



# Concurrent Session IVb: Regional market integration

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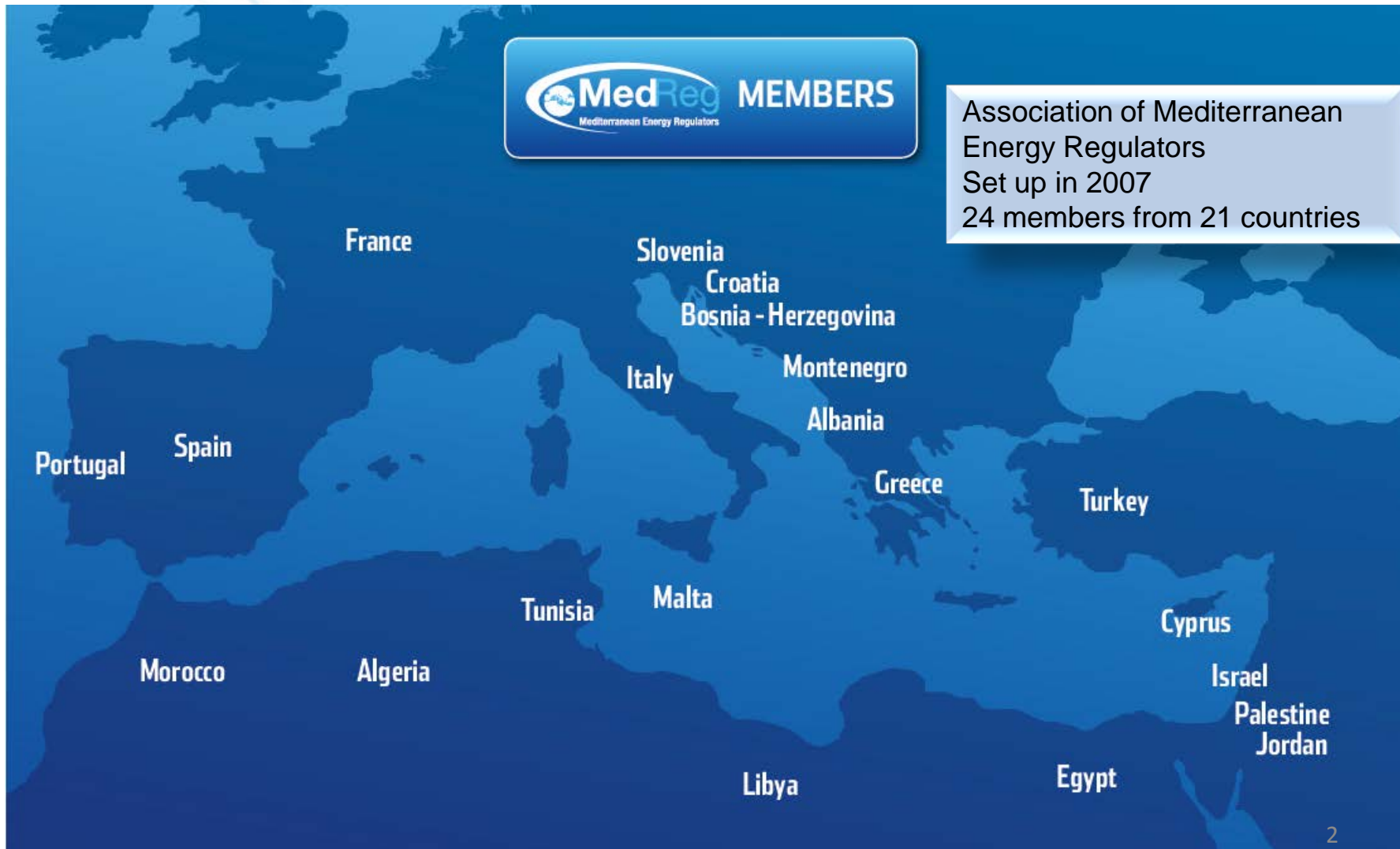


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# MEDREG



Association of Mediterranean Energy Regulators  
Set up in 2007  
24 members from 21 countries



# MEDREG's mission

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## FOSTER COOPERATION among Mediterranean countries

- Promote a **greater harmonization** of the energy markets and legislations and seek progressive market integration in the Euro-Mediterranean region
- Foster **sustainable development** in the energy sector through greater efficiency and integration of energy markets based on secure, safe, cost-effective and environmentally sustainable energy systems
- Support **initiatives of common interest** in key areas such as infrastructure investment and development, innovative financing solutions for the Mediterranean area, and research in the field of energy regulation
- Provide **skills development activities** through working groups, training sessions and seminars
- Foster **cooperation, information exchange and assistance** among members, providing a permanent discussion framework and cooperation network

# Towards a coherent regulatory framework

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MEDREG fosters the exchange of information, expertise and good practices among the region, helping its members to reinforce their institutional capacities and encouraging appropriate reforms.

