



Safeguarding Regulatory Independence

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**VI CEER-ARIAE Meeting
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Agenda

- Reasons for Regulatory Independence
- Results of CEER Survey of European NRAs
- Key Recommendations



Why Independence?

- Protects the interests of energy consumers in a more competitive market environment
- Predictable and stable climate for investors
 - ▶ Energy players not unfairly discriminated against, including where the State owns a market participant
 - ▶ Provides confidence for long-term investments
- Not always a clear-cut issue



CEER 2016 Report on European NRAs



Powers

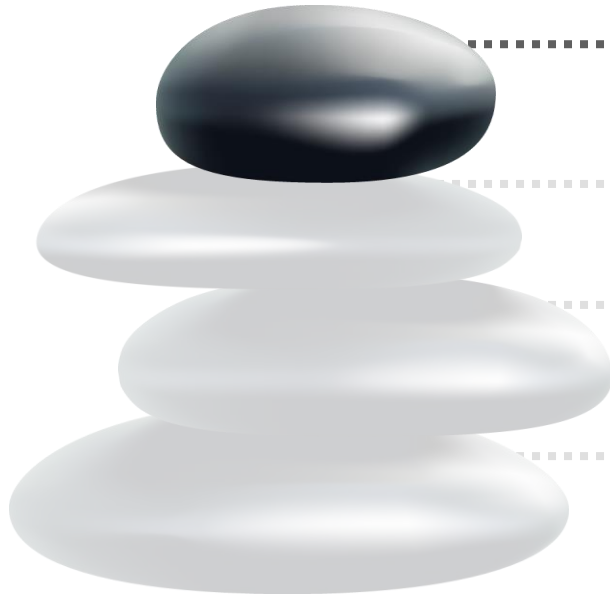
Resources

Independence

Accountability and Transparency



NRA Powers



Powers

Core functions similar

Resources

Local implementation varies

Independence

One key concern

Accountability and transparency



NRA Powers

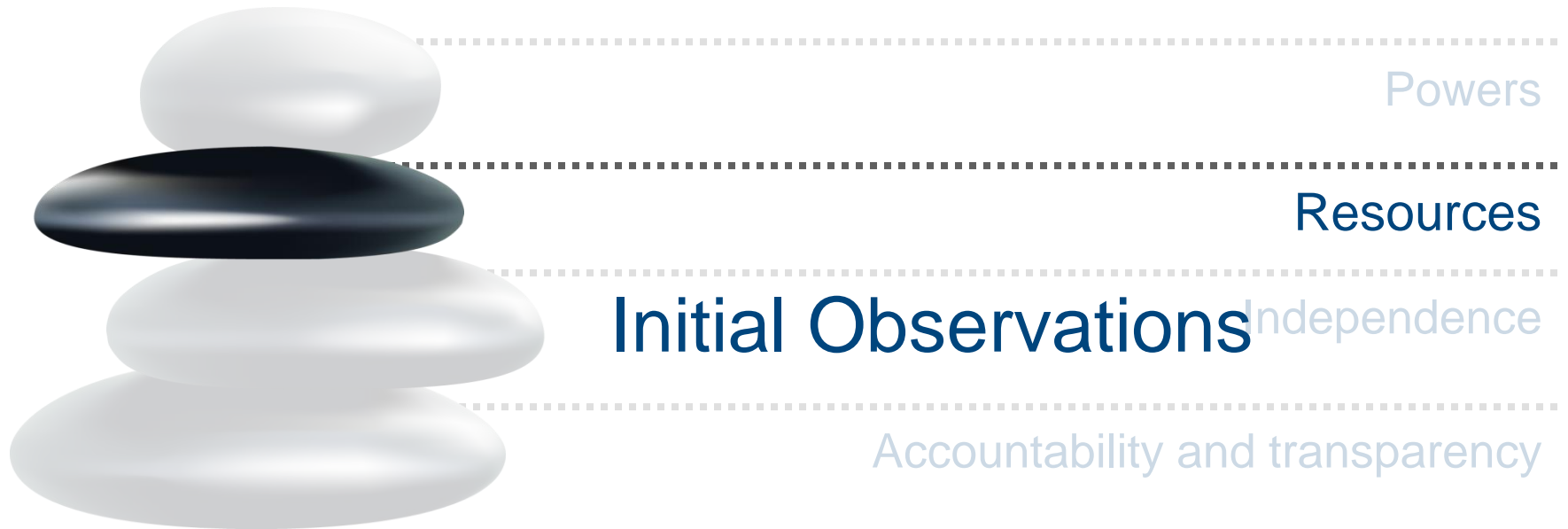
- Concern: In 5 of 29 countries, NRA decisions are subject to ministry approval or can be overturned by the ministry

Recommendation

- Full implementation of the 3rd Package, including the power to issue final and binding decisions



How can NRAs' resources be compared?

