



# The European regulatory framework and the role of Regulators in Europe

AFUR-CEER Roundtable

Abidjan, 21 April 2009



- **The European regulatory framework**
- A close cooperation between European Energy Regulators
- Evolutions

## The European legal framework: an historical approach (1/2)

- The “first energy package” (1996-98): a regulatory basis comprising minimum common rules for the opening up of European energy markets (electricity and gas)
- **Principles:**
  - Freedom of establishment of producers
  - Freedom of choice of energy supplier
  - Unbundling of activities
  - Third party access to networks / transmission grids
- **Obligation of result but choice of means for the Member States**



## The European legal framework: an historical approach (2/2)

- The “second energy package” (2003): towards an effective harmonization process in order to improve the functioning of European energy markets

- This package has been completed by a set of legislative texts:

As regards the internal energy market, the current European legal framework comprises **4 directives and 2 regulation**



## European Directives main features (1/2)

### 1. Calendar for the opening of the markets

- to all professional customers in July 2004
- to all domestic or residential customers by July 1st 2007

### 2. Independence of transport and distribution system operators

Beyond the accounting separation, a legal separation must be effective to permit a free and non-discriminatory access to the grids

- by July 1st 2004 for transport and transmission
- by July 1st 2007 for distribution

even if separate ownership of transport and distribution grid assets from vertically integrated companies is not required yet



### 3. Regulators are required to supervise or deal with:

- the management of interconnections and possible congestion and, globally, the way in which system operators fulfil their missions
- access to the system and the related contracts
- accounts unbundling
- tariffs
- settlement of possible disputes
- evaluation of the level of transparency and competition on the markets
- publication of a report on their activities

### 4. An advisory committee of regulators (ERGEG) is set up by the European Commission



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## The Council of European Energy Regulators (CEER)

- Set up in Brussels in 2000. Originally an informal organization
- Has stable structures including premises, statutes, a budget, a secretariat, a working programme and an internet site
- The regulators meet there regularly and supervise the activities of specialized working groups on electricity, gas, the internal energy market, South East Europe...
- Since 1st January 2007, CEER gathers 29 Members

