

**CEER response to the European
Commission consultation on the
external dimension of the EU energy
policy**

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INFORMATION PAGE

The Council of European Energy Regulators (CEER) is a not-for-profit association in which Europe's independent national regulators of electricity and gas voluntarily cooperate to protect customers' interests and to facilitate the creation of a single, competitive, efficient and sustainable internal market for gas and electricity in Europe. The CEER now has 29 members - the energy regulators from the 27 EU-Member States plus Iceland and Norway.

The overall aim of the Council of European Energy Regulators (CEER) is to facilitate the creation of a single, competitive, efficient and sustainable internal market for gas and electricity in Europe. The CEER acts as a platform for cooperation, information exchange and assistance between national energy regulators and is their interface at European level with the European Commission, in particular the Directorate General Energy (DG ENER), DG Competition and DG for Research. It cooperates with the European Commission and competition authorities in order to ensure consistent application of competition law to the energy industry. CEER also strives to share regulatory experience worldwide through its links with similar associations in America (NARUC) and in Central/Eastern Europe (ERRA) and its membership in the International Energy Regulation Network (IERN). CEER has taken a central role in developing an effective and competitive electricity and gas market in the Energy Community of South East Europe.

If you have any queries relating to this paper please contact:

Mrs. Fay Geitona
Secretary General
Tel. +32 (0)2 788 73 32
Email: fay.geitona@ceer.eu

1 General comments

European energy regulators welcome the European Commission's aim to harmonise and combine individual Member States' efforts into concerted action, thereby strengthening the single voice that the EU speaks with on the international scene in the field of energy.

In our view, ensuring a level playing field through the promotion of a stable and harmonised energy legislative framework is of utmost importance for well-functioning energy markets to the benefit of customers in the EU and its partner countries. We consider that increasing the number of countries that adhere to the principles of open, non-discriminatory and transparent energy markets will not only benefit the market by expanding the circle of market players. This can also help achieving faster and on more economical grounds EU energy policy objectives and create win-win situations for EU Member States and partner countries.

An unified external EU energy policy is crucial to face the growing security of supply concerns deriving from the increasing dependency on imported energy. These concerns can be overcome only by intensifying mutual understanding among stakeholders and by increasing the interaction in the regulatory arena, promoting opportunities where market players and regulators can share ideas and solutions to the problems.

Regulatory matters should be considered as a means of creating confidence among stakeholders and institutions by supporting a stable and transparent framework, laying the basis for the development of projects in partner countries by private sector companies. The exchange of information about regulatory frameworks, cooperation and collaboration among regulators should, in our view, be at the core of a new course of EU energy external policy.

2 Regulators' cooperation

European regulators have been promoting collaboration at bilateral, macro-regional and international level for many years.

At bilateral level cooperation has been carried on through twinning projects and ad hoc agreements. The experience developed by some members of our association in twinning projects with national regulatory authorities in neighbouring countries in the field of institutional building has been a building block of regulatory convergence and market integration with neighbouring countries.

At macro-regional level regulators have been cooperating at European level (CEER, ERGEG and Regional Initiatives) and in the Balkan area (Energy Community and ECRB). In the Mediterranean region they have been promoting and creating the Mediterranean Association of Energy Regulators for Electricity and Gas (MEDREG).

On a global scale, collaborative experiences have been made through IERN and ICER. The International Energy Regulation Network (IERN) is a web platform that constitutes a practical case of voluntary cooperation and interaction between more than 300 regulators coming from different geographic areas. Building on IERN, the International Confederation of Energy Regulators (ICER) was created in 2009. Chaired by CEER, ICER gathers 12 Regional Regulatory Associations worldwide to cooperate on key issues like security of supply, climate change, competitiveness and affordability and exchange of information and best practices.

The experience that European regulators developed in promoting cooperation and exchange of best practices with non-EU regulators is an opportunity that needs to be valued in the frame of the development of a new integrated approach of EU external policy.

Therefore we take this opportunity to renew our willingness to be associated at least on an ad-hoc basis to the energy dialogues that the European Commission has with key partners.

3 Integrating energy markets with our neighbours

European energy regulators warmly welcome the European Commission's initiatives in promoting energy market integration and regulatory convergence with its neighbours.

In the Balkans, the European Commission has created an effective mechanism, the Energy Community, to interact with third countries and promote transposition of the energy *acquis* also beyond the EU's borders. The recent extension of the geographical scope of the Energy Community and the integration of the Renewables Directive into the Energy Community Treaty are in this regard exceedingly positive developments with which the countries that are parties to the Energy Community Treaty have made legally binding commitments, particularly with regard to binding targets on renewables for each Energy Community country and the application of flexible mechanisms. Generally, we consider that convergence should be continued to speed up the implementation of the Energy Community Treaty in letter and in spirit. The integration of the new European legislation concerning energy markets should also be encouraged.

