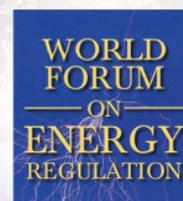


# WORLD FORUM ON ENERGY REGULATION IV



www.worldforumIV.info



## Closing Statement of the World Forum on Energy Regulation IV (WFER IV)

21 October 2009  
Athens, Greece

Lord Mogg, President of the Council of European Energy Regulators (CEER), and co-host of the Fourth World Forum on Energy Regulation (WFER IV) with the Greek Regulatory Authority RAE, underlined the uniqueness of WFER as a truly internationally open and neutral conference which is dedicated exclusively to energy regulation. Organised by the world's energy regulators every three years, WFER's relevance and influence worldwide continues to grow not least because of the momentous challenges in the energy field: climate change; economic growth in the developing world; new renewable technologies and the investments needed to develop new infrastructure; and a global economic crisis.

The WFER IV in Athens in October 2009 has again demonstrated a renewed and deeper commitment between the world's energy regulators to work together in contributing to meet the challenges of our increasingly interdependent global energy markets. The commitments we have made build upon those earlier WFER held in Montreal, Rome and Washington D.C. The next (fifth) World Forum on Energy Regulation (WFER V) will take place in Quebec City and will be hosted by the Régie de l'énergie du Québec, May 13-16, 2012.

Two major outcomes of WFER IV prove its value: the creation of the new *International Confederation of Energy Regulators (ICER)*; and secondly, the agreed *World Energy Regulators' Statement on Climate Change* agreed by energy regulators worldwide. Both affirm energy regulators' commitment to international cooperation.

### The International Confederation of Energy Regulators (ICER)

The 11 regional associations of energy regulators worldwide that make up the WFER Steering Committee agreed to enhance their international dialogue and cooperation by creating the [International Confederation of Energy Regulators](#), ICER. The Confederation will ensure the continuity and visibility of the work of energy regulators around the globe and improve awareness, both to policy makers and the public at large. The establishment of ICER will aid understanding of energy regulation and its role in addressing the wide spectrum of socio-economic, environmental and market issues. With regular contacts and collaboration between energy regulators, regulators not only seek to facilitate the exchange of information and best practices but also to advance their contribution towards a sustainable planet. A fuller outline of the Confederation is given in the annex.



## World Energy Regulators' Statement on Climate Change

World Energy regulators, within the ambit of their responsibilities, confirmed their support for overall greenhouse gas (GHG) emission reduction objectives and are keenly aware of the challenges they will pose for the energy sector. In the run-up to the UN Climate Change Conference in Copenhagen in December 2009, regulators agreed the “*World Energy Regulators' Statement on Climate Change*”. This contains a number of commitments by energy regulators worldwide on the actions they intend to take in response to climate change. The statement is covered more fully below.

### The four key themes

WFER IV's ambitious and thought-provoking programme, involving 130 session chairs and speakers and over 1000 WFER IV participants from over 80 countries, was centred on four key themes of global importance:

- Theme 1: Reliability and security of supply
- Theme 2: The role of regulators in responding to climate change
- Theme 3: Competitiveness and affordability
- Theme 4: The independence, powers, responsibilities, best practices and training of regulators

These themes will form the basis of ICER's future work. Virtual working groups will be established on these four themes.

### Reliability and security of supply (Theme 1)

Incentivising the development of energy infrastructure at a cost-effective level that ensures security and reliability of supply, whilst progressing towards a low-carbon energy system, is central to some energy regulators' responsibilities. It is a major challenge to ensure that a balance between security of supply, innovation, investment, affordability and competition is satisfactorily achieved.

Energy regulators have a primary role to play in providing the right incentives that attract efficient investment in essential energy infrastructure. The methods for doing so may vary, but all need to be complemented with regulatory stability and a flexible approach which gives some discretion to the regulated party as to how best to achieve defined goals. A further critical element in addressing security of supply is regulatory cooperation across borders. It should facilitate the development of coherent regional markets, thus bringing real benefits by helping remove barriers to trade, enabling new investment for transport and creating more liquid markets.

During the WFER IV discussions on security and reliability of supply through competitive energy markets, participants highlighted the importance of:

- market mechanisms that encourage efficient investments;
- fair and transparent cost (and risk) allocation, in particular within the context of regional markets and cross-border infrastructure;
- cooperation between TSOs and coordination among energy regulators in regional markets;
- ongoing innovation and the evolution of energy networks, with new grid designs and communication and metering technologies;
- financing for infrastructure investments in developing countries;
- liquid Natural Gas (LNG) in re-defining international gas trade and improving security of supply;

- quality of supply regulation and monitoring in order to strike the right balance between cost efficiency and service quality; and
- independent and empowered energy regulators to oversee market functioning.