→ **Permanent exchange of know-how, data collection and dissemination through comprehensive studies and recommendations**, for instance:

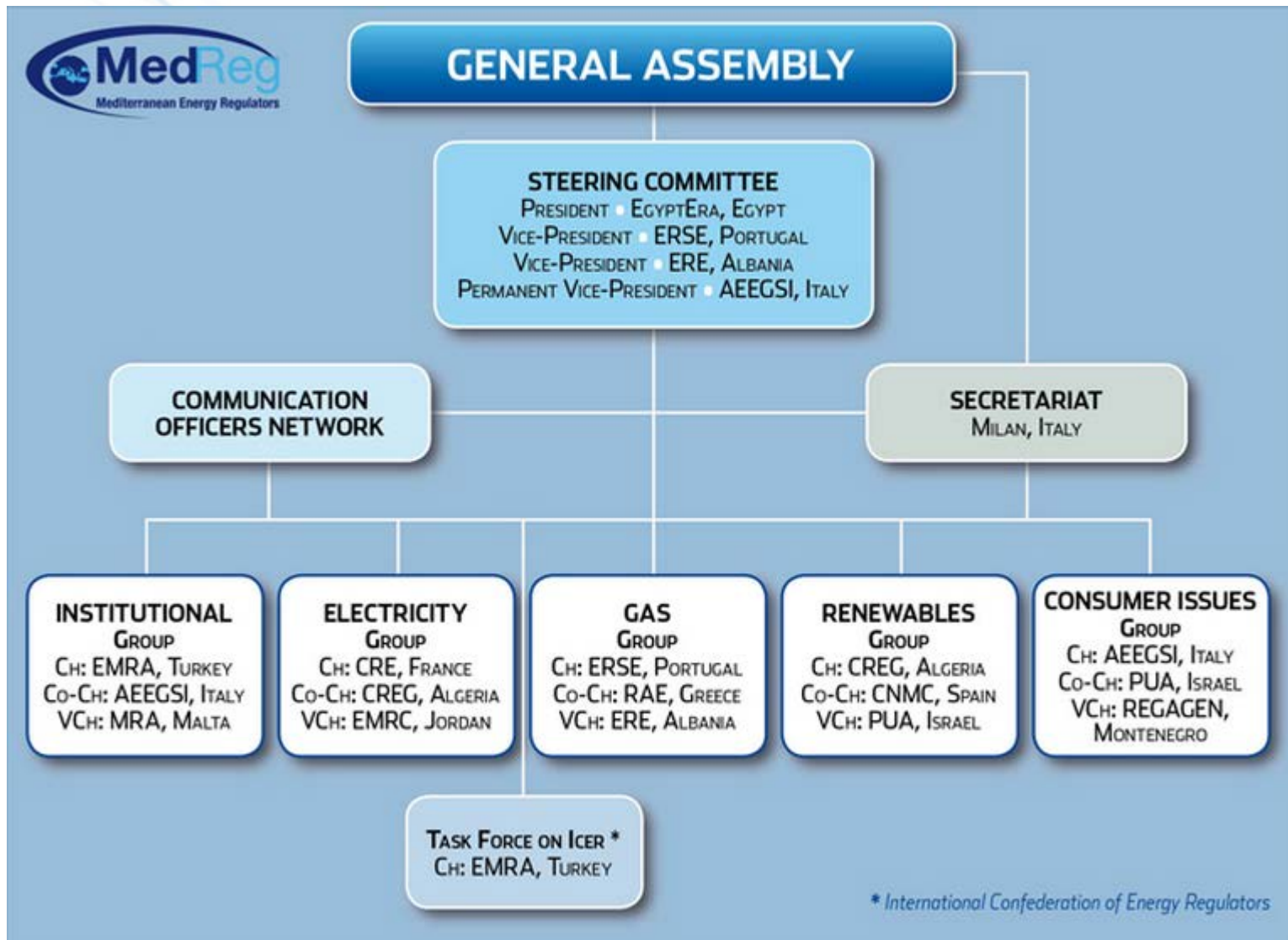
- **Institutional WG:** “Good Regulatory principles in the Mediterranean Countries” report (November 2014)
- **Electricity WG:** Mediterranean Electricity Market Observatory (MEMO, 2<sup>nd</sup> edition June 2015)
- **Gas WG:** Gas transparency database (summer 2014)
- **Renewables WG:** Benchmarking Assessment (November 2014)
- **Consumers issues WG:** “Guidance for energy consumers information and education” report (June 2014)