**CEER acts as a preparatory body for ERGEG's work.**



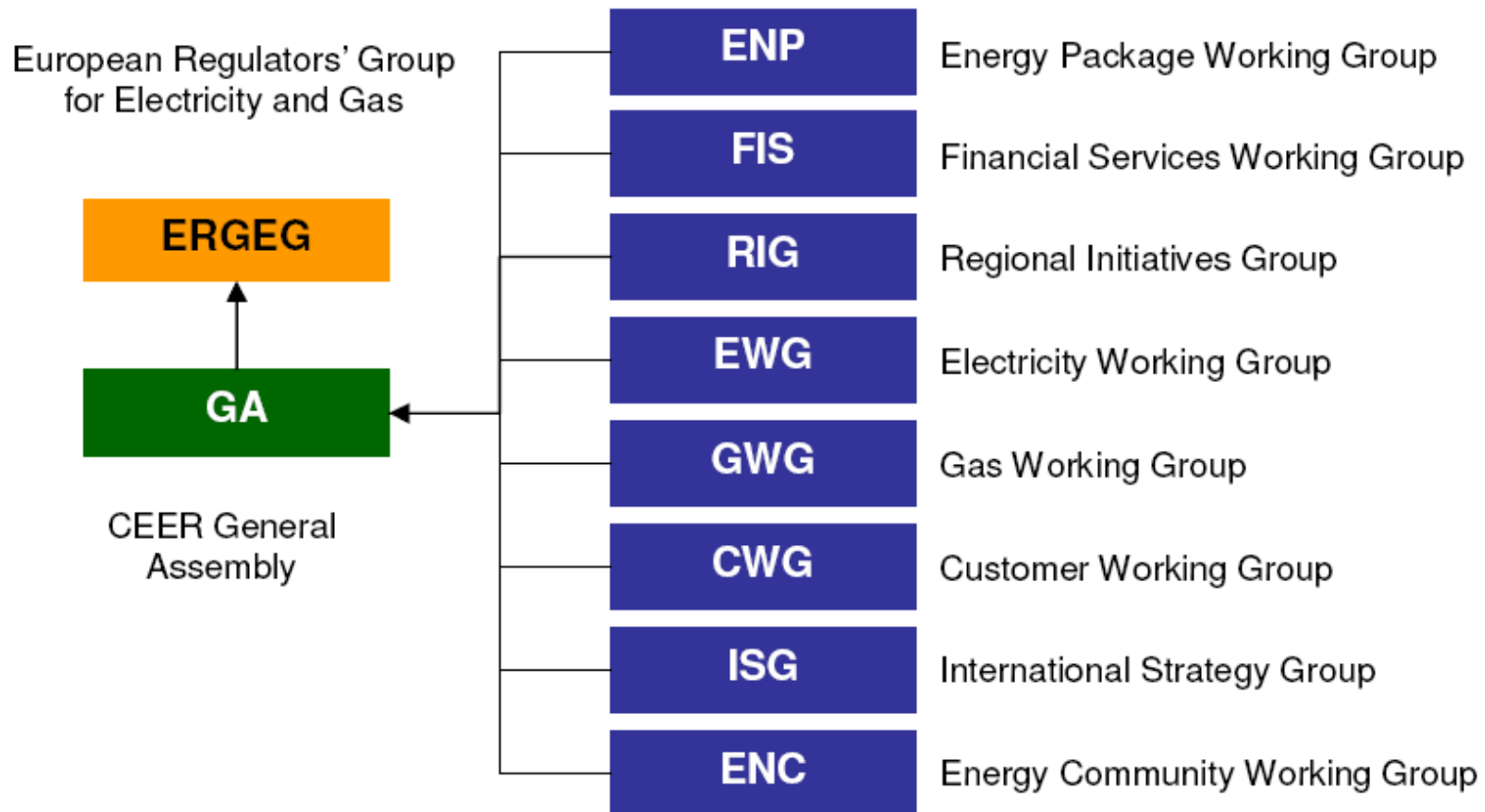


## The European Regulators Group for Electricity and Gas (ERGEG)

- According to the 2003 directives, the European Commission set up an European Regulators Group for Electricity and Gas with a mission of « **advising and assisting it in its action to consolidate the internal market** » and of encouraging co-ordination between national regulators
- ERGEG adopts and publishes its programme of work, defined in collaboration with the European Commission (**ERGEG = CEER + EC**)
- ERGEG also co-hosts the **European regulatory fora in Florence (Electricity) and Madrid (Gas)** with the European Commission, thus involving all interested stakeholders (not just regulators) to participate in the EU energy regulatory process.



# CEER and ERGEG Structure in 2009



## Advising the European Commission

- **On improvements** (e.g. in 2008, ERGEG encouraged the European Commission to set up a new Citizens' Energy Forum on energy consumer and retail issues (London Forum))
- **Through an extensive monitoring of compliance with the current rules** (e.g. transparency, access, consumer rights)
- **On legislative proposals** (e.g. 3rd energy liberalisation legislative package proposals strengthening regulators' powers and creating an EU Agency for the cooperation of energy regulators *inter alia*)

**Monitoring the progresses and the coherence of regional initiatives, which are an interim step towards a single energy market**



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### The “third energy legislative package”: measures to improve the functioning of the internal market for energy

- Ensure non-discriminatory network access by unbundling TSOs.
- Improve transparency
- Ensure better coordination of Transmission System Operators
- Increase investment in electricity and gas infrastructure
- Harmonise and strengthen the competencies and the independence of national regulators
- Coordinate the regulators' actions more efficiently on a European level by introducing an “Agency for the Cooperation of Energy Regulators”



### Creating an “Agency for the Cooperation of Energy Regulators” :

- **Regulatory oversight** of the cooperation between transmission system operator (ENTSOE, ENTSOG)
- **General advisory role vis-à-vis the Commission** as regards market regulation issues (e.g. non-binding guidelines to promote good practices among the national regulators)
- **Individual decision powers** with a view to handling specific cross-border issues (e.g. on exemption requests, regulatory regime applicable to infrastructure within the territory of more than one Member State)

Thank you for your attention!

[www.energy-regulators.eu](http://www.energy-regulators.eu)



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October 18-21, 2009

Athens, Greece

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