

YEARBOOK PROFILE PIECE

ALEXANDRE SANTOS, PRESIDENT, ASSOCIATION OF MEDITERRANEAN ENERGY REGULATORS (MEDREG) & COMMISSIONER, PORTUGUESE ENERGY REGULATORY AUTHORITY (ERSE)

Alexandre Santos has been a member of the Executive Board at the Portuguese Energy Regulatory Authority (ERSE) since June 2013. As one of three Commissioners, he supervises the electricity and natural gas sectors. In 2016, he was elected President of MEDREG – the Association of Mediterranean Energy Regulators, following his full term as Vice-President (2014-2016). He also Chairs the Consumer Working Group in ARIAE – the Ibero-American Energy Regulators Association.

Prior to joining ERSE, Alexandre worked at the Ministry of Environment, Spatial Planning and Energy as member of the Board for the Fund for Innovation and Energy Efficiency. He dedicated much of his career to the IT sector and served as a consultant on energy and energy efficiency issues.

He has also undertaken research at Lisbon's Interdisciplinary Center for Economics Studies in the field of public policy and began his career in risk management in the banking sector.

Alexandre holds a MSc in Organizational Behavior from the Higher Institute of Applied Psychology of Lisbon and a degree in Economics from Lisbon's Catholic University School of Business & Economics.

Can you explain to us why the Africa Energy Forum is important for MEDREG?

The Africa Energy Forum offers a unique platform to promote the importance of energy regulators to government ministers, heads of utilities, project developers and global investors driving forward the development of Africa's energy projects.

Mediterranean Energy Regulators (MEDREG) is an association which brings together 25 regulators from 21 countries, spanning the European Union (EU), the Balkans and North Africa. Mediterranean regulators work together to promote greater harmonisation of the regional energy markets with legislations, seeking progressive market integration in the Euro-Mediterranean basin. Through constant cooperation and information exchange among members, MEDREG aims at fostering consumers' rights, energy efficiency, infrastructure investment and development, based on secure, safe, cost-effective and environmentally sustainable energy systems.

Several of our 21 member countries are located on the African continent, along the Mediterranean's shores: Algeria, Egypt, Libya, Morocco and Tunisia. Our association works at promoting a clear and regulatory framework in the electricity and gas sectors, which

in turn helps to contribute to a stable investment climate that ultimately supports the development of our economies and societies. MEDREG is looking for opportunities to disseminate its messages to a wider public and to inform its work plan with inputs from relevant partners in the Mediterranean energy sector.

Can you give us further details on the recent establishment of the Egyptian Gas Regulator, and why it is important for the Mediterranean gas industry?

As part of the overall reform of the Egyptian gas market following the regional gas discoveries (such as the Zohr field), the Egyptian government decided in 2015 to establish an independent institution in charge of overseeing the liberalisation of the gas market.

Since the decision was made to establish an independent institution, MEDREG has supported this new body through its Gas Working Group, as well as organising dedicated technical workshops upon their request. In 2016, the interim Gas Regulator became a member of our organisation with full access to our supporting tools, such as training, support to European Union

TAIEX and twinning applications, and exposure to the expertise of other MEDREG members. Indeed, my authority, the Portuguese Energy Regulator, is planning to welcome technical staff from the new entity for an intensive study visit during 2017.

Following on from this, can you explain to our readers the importance of a sound regulatory framework when it comes to gas market development in the Euro-Mediterranean region?

A sound legal and regulatory framework based on independent and objective regulatory bodies helps to attract investment, ensures efficient use of the system and of investments and encourages competition, consumer protection and fair practices.

Regulation seeks to provide a level playing field for all energy actors. Thus, having an independent regulator for the Egyptian gas sector can ensure more efficient gas markets and greater participation by the private sector (and also by new investors) to develop Egyptian gas fields. Overall, this new regulator will contribute to strengthening the regional trading relations in gas and enhance energy

security for the Mediterranean region, while also increasing the diversification of gas sources for the EU.

The size and complexity of gas projects entail providing a high degree of confidence and assurance to investors. To an increasing extent, gas systems stretch out over different countries and regions, each displaying different traditions in terms of their institutional and structural characteristics. This begs for some degree of coordination between bodies regulating the gas industry. They have to arrive at mutually acceptable (coherent combinations of) regulatory approaches along the value chain.

International gas markets and public interest are, in fact, not static but dynamic. The task of the government is to promote an investment climate that changes in line with the evolving stages of market development but that also secures public interest over time. The role of economic regulation, meanwhile, is to ensure that the rules of the sector allow interested parties to enter the market with a degree of certainty regarding the stability and predictability of the rules themselves. The presence of a regulatory framework is therefore a strong factor to encourage market development.

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Masai Boma House

2016 Energy Photo of the Year entry by
Off Grid Electric

*This photo shows the interior and exterior realities
of a Tanzanian Masai village house.*

*“During the night, they are
able to perform their activities
with the help of our strong
solar lights. It represents the
confirmation of our mission to
help power Africa.”*



*“MEDREG has developed a new
initiative called **MEDREG Support
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Mediterranean.”*

MEDREG believes that regulatory actions are important in ensuring a stable and fair regulatory framework for investors to the ultimate benefit of consumers. That is to say, a level playing field contributes to achieving a satisfactory degree of opening to competition in the gas sector. In addition, regulation guarantees the existence of a set of transparent and stable norms which are important for consumers. Through the design and setting of network tariffs, economic regulation results in energy prices that should reflect the costs of production, transport and supply. This can indeed be seen as a virtuous, or symbiotic, cycle as regards the development of the gas market. Economic regulation, network tariffs and market rules mean that infrastructure investors are able to recover the costs (and risks) of their investments. These investments in turn bring energy to consumers and businesses, who ultimately pay these tariffs, thus allowing the investor to receive a return on their investment. Network expansion and infrastructure investments also result in a broader consumer base, therefore extending the use of natural gas itself.

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are important in ensuring a stable and fair
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Are there any upcoming projects which you are particularly excited about, and why?

MEDREG has developed a new initiative called **MEDREG Support to National Regulatory Reforms** to offer assistance to and support the development of the national legal and regulatory frameworks across the Mediterranean, through the use of a mix of flexible and adaptable tools.

Support activities will take several forms, including exchanging information, high-level training for the regulators' staff and identification and discussion of new regulatory measures. These activities should result in an increased awareness of regulation and in a more recognisable and effective role of regulators in the development of Mediterranean markets. The novelty and added value of these activities lie in the tailor-made and personalised nature of the support provided. Defined jointly by MEDREG and the regulator, the chosen support activities will answer to a precise regulatory need or gap