# 6 core regulatory principles supported by MEDREG

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- **Independence** from government and from the industry guarantees regulatory stability and neutrality
- Duties and powers should constitute a minimum set of **competences** defining the specific responsibilities of a regulator
- **Effective organization** with a clear decision making process and an operational internal structure
- **Enforcement** is to ensure compliance with rules by market participants and regulated entities
- **Transparency** helps others to understand the regulator's work and is beneficial for a proactive stakeholder engagement
- **Accountability** means that the regulator takes on the responsibility and is able to demonstrate outcomes and results from its regulatory action

# MEDREG Organization





# Promoting investments, a priority for MEDREG

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**A report mapping interconnection infrastructures of regional interest** has been approved in 2015, analyzing bottlenecks and constraints for investments.

- Providing a **shared vision** on medium and long term perspectives
- Contributing to improve the **investment climate**

Main conclusions :

- Public policy decisions are key to secure investments and establish energy markets
  - Before developing new capacity, make best use of existing interconnections
  - To attract investors, projects' bankability should be ensured
  - Interconnection development requires a strong coordination between involved countries
  - The dialogue between regulators and TSOs is pivotal, both at national and regional levels
  - Specific national aspects should be carefully addressed
- **Role of regulators: ensure a stable regulatory framework, decide on a justified rate of return and preserve the public interest.**
- **The presence of an independent regulator is considered as a key criteria for investors.**

# Regional integration at different speed

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Regional integration is progressing at different speed in different sub-region of the Mediterranean (EU, Balkans, South-East, South).

- On the Northern shore market coupling projects are expanding
- On the Eastern shore, regional integration is progressing slower but steady
- Turkey and Albania Electricity Transmission Systems are in permanent synchronous operation with Continental Europe
- In most of the Southern shore countries there is no power market (yet) but all are interconnected with their neighbouring countries



# MEDREG approach is based on dialogue with other Mediterranean organisations

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To foster the regional approach, MEDREG strives to tighten the relations with the main stakeholders and partners of the Mediterranean energy sector:

- Information exchange with **MEDELEC, OME, PAM, RCREEE, UfM, Energy Charter, etc...**
- And in particular with **Med-TSO** with the aim to draft guidelines for a grid code
  - Memorandum of Understanding
  - Contribution to the platform of regional electricity markets set up by the EC
- Information exchange with MEDREG's European counterpart the **Council of European Energy Regulators (CEER)**
  - Joint round-table: 20 November 2013
  - Technical exchange regarding quality of supply

→ **Public consultations and workshops, MEDREG Forum** (first edition: Barcelona, 26 November 2014), Investment workshop (29 April 2015)

# MEDREG can build on EU and Balkan experience in regional integration

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Europe regional initiatives boosted the development of the internal market

- set up on a voluntary basis by European energy regulators in 2006 to test solutions for cross-border issues and carry out early implementation of the EU acquis
- Seven electricity regional initiatives (shared network codes - will of full harmonization), leading to 19 countries coupled for the day ahead market ; allowing from 60 to 400 TWh (1975-2012) of overall cross-border exchanges in Europe

Creation of the 8<sup>th</sup> regional initiative in 2008 including the EnC countries with a view to implement a common procedure for electricity congestion management and transmission capacity allocation on regional level.

→ **One size does not fit all but we can build on different regional experiences to develop projects to integrate the Mediterranean region.**

# Pilot projects of regional integration

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**MEDREG strategy objective 2020-2030: Regional coordination and cooperation is intensified. Common principles for market integration are defined and pilot projects are set up to test implementing them.**

Analyses highlight **very different situations in the Mediterranean**, implying the need for intensified regional cooperation, and for the setting up of pilot projects, according to a pragmatic approach through progressive market integration.

- **Maghreb countries'** electricity markets, IMME project:
  - Cycle of 3 seminars on the IMME initiative (completed in September 2013) and MEDREG's Recommendations
  - Political stalemate to overcome by policy makers
- Initiatives to progressively create a Market in the **Mashrek** region
- **Balkans** : information exchange with **ECRB** (joint roundtable)

# Working together to meet our mutual needs

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- Progressive market integration in the Euro-Mediterranean region is a slow process which faces many challenges, one of them being political barriers
- A more integrated market would be a sign as much as a boost for better relationships between Mediterranean countries
- Investments and improvement of the existing interconnections would favour a better economy for all
- MEDREG contributes by using its members' experience through a constant dialogue for mutual benefits
- We must keep on working together towards this common objectives to meet our mutual needs





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Thank you for your attention



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