



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

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- **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 in the hands of 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 **2 directives and 2 regulation**

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 (EREGG) 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 (EREGG)

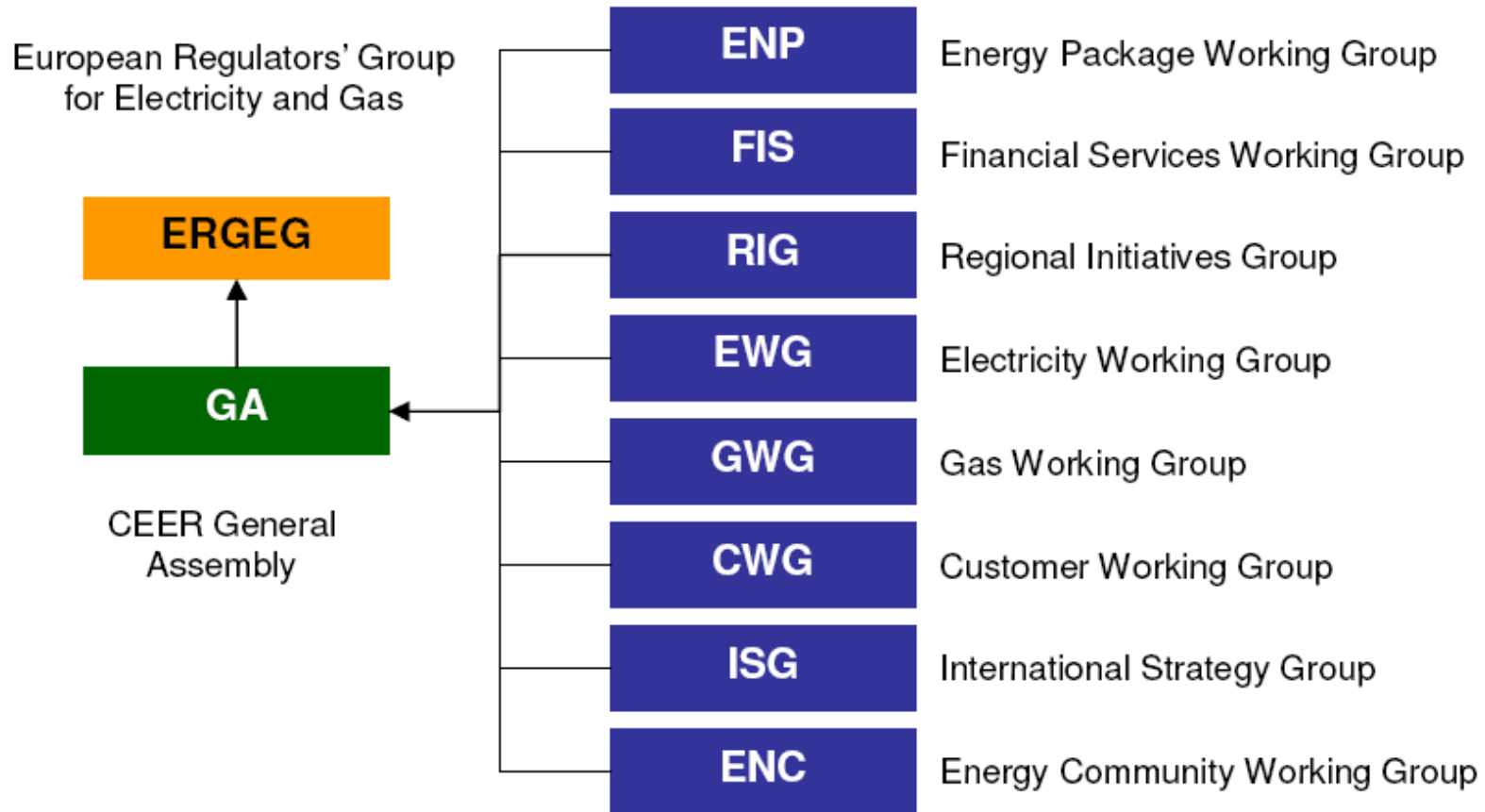
- According to the 2003 directives, the European Commission set up an European Regulators Group for Electricity and Gas with a mission of encouraging co-ordination between national regulators and of « **advising and assisting it in its action to consolidate the internal market** », mainly on potential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

Leading the regional initiatives process launched in 2006

- The Regional Initiatives established **7 regional electricity and 3 regional gas markets** in Europe
- Every region has its own priorities, action plan and agenda so as to:
 - Identify existing barriers to entry / obstacles to regional market integration
 - Propose concrete improvements, with detailed timetables, to remove those obstacles (Action Plan)
 - Implement those practical improvements at a regional level
- ERGEG and the European Commission carefully monitor the coherence of rules specific to each region **so as to ensure further convergence towards an integrated single market in Europe**



CEER and ERGEG Structure in 2009





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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”, a European structure adapted to Regulators’ independence :

- **Dialogue with stakeholders at an early stage** (workshops, consultations, calls for evidence...)
- **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



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October 18-21, 2009

Athens, Greece

www.worldforumiv.info