Accelerating the Energy Transition in the Mediterranean region: towards a new sustainable energy mix.

The role of Mediterranean energy regulators (MEDREG)

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MEDREG INS WG Chair
Why regulating Energy in the Mediterranean?

- The Mediterranean, a region bridging Europe, Maghreb, Mashreq and the Balkans
- Regulation is an essential tool for the integration of energy markets and for non-discriminatory access to infrastructure
- Regulation is necessary to implement energy policies and improve security of supply:
  - For *investors* - while assuring a satisfying degree of opening to competition, regulation guarantees the existence of a set of transparent and stable norms
  - For *consumers* - through tariff elaboration and methodology, regulation operates so that energy prices reflect real costs of production, transport and supply, promoting the protection of vulnerable consumers

Source: MEDREG
MEDREG at a glance

• MEDREG is the Association of 24 Mediterranean Energy Regulators, born in 2006 and based in Milan.

• MEDREG promotes:
  - a stable and harmonized regulatory framework,
  - markets and systems integration,
  - infrastructure investments,
  - consumer protection,
  - enhanced energy cooperation.

• MEDREG carries out its activities through internal cooperation process and external collaboration with energy stakeholders in the Mediterranean Basin, with the objective to implement, based on a bottom-up approach, the conditions for the establishment of a future Mediterranean energy community.
MEDREG RES & EE Targets

- Implementation of advanced distributed generation, grid parity and net metering frameworks in Mediterranean electricity systems

- Implementation of a common tool allowing the use of flexibility mechanisms enabled by the concerned EU directives (2009/28/CE)

- Implementation of harmonized regulatory options to promote RES in a cost-effective way.
Recent Reports of the RES/EE WG

• Assessments of mechanisms to integrate RES in *isolated electricity* systems;

• Study to evaluate *net metering* systems in Mediterranean countries;

• Flexible mechanisms and possibility of linking the *ETS Scheme with schemes in non-EU countries*;

• Environment, RES and energy efficiency *benchmark*: analysis of status & organization of the RE/EE policies and regulations;

• Trend of *national emissions of GHGs*, legislative and regulatory framework concerning RES support schemes and EE promotion.
RES Target in MEDREG South Mediterranean countries

**RENEWABLE ENERGY INVESTMENTS**
Cumulative public and private investments in RES power plants to reach country targets

**Source:** RES4MED

*Target as % of: total electricity and thermal energy (Lebanon); primary energy (Jordan), RES4MED elaboration. Investment figure for Tunisia (STEG data)*
UfM Energy Platforms

In 2014, a Conference in Rome on “Building a Euro Mediterranean energy bridge: the strategic importance of Euromed gas and electricity networks in the context of energy security”, launched...

..“three thematic platforms to provide a permanent high level forum for discussing energy policy objectives and measures, with a view to identify specific and concrete actions”..

- **Gas:** to reinforce the security of gas supply and the regional gas exchanges.

- **Electricity:** to promote gradual establishment of regional and sub-regional inter-connected electricity markets.

- **Renewable Energy and Energy Efficiency:** to assist in the deployment of renewable energy and energy efficiency technologies and projects.
The Mediterranean Ministers in charge of energy, held in Rome on 1 December 2016 under the Union for the Mediterranean Co-presidency, approved the ministerial declaration which stress:

- the importance of building strong energy cooperation in the Euro-Mediterranean Region through a shared vision and common priorities;

- the importance of having a well interconnected Euro-Mediterranean Region to promote economic development and improve the security of supply for consumers and the security of demand for producers.
Progressive integration of electricity systems and markets in the UfM region and, in particular, at the enhancement of electricity exchanges and interconnections and smart management of grids, in order to achieve a secure, affordable, and sustainable electricity supply for the benefit of people and economies in the Euro-Mediterranean region, by gradually removing financial, technical, physical and regulatory barriers so that electricity can be traded and freely flow across borders.”
MEDREG Roles

- Contribution to establish a suitable **institutional and regulatory framework** to facilitate the development of gas and electricity exchanges, inter alia through the **cooperation** between regulatory authorities or ministries and other relevant bodies.

- Elaboration of the **work program** jointly with MEDTSO and UfM Co- Presidency.

