconnection and diversification of supply.

Topics for both workshops were jointly selected after consulting the relevant parties, thus leading to events with maximum output and involvement both from EU regulators as well as from regulatory bodies of partner countries.

In both workshops discussions highlighted the key facilitating role that energy regulators play in order to promote properly functioning energy markets providing for appropriate investment signals. Discussions also indicated that regulators' cooperation has a lot of potential in contributing to strengthening security of supply.

First workshop Vienna 30 - 31 May 2012

A number of issues were identified to be of particular importance to both European regulators and regulatory bodies from the partner countries. These are in particular: the regulators' role in ensuring the reliability of energy supplies in a cost-efficient way as well as the importance of preserving/developing the regulators' independence and safeguarding regulatory transparency and stability. These issues were recognized as key conditions to promote the development of energy markets and attract investments. In the second part of the workshop a thorough discussion took place on how to deal with vulnerable consumers and measures needed to protect them. Some representatives underlined that although in some cases the way to deal with vulnerable customers was through artificially low prices, protection of vulnerable customers should not be done through subsidized tariffs but through appropriate social/market instruments.

Second workshop Tbilisi 18 - 19 June 2013

Representatives from the regulatory authorities of five partner countries gave presentations on their experiences and challenges in supporting the development of energy infrastructures. These presentations were complemented by presentations from EU energy regulators, Energy Community Secretariat, ERRA, INOGATE and the Commission on latest development and policy initiatives to support energy infrastructure development. All participants expressed broad support for the usefulness of the workshop and proposed to continue the process of sharing experience, best practice, challenges and achievements among EU and partner country regulatory authorities.

Recommendations for future activities

Both workshops revealed keen interest from regulators and other stakeholders for further discussions on a large variety of regulatory topics. Participants appreciated the possibility to exchange experience and views among counterparts facing similar challenges in different countries and regions. Building on this successful start of regulatory cooperation a further deepening of relations and continued exchange of regulatory experience was deemed beneficial by all parties. It was therefore recommended that regulatory issues should continue to be included in the new work programme of the Eastern Partnership for the period post 2013.

More specifically further cooperation was suggested in the following areas:

1. Incorporating "energy regulatory issues" as a key element in the Eastern Partnership agenda and in the new work programme for the period after 2013, by implementing activities involving regulators in the broad range of the energy objectives of the Eastern Partnership.
2. Fostering means of collaboration in order to enhance dialogue between European and partner country regulatory bodies. At the same time favoring exchange among the regulatory bodies of the partner countries to foster regional cooperation.
3. Bringing together European energy regulators and regulatory bodies from the partner countries as well as other relevant stakeholders dealing with energy regulatory matters in the form of regular activities in order to build and share knowledge and experience.
4. To achieve the above objectives organizing activities such as workshops, seminars, expert trainings, studies, simulations, and other professional gatherings. Initiatives such as twinning projects between EU and partner country Regulators should be encouraged. Experience acquired with such twinning projects could be shared with other partner countries and possibly replicate with additional countries within the Eastern Partnership.
5. Supporting and sharing the results of studies and initiatives from the INOGATE Programme such as the proposed study on cross border trade and cooperation and



taking advantage of relevant initiatives by other stakeholders (EBRD, IFIs, and private investors) in order to maximize the exchange of information, best practice and successful experience within the Eastern Partnership region.