In the Mediterranean the Association of Mediterranean regulators for electricity and natural gas (MEDREG) constitutes an innovative approach by promoting a "bottom-up" process of regulatory cooperation with the aim to establish a strong network of energy stakeholders at regional level. The main objective of MEDREG is to create the conditions for the development of an integrated energy market throughout the Mediterranean area, by encouraging the harmonisation of the legal, technical and economic frameworks, based on the progressive dissemination of the EU energy *acquis*. This objective is directly linked to the setting up of a clear, stable and transparent regulatory context at regional level, which shall encourage investment and guarantee a high level of consumer and environmental protection. The recognition of MEDREG's work by the International Confederation of Energy Regulators is in this regard a noteworthy illustration of the quality of its outputs.¹

Voluntary cooperation with Southern neighbours through MEDREG is an initial but effective and fundamental step in the direction of regulatory and market convergence. The Energy Community provides a further staging post towards the creation of an efficient pan-European energy market. Therefore, European energy regulators consider that these well-functioning structures should be supported and should not be duplicated. We furthermore consider that the European Commission has a strong role to play, notably in the implementation of the commitments taken by partner countries in South-Eastern Europe. This strategy may also be supported by further TAIEX and twinning projects that address regulatory matters in the field of energy, notably in support of the implementation of the Renewables Directive (including flexible mechanisms such as trade between Member States and joint implementation).

4 Strengthening partnerships with energy suppliers and transit countries

European regulators support and favour the strengthening of partnerships with key suppliers and transit countries and they are ready to put their expertise and their experience of collaboration with regulators from third countries to the service of a new EU energy strategy.

The dialogue on energy security-related topics launched with South-Caucasian countries in the framework of the Eastern Partnership is a positive move towards the benefits regional cooperation may deliver, while taking due account of the specific interests of our partners. The recent signing of the Intergovernmental Agreement with Azerbaijan is a showcase in this

¹ In 2010, MEDREG received the first "ICER distinguished scholar award" for its paper assessing the "Effects of the Introduction of Successful Mechanisms to Promote RES/CHP and Energy Efficiency in Non-EU Countries".

respect and could serve as an example to follow. European energy regulators are happy to see the European Commission's determination to support the Southern Corridor, thereby encouraging private sector companies' ambitions to diversify their gas import routes.

The dialogues European energy regulators have established with the Federal Tariff Service of Russia and Gazprom have also shown that regular exchange of information helps improve mutual understanding and thus contributes to securing energy supply to Europe. Building on these thoroughly positive experiences, European energy regulators have repeatedly proposed the European Commission to bring their independent expertise to bear on the development of the EU-Russia energy relationship.

Indeed, European energy regulators are convinced that exchanges on regulatory matters should not be left aside in the cooperation with key suppliers and transit countries, as the basic principles of the European energy liberalisation are not always easily accepted by supplier countries or potential suppliers to the EU.

5 Better combining EU and Member States' efforts to promote European energy interests and the EU role in setting the global agenda for safe, competitive and low carbon energy

European energy regulators consider that it is of the utmost importance that the EU, as one of the largest energy consumption market and in direct competition with other industrialised markets, speaks with a single voice when it comes to negotiations with partner countries. In this regard, European energy regulators have welcomed the European Commission's initiatives on bundling Member States' action through the Gas Coordination Group and the Security of Supply Regulation. Both are decisive instruments to ensure a coordinated European policy on security of supply. Best-practice examples and new approaches to traditional supplier-consumer relations, such as the Southern Corridor and the 'Caspian Development Corporation', show the great potential of concerted action. The implementation of the 3rd Package and the establishment of the Agency for the Cooperation of Energy Regulators are aimed to ensure close cooperation between national regulatory authorities.

We furthermore appreciate that the European Commission intends to strengthen the influence of the European Union in multilateral discussions on energy matters. This concern has governed our action towards the creation of an official exchange forum on energy regulatory issues of global importance. Through the International Confederation of Energy Regulators (ICER), which complements the dialogue established through the World Forum on Energy Regulation and the International Energy Regulatory Network (IERN), we will continue working towards the dissemination of best regulatory practices. CEER believes that international cooperation initiatives promoted at global level by regulators could substantially contribute to increase a common understanding of key issues of the global agenda for safe, competitive and low carbon energy.

This new institutional setting will undoubtedly facilitate the promotion of open, transparent and competitive energy markets on the international scene. As key facilitators of investment and innovation towards increased sustainability and security of European energy supply, European energy regulators would like to renew their support and their willingness to contribute to the European external energy policy.