- Finalising the **Regulatory Outlook** to provide the state of play for energy regulation in the Mediterranean basin.
Work Program Matrix Approach for UfM REEEE Platform

<table>
<thead>
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<tbody>
<tr>
<td>WP1 Policy Assessment &amp; Monitoring</td>
<td>WP1 Improving Financing of RE projects</td>
<td>WP1 Understanding Valued RE Socio-Economic Components</td>
</tr>
<tr>
<td>WP2 Streamlining Regulatory &amp; Administrative Procedures</td>
<td>WP2 Market Potential for Decentralized RE Applications</td>
<td>WP2 Socio-Economic Impact Assessment</td>
</tr>
<tr>
<td>WP3 Quality Assurance of RE Systems &amp; Installers</td>
<td>WP3 Designing Business Models</td>
<td>WP3 Optimizing Local Value Creation</td>
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</table>

A. Research & Analysis
B. Technical Assistance
C. Capacity Building

Common Knowledge Management System and E-Work Space

Source: The UfM platform in RE and EE; MEDREG RES WG; Brief on the work program, RCREEE, 2015
The UfM Regional Electricity Market Platform

MEDREG & MEDTSO has been charged to contribute to a work program to pave the way to create a regional electricity market..

• strengthening and harmonizing legislative and regulatory frameworks;

• considering social\political\economical peculiarities and diversities;

• analysing existing market structures and assessing the level of market opening;

• effectively coordinating infrastructure development, with the aim of establishing a common vision on infrastructure development;

• approaching on local basis (regional/Sub-Regional/Bilateral) with pilot project
• Identifying needed infrastructures as well as regulatory frameworks to improve the functioning of power systems to be submitted to the UfM Ministerial Conference for endorsement;

• Identifying the substantive criteria relevant to the selection of UfM Projects of Common Interest

• Preparatory actions towards regional groupings inter alia to promote electricity exchange;

• A proposal on Interconnected Electricity Exchange;

• Actions to support the implementation of regional electricity exchange activities;

• Complementary actions for the entire region

• Monitoring and follow-up of on-going reporting (2019 onwards).
National Reforms Initiatives

Development of an structured plan with a tailor-made approach to support national reforms and individual regulatory priorities and needs to support and strengthen energy regulators in Southern and Eastern Shore Countries

Methodology

- **Need collection**: Questionnaires and Interviews to seek input and information on national situations and main regulatory issues
- **Planning**: joint development of individual plan for each member, including timelines, budget and tools;
- **Delivery**: deployment of MEDREG expertise (or if appropriate external experts)

Tools

- Peer-review activities and support in the drafting of secondary legislation
- Training and capacity building
- Institutional partnerships
- Ad hoc studies and benchmarking
- Support to EC twinning projects and TAIEX missions between member regulators
## National Reforms Initiatives

### Preliminary Work Program

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>REGULATOR</th>
<th>REGULATED SECTOR(S)</th>
<th>TYPE OF SUPPORT ACTIVITY</th>
<th>IMPLEMENTATION PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>CREG</td>
<td>Electricity, Gas</td>
<td>2-day workshop</td>
<td>June 2018</td>
</tr>
<tr>
<td>Egypt</td>
<td>EGAS</td>
<td>Gas</td>
<td>Organization of a study visit to one/two EU regulators</td>
<td>September 2017</td>
</tr>
<tr>
<td>Egypt</td>
<td>EgyptERA</td>
<td>Electricity</td>
<td>Drafting support to the code of ethics, Indicators ex ante</td>
<td>May 2018</td>
</tr>
<tr>
<td>Israel</td>
<td>NGA</td>
<td>Gas</td>
<td>Study visits to a couple of Regulators (EU &amp; Non-EU)</td>
<td>January 2018</td>
</tr>
<tr>
<td>Israel</td>
<td>PUA</td>
<td>Electricity</td>
<td>Training course of 2-3 days</td>
<td>July 2017</td>
</tr>
<tr>
<td>Jordan</td>
<td>EMRC</td>
<td>Electricity</td>
<td>Peer Review Process</td>
<td>June 2017 – June 2018</td>
</tr>
<tr>
<td>Jordan</td>
<td>MEMR</td>
<td>Gas</td>
<td>Peer Review Process</td>
<td>March 2018 - March 2019</td>
</tr>
<tr>
<td>Palestine</td>
<td>PERC</td>
<td>Electricity</td>
<td>Recommendations and guidelines to promote the use of RES\EE, Support and training to PERC Officials</td>
<td>November 2017 - March 2018</td>
</tr>
<tr>
<td>Tunisia</td>
<td>MIT</td>
<td>Electricity</td>
<td>Survey of case study for interconnection investment models, Proposal for potential solutions of Italy-Tunisia Interconnector</td>
<td>February 2018 - April 2018</td>
</tr>
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Conclusions

• Role of Regulators in supporting integration of Renewable energy with the grid is crucial. This comes through adopting necessary regulatory measures for supporting; production, transmission and trading of RES.

• Stimulating production and trading of RES in the Mediterranean necessitates developing the existing infrastructure as well as develop more innovative finance and trading mechanisms.

• MEDREG as an association of public entities support the platforms initiative and cooperate very effectively to achieve their targets, which are in line with MEDREG strategy
Thank you for your attention!

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