

III ARIAE-CEER Meeting

Madrid, 23 March 2011

Conclusions

The third meeting of the roundtable between ARIAE and CEER took place on 23 March 2011 in Madrid. Senior representatives of the European and Ibero-American energy regulators continued their dialogue on key regulatory issues and renewed their commitment to maintain this annual exchange of experiences on both sides of the Atlantic. Sustainable energy will be one of the main buttresses in strengthening the global response to Climate Change and in this context national regulatory authorities seek a more active role. All energy regulators, recognising that the issues facing them are increasingly global in nature, encouraged the International Confederation of Energy Regulators (ICER) to develop its work, particularly in relation to the problems of tackling Climate Change.

The meeting focused on three major and inter-related themes; energy efficiency and low-carbon technologies; security of supply; and future trends for energy markets. Following some introductory comments, participants discussed on these issues and agreed on the following conclusions:

On energy efficiency and low-carbon technologies

Energy efficiency and low-carbon technologies are crucial to tackle Climate Change. Energy efficiency is a win-win-win solution that helps sustainability and security of supply. “Smarter” networks will introduce relevant changes on the economics of the regulated assets. Also future grid requirements will go beyond business-as-usual and regulators need clarity on what constraints require further incentives. In particular, national regulators will need to pay special attention to potential privacy and confidentiality issues relating to the installation of smart meters. Although not all national regulators have responsibilities for energy efficiency, they play a fundamental role in providing stable incentives for investment in efficient innovation, ensuring that social objectives are met in the most cost-effective manner, involving both the demand and supply sides in energy efficiency commitments. The complex and new challenges of affordable sustainability and security of supply require innovative and new regulatory responses.

On security of supply

ARIAE and CEER confirm the crucial role of Regulators not only in developing competitive and liberalized energy markets, but also with regard to the implementation of Security of Supply requirements in the field of their competencies. For this reason, regulators are committed to deliver a stable and independent regulatory framework and the establishment of a transparent

tariff system taking into account the costs incurred of fulfilling the security of supply obligations; both being essential to guarantee the fair remuneration to attract investments in energy infrastructures networks, transport, transmission, distribution and also storage and LNG terminals. Increasingly the mix of energy technologies including renewables will also contribute to long-term security of supply at a time of increasing instability among many supplying nations. Furthermore, regulators should consider advising energy and other government authorities about desirable policies to improve security of supply. European regional projects have also demonstrated added value in enhancing the EU security of supply.

On future trends for energy markets

The liberalization process in the energy sector has led to new products in forward markets, innovative auction mechanisms as well as an increasing relevance of financial markets with energy subsector. Considering the growing importance of financing mechanisms and products, the participants agreed to review their interactions with the energy environment and this issue of relationship between energy and financial markets will be on the agenda of the next ARIAE-CEER meeting for in-depth considerations.

New generation technologies present new technical challenge which require a new regulatory approach if want these new investments happen. Uncertainty about future fuel mix is an unprecedented global challenge for national regulators to find new ways to manage risk at lowest cost. At the heart of energy systems is the consumer; with the roll out of smart meters regulators will need to develop and adapt consumer arrangements so that they may benefit and manage their energy as efficiently as possible.

In closing, the Roundtable participants reaffirmed their commitment to continued cooperation through annual meetings between CEER and ARIAE.