Such issues will continue carefully to be addressed by policy-makers, energy regulators and energy market participants in order to bring about greater benefits to consumers.

### **The role of regulators in responding to climate change (Theme 2)**

Ambitious targets for GHG reduction place new challenges on both the energy industry and energy regulators. Technical, operational, market and regulatory issues need to be reconciled in order to safeguard system security and market functioning.

Energy regulators, within the ambit of their respective responsibilities, have a major role to play in facilitating market responsiveness to climate change. They can help to create a framework that is conducive to the promotion of renewable electricity, energy efficiency, demand-side management and the deployment of non-carbon or low-carbon emitting technologies.

Some elements of the energy regulators' role in delivering a market response to the reduction of GHG emissions discussed during WFER include:

- the integration of public policy environmental goals into energy markets through both the regulatory framework and competitive forces;
- re-shaping transmission and distribution networks to enable the massive deployment of renewable energy sources and distributed generation;
- the promotion of demand-side management policies and the consumer's participation in competitive markets (as so-called "prosumers");
- energy efficiency as a tool to provide cost-effective savings both to suppliers and consumers; and
- promotion of the development of a regulatory framework which attracts innovative investments and R&D and is conducive to the adoption of new technologies which will facilitate energy efficiency and low carbon generation, such as smart grids and smart meters.

Devising coherent energy policies are matters for governments. But energy regulators, within the ambit of their responsibilities, must carefully consider the impact on competition and prices. That is to say, policies should be met through the most economic and sustainable means possible, while at the same time ensuring they do not introduce distortions on the energy market.

### **Energy Regulators' statement on climate change**

Climate change is a global problem requiring a global response.

Energy regulators can make a positive contribution to addressing climate change and are committed to supporting the actions needed within their powers and responsibilities. These particularly relate to the promotion of conditions for efficient, innovative and sustainable energy markets while protecting consumer rights.

Ahead of the UN Climate Change Conference in Copenhagen in December, energy regulators worldwide gathered at WFER IV in Athens and agreed upon a common statement for meeting the challenge of climate change. The "[World Energy Regulators'](#)



[Statement on Climate Change](#)” which has been published separately, outlines a number of commitments from energy regulators including concrete actions and the next steps on this issue. As announced during the G8+ Energy Regulators Roundtable in May 2009, energy regulators will prepare a report on best regulatory practices regarding the promotion of energy efficiency and will work through their newly established International Confederation of Energy Regulators. This will allow them to share knowledge and experience in these areas, using the International Energy Regulation Network, IERN, [www.iern.net], a virtual platform that was launched in 2006 at the third WFER.

### Competitiveness and affordability (Theme 3)

Reconciling the promotion of competitive markets and affordability lies at the core of many energy regulators’ tasks, which are further complicated by security of supply and environmental issues. From a market perspective, energy regulators have a central role to play in ensuring adequate levels of transparency, information exchange, non-discriminatory access to networks, investment and fair trade. From a consumer perspective, many energy regulators oversee consumer protection and help to promote information and communication tools which empower consumers to participate in the market.

WFER IV participants debated the challenges of bringing such elements together whilst safeguarding consumer rights and interests. Among the topics addressed were:

- the need to encourage consumer participation in the market to drive competition;
- the balance between competitive markets and universal service obligations;
- the importance of supporting a ‘behaviour shift’ in customers’ consumption habits to promote environmental and efficiency goals;
- the challenges faced by industrial users; and
- the need to protect vulnerable customers.

While individual markets may face varying combinations of such factors, all markets need a strong and independent regulator; informed, empowered and active consumers; and a stable regulatory system which places the consumer at the centre of its work.

### The independence, powers, responsibilities, best practices and training of regulators (Theme 4)

The WFER has emerged over the past decade as a truly global event where energy regulatory best practices and experiences can be shared and where energy regulators can build a common understanding of the issues faced in each of their national markets. Every three years, it brings together energy regulators and stakeholders from across the world and offers them the chance to gain insights on the different types of duties and responsibilities.

Today’s radically changing energy landscape demands even more new skills and increased cooperation among energy regulators, notably in relation to those issues which affect energy regulators’ ability to balance their duty to safeguard the public interest whilst ensuring proper market functioning. These include:

- regulators’ core skill set – economics, law, engineering, public policy – and communication across disciplinary borders;
- the links between energy regulators and financial regulators in terms of overseeing energy commodity markets as well as the links between energy regulators and competition authorities;

- the regulatory approach to the development of global energy issues, such as climate change and the world LNG market;
- the risk of regulatory capture and the need for independent and objective energy regulation;
- cooperation among regulators as a means of improving market coherence and convergence, in particular for cross-border trade and regional market development; and
- regulatory governance principles, the application of accountability, transparency, independence and stability.

