



## World Forum on Energy Regulation III October 8 – 11, 2006 Washington, DC USA

### **CLOSING STATEMENT OF THE STEERING COMMITTEE OF THE WORLD FORUM ON ENERGY REGULATION III**

**Washington, DC, USA  
October 11, 2006**

On October 9-11, 2006 more than 600 participants from 85 countries, including representatives from more than 97 state and national energy regulatory authorities, gathered in Washington, DC, USA to attend the World Forum on Energy Regulation III. Delegates included energy regulators, government officials, policy makers and experts, energy industry executives, investors, academia, consumer associations, environmental groups, development agencies, and other energy experts from around the world. The World Forum III built upon the themes and key findings discussed during the first and second Forums in 2000 (Montreal, Canada) and 2003 (Rome, Italy).

NARUC President Diane Munns, host of the third Forum, explained that the “World Forum provides a unique opportunity for officials to share experiences and seek sustainable solutions to energy challenges that range from access and affordability to complex competitive market design.” The Forum focused on three main tracks: Investment in Energy Infrastructure, Regional Energy Markets, and Energy Access and Affordability.

During the three days, participants discussed how electricity and gas markets are changing and how regulation is evolving. Changes regard scale, functioning and complexity of these markets, as well as policies that impact the design and performance of energy markets. New social goals, environmental targets and security of supply concerns put pressure upon electricity and gas prices in the context of increasing primary energy costs and require appropriate regulatory action.

Among the key themes that were discussed, a number of issues emerged, in particular:

- Affordability and access – 2.7 billion people around the world do not have access to electricity. Access and affordability is a critical issue in many countries. This is a challenge not only for energy sector stakeholders, but all of humanity.
- Public and private infrastructure investment – There is widespread agreement on the need for transparent, predictable regulation as a basis for investment. Worldwide, the energy sector will require substantial new investments over the coming years. New investments are necessary in order to bring electricity and natural gas to those who still do not have access and to provide diversified sources of energy to consumer countries. Investments are also necessary in developed countries in order to modernize energy systems and

increase reliability. Political and legal stability, as well as regulatory transparency and predictability are essential pre-conditions for attracting the required capital flows under favorable conditions.

- Security of supply – Security of supply continues to be at the forefront of regulatory importance. The Forum recognizes the global interdependence of energy resources. Rising prices and the levels of electricity and natural gas imports and exports increasingly affect national and international economies.
- Competitive energy markets – Markets require fair, consistent rules and oversight to be successful. Promotion of competitive markets and quality of supply remain a high priority for energy regulators. Different models have been tested and several lessons can be drawn from these experiences.
- Regional electricity and gas market development – Regional markets crossing national and/or state borders have been designed and implemented in several parts of the world. Although in general the technical and economic challenges of energy market integration have been successfully addressed, the institutional problems of combining different jurisdictions are more difficult to solve and no fully satisfactory schemes have yet emerged. Sub-regional markets are being created as a prerequisite for development of larger regional markets.
- Energy efficiency and the environment – Efficiency plays a greater role in light of new technology, environmental concerns and siting issues. Effective and efficient promotion of energy efficiency and integration of large amounts of distributed generation are crucial elements of a sustainable energy future. Empowering consumers with effective choice of suppliers and energy services also requires innovative technical solutions. Traditional forms of regulation must be reviewed and adapted to this new industry framework. Regulation must promote innovation along the whole energy value chain.
- Best practices in energy regulation – Training as well as compilation of successful regulatory methods have become increasingly important as energy sectors become more complex. Opportunities for exchange of information will help best regulatory practices.

Forum participants welcomed the actions taken by the Forum's organizers and promoters to:

- Examine a wide range of energy and regulatory issues facing all stakeholders in developing, transitioning, and developed countries. The ability of regulators to attract and retain highly qualified Commissioners and staff is also essential to continuing excellence in regulation.
- Successfully launch the International Energy Regulation Network internet site ([www.iern.net](http://www.iern.net)). The regional associations agreed to take an active role in ensuring the database of regulatory expertise will be regularly updated. With the support of the regulatory associations and development agencies, this global web platform will allow for the delivery of mutually beneficial information, a better understanding of trends in market design and regulation, facilitating international collaboration, and improved research and training to the benefit of all energy regulators and market participants.
- Formalize the role of the Steering Committee in promoting the World Forum on Energy Regulation IV and future Forums, including a process for site selection and endorsement of best practice guidelines on energy regulation practices.

Recognizing their common interests as well as different circumstances, origins, and charters. Forum participants continued their pledge for common goals, including:

- Promoting the exchange of information on “best practices” to augment regulatory capabilities, including new partnerships between regulators from developed, transitioning, and developing countries.
- Strengthening efforts at regional coordination through associations of energy regulators and other key sector stakeholders.
- Increasing professional training programs to enhance institutional regulatory frameworks.
- Exploring opportunities for cooperation between international development agencies and associations of energy regulators.

Forum participants endorsed continuing efforts to work together to advance these activities on a global basis.

### **Support for the Forum**

The World Forum on Energy Regulation III was organized and hosted by the National Association of Regulatory Utility Commissioners (NARUC), United States. The Forum’s promoters included the world’s leading energy regulatory associations: the Ibero-American Association of Energy Regulatory Authorities (ARIAE), African Forum for Utility Regulation (AFUR), Canadian Association of Members of Public Utility Tribunals (CAMPUT), Council of European Energy Regulators (CEER), East Asia and Pacific Infrastructure Regulatory Forum (EAPIRF), Energy Regulators Regional Association (ERRA), Organization of Caribbean Utility Regulators (OOCUR), Regional Electricity Regulators Association of Southern Africa (RERA), and South Asia Forum for Infrastructure Regulation (SAFIR).

Other promoters included the United States Agency for International Development, World Bank, United States Department of Energy, North American Electric Reliability Council, Economic Commission for Latin America and the Caribbean, European Commission, Center for Energy Economics (University of Texas), Institute of Public Utilities (Michigan State University), National Regulatory Research Institute (Ohio State University), Public Utility Research Center (University of Florida), International Energy Agency, Latin American Organization of Energy, Renewable Energy & Energy Efficiency Partnership, and World Energy Council.

The World Forum received financial support from: Edison Electric Institute, International Gas Union, Nuclear Energy Institute, American Gas Association, Itron, Troutman Sanders Attorneys at Law, Macquarie, Hydro Quebec, Canadian Electricity Association, Pierce Atwood Attorneys at Law, Comverge, and the North American Electric Reliability Council. The coal industry, including: Drummond Company, Inc., Arch Coal Company, National Mining Association, Center for Energy and Economic Development, Caterpillar, Pittsburg and Midway Coal Company, Americable, Peabody Energy, Consol Energy, Alliance Resource Partners, Foundation Energy, and Murray Energy Companies, were also significant sponsors.

Representatives of the Steering Committee:  
AFUR, ARIAE, CAMPUT, CEER, EAPIRF,  
ERRA, NARUC, OOCUR, SAFIR