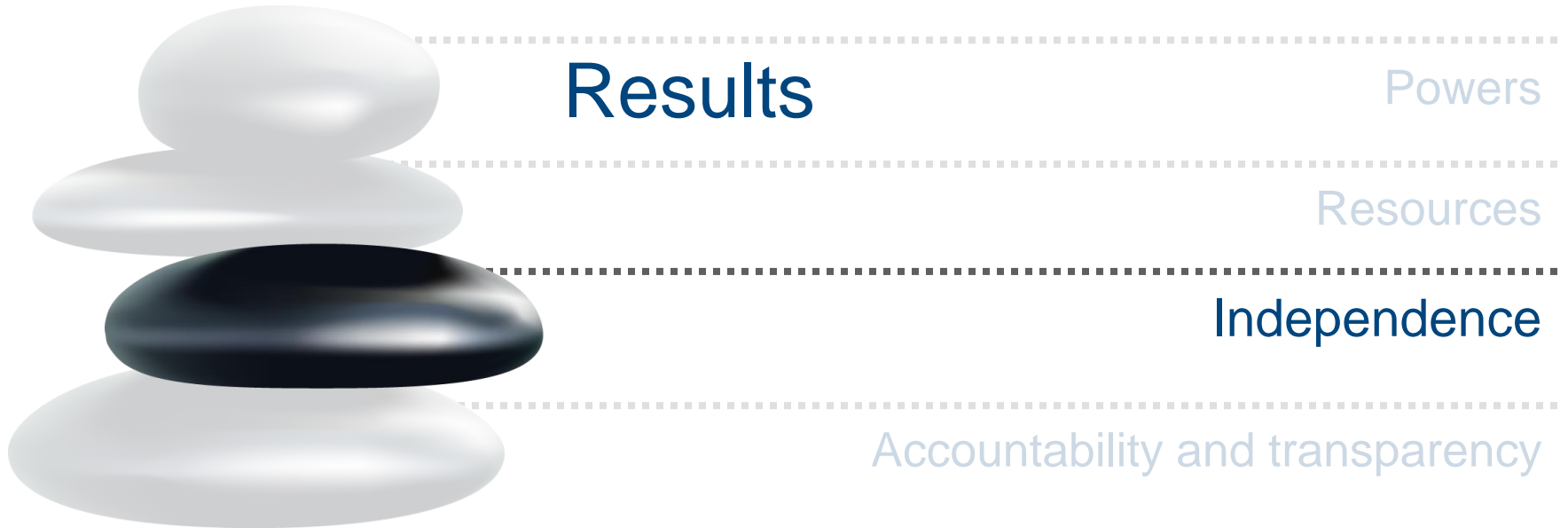


NRA Resources

- Cross-country comparison of NRA resources is not easy
- Circa half of resources on networks, 29% to markets and 21% to consumer work
- 78% resources in national issues, 22% on international work
- For energy NRAs, 62% of resources on electricity and 38% on gas



NRA Independence



NRA Independence

- Independence is not always clearly defined in the law
- NRAs in 5/29 countries can still receive external instructions on regulatory decisions
- In 11/29 countries, the NRA requires governmental approval of the budget or the government can cap the regulatory fee
- In various countries there are other restrictions, e.g. headcount caps, pay rates



Recommendations

Clarity

- The law should include a small definition of what independence means. Conflicting rules should be avoided.

Good Practice

- A code of conduct can help staff and can be used towards the outside

Exits

- A change in the NRA's structure should not be a ground for dismissal of the head/board

Financing

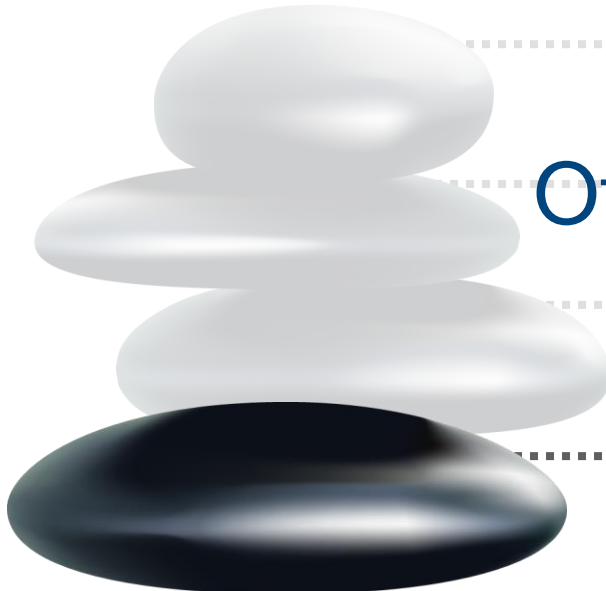
- Autonomy at all stages of the budgeting process

Use

- No restrictions on NRAs' budget use



How accountable and transparent are NRAs?



Often more than is prescribed

Powers

Resources

Independence

Accountability and transparency



NRA Accountability and Transparency

- Most NRAs' financials are subject to ex-post control. In some cases, this is done by the ministry
- The large majority of NRAs have clear consultation policies in place, while not all of them publish them.

Audit

- Ex-post control of NRAs' finances should be done by an independent body, e.g. the court of auditors

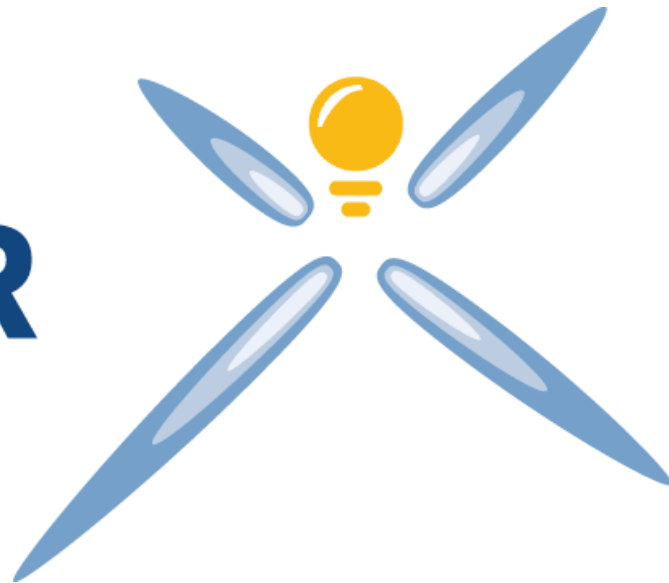
Policy

- NRAs' consultation policy should be made transparent



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