



## Conclusions

### Regulatory Twinning Initiatives in the Mediterranean region

#### State of play and way forward

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18<sup>th</sup> October 2016, Milan - Italy

#### Introduction:

Due to the recent macroeconomic developments in the Mediterranean basin, regulatory reforms in the energy sector have been recognized to be crucial support for the economic development of MEDREG countries. Twinning initiatives are a tool that foster sub regional and regional integration of the Mediterranean energy market. Currently, there are two twinning initiatives on energy regulation taking place in the Mediterranean region: EgyptERA (Egypt), RAE (Greece), AEEGSI (Italy) and CREG (Algeria), CNMC (Spain), E-Control (Austria).

MEDREG permanent Vice-President Prof. Valeria Termini opened the workshop and highlighted to the participants that a twinning project is a platform for the sharing of good practices developed within the EU and, the fostering of long-term relationships between EU countries and southern shore Mediterranean countries. The European Commission offers 4 types of funding for beneficiary countries: Technical Assistance and Information Exchange instrument (TAIEX), Twinning Projects, Tenders and Grants.

The Secretariat used this occasion to introduce members with the two main instruments:

- **TAIEX** which supports public administrations (officials from Ministries dealing with community legislation or staff from regulatory authorities) with regard to the approximation, application and enforcement of EU legislation as well as facilitating the sharing of EU best practices.
- **Twinning** which is a European Union instrument for institutional cooperation between Public Administrations of EU Member States and of **beneficiary or partner countries**. Twinning projects bring together **public sector expertise** from EU Member States and beneficiary countries with the aim of achieving concrete mandatory operational results **through peer to peer activities**.

The following MEDREG non-EU members can apply to one of the above mentioned supporting instruments: Albania, Bosnia and Herzegovina, Montenegro, Turkey, Algeria, Egypt, Israel, Jordan, Morocco and Tunisia.



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### Workshop Summary

The aim of the workshop was to analyze the two ongoing twinning initiatives in the Mediterranean basin in presenting their components, timeline and benefits for beneficiary country (BC).

#### **1<sup>st</sup> Twinning Initiative EgyptERA – AEEGSI – RAE (Project Leader)**

The main purpose of the legal component in this twinning initiative is the identification of necessary reforms leading to the gradual liberalization of the Egyptian electricity market. This twinning project shall assist EgyptERA to create a competitive electricity market in accordance with the requirements of the new Electricity Law.

The twinning project has three main components as follows:

1. Component A – Electricity Market transition with the aim to ensure that all conditions for the implementation of the transitional phase for the electricity market opening are met. This component shall provide monitoring guidance and support in the moment that the market will start to open.
2. Component B – Legal and Regulatory Framework providing procedures and guidelines on the existing licenses, monitoring process and dispute resolution.
3. Component C – Standards, Performance Assessment and Benchmarking, Investment Planning with focus on financial indicators of the regulated companies in order to improve the efficiency of utilities in relation to tariff setting and subsidies schemes.

#### **2<sup>nd</sup> Twinning Initiative CREG – CNMC – E-Control (Project Leader)**

This second twinning has as beneficiary country CREG (Algeria), project leader E-Control (Austria) as partner regulator CNMC (Spain) and the Austrian Energy exchange (EXAA). The objective of this twinning is the organizational and administrative capacity of the Gas and Electricity Regulatory Commission (CREG) as the national authority and Improvement of the quality of public services and to the efficiency of the regulatory framework. It started in August 2015 with a length of 24 months. This twinning is composed by the following 6 components:

1. Consumer protection and quality of public service with the aim to improve the quality of service and the overall ability to protect consumers.
2. Concession holders and pricing policy providing adequate tools for monitoring and evaluation of Distribution system operators (DSO's).
3. Renewable energies and cogeneration to establish the mechanisms and methods to support and promote renewable energy sources and cogeneration and addressing RES integration into the grid.



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4. Data management with the aim to develop an efficient data exchange system in terms of data quality and statistical duties and efficiency between the regulator and the operators.
5. ITC and cross-border tariffs with the aim to gain the appropriate methodologies for managing international interconnections and the establishment of exchange platforms, in particular regarding the design of cross-border tariffs.
6. High performance of the regulator as an organization (HPO) in assessing a detailed review of organizational processes and structures at CREG in order to achieve high performance standards.

#### Conclusion and future role of MEDREG in twinning initiatives

When applying for a twinning project, BC shall identify their main essential field of support request for their national regulatory framework and energy market. Twinning projects are built around EU policy objectives agreed between the public authorities of the beneficiary country (BC) and the Member States (MS). Due to the length of a twinning project and the mandatory results, the BC shall not insert too many components during the identification project but only the most essential ones and the ones that they can implement. At the same time the work plan of a twinning project foresees expert missions, training events and awareness raising visits. Therefore it is important that the MS shall have experts available to involve in the project and the right logistic for study visit to provide knowledge sharing to BC. In some cases the involvement of more than one MS is advisable, in order to provide the project with a larger scope of expertise

During a twinning project it is also foreseen that MS and BC partners contribute to the project to the same degree. Therefore the experience of the two Project Leaders and the other experts involved in the project is very important, where this applies for the Resident Twinning Adviser (RTA) and a RTA counterpart as they are the backbone of Twinning projects.

MEDREG initiative on supporting its members countries on their national reforms can make use of the a twinning or TAIEX project. These supporting tools can be introduced to members, how they can apply as beneficiary country and to support them during the filling out of the fiches requested. Therefore MEDREG Secretariat shall build a bridge of communication with DG NEAR Twinning unit and explore the possibilities of having a supporting role in favor of the beneficiary country on this type of project. MEDREG could also support its beneficiary regulators in identifying the most suitable experts to perform TAIEX and Twinning activities.



### Conclusions

Participants agreed that MEDREG Secretariat shall organize a second workshop on twinning initiative during the first semester of 2017, where the BC and Project leaders can present the final result of the two above mentioned twinning projects.