## Annex A

### International Confederation of Energy Regulators

By pooling their resources and sharing their experience, energy regulators can more effectively contribute to improving the overall functioning of energy markets, ultimately providing end consumers with tangible benefits. Given that the World Forum on Energy Regulation (WFER) is an international conference which takes place on a three year cycle, energy regulators are convinced of the need to bridge the interim period and prepare for the next WFER on May 13-16, 2012 in Québec City.

The Confederation will be chaired for the first three years by Lord Mogg, President of the Council of European Energy Regulators (CEER). It will operate predominantly at a virtual level with a minimum of bureaucracy with support from the International Energy Regulation Network.

The existing WFER Steering Committee, comprising the chairs of the member associations, will serve as the executive board and decision-making body for the ICER, including setting strategic priorities for the ICER and reviewing proposals for output by the virtual groups.

Four virtual working groups will be established reflecting each of the four key energy themes identified at WFER IV. The chair of each of the virtual groups will report to the Steering Committee.

Theme 1	Reliability and security of supply
Theme 2	The role of regulators in responding to climate change
Theme 3	Competitiveness and affordability
Theme 4	The independence, powers, responsibilities, best practices and training of regulators

The virtual groups will allow energy regulators jointly to address regulatory issues of a global nature. The ICER will also allow the exchange of mutually-beneficial information, including:

- increasing the awareness of trends in market designs;
- developing and enhancing regulatory models;
- developing new approaches and sharing practical experience in addressing affordability, sustainability and security of supply.

The Confederation will make use of [www.iern.net](http://www.iern.net) (International Energy Regulation Network) to facilitate its work. IERN is a web-based platform for exchange of information that was established by the 2nd World Forum on Energy Regulation (WFER) in 2003 and confirmed by the 3rd World Forum on Energy Regulation (WFER) in 2006.

The creation of ICER represents the next step of our cooperation and will provide the framework for translating the common goals announced at WFER III in Washington D.C in 2006, into concrete results.

WFER common goals include:

- Promoting the exchange of information on “best practices” to augment regulatory capabilities, including new partnerships between regulators from developed, transitioning, and developing countries;



- Strengthening efforts at regional coordination through associations of energy regulators and other key sector stakeholders;
- Increasing professional training programs to enhance institutional regulatory frameworks; and
- Exploring opportunities for cooperation between international development agencies and associations of energy regulators.



## Annex B

### WFER IV Steering Committee, Sponsors, Media Partners and Promoters

#### WFER Steering Committee Members:

<b>AFUR:</b>	African Forum for Utility Regulators
<b>ARIAE:</b>	Asociación Iberoamericana de Entidades Reguladoras de la Energía
<b>CAMPUT:</b>	Canadian Association of Members of Public Utility Tribunals
<b>CEER:</b>	Council of European Energy Regulators
<b>EAPIRF:</b>	East Asia and Pacific Infrastructure Regulatory Forum
<b>ERRA:</b>	Energy Regulators Regional Association
<b>MEDREG:</b>	Mediterranean Gas and Energy Regulators Assembly
<b>NARUC:</b>	National Association of Regulatory Utility Commissioners
<b>OOCUR:</b>	Organization of Caribbean Utility Regulators
<b>RERA:</b>	Regional Electricity Regulators Association
<b>SAFIR:</b>	South Asian Forum for Infrastructure Regulation

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DESMIE S.A.  
National Grid USA  
Piraeus Bank  
Trade Atlantic Pipeline (TAP)

#### Media Partners:

Argus Media  
Euractiv  
European Energy Review  
Montel Powernews  
OGEL  
Platts  
Public Utilities Fortnightly  
Gas Matters  
Bulgarian Utilities Magazine

#### Promoters:

CEDEC: European Federation of Local Energy Companies	GIE: Gas Infrastructure Europe
ECRB: Energy Community Regulatory Board	IERN: International Energy Regulation Network
EFET: European Federation of Energy Traders Energy Community	IFIEC Europe: International Federation of Intensive Energy Consumers
ENTSO-E: European Network of Transmission System Operators	REEEP: Renewable Energy and Energy Efficiency Partnership
Eurelectric	European University Institute and Florence School of Regulation
Eurogas	PXI Ltd
GEODE: European independent distribution companies of gas and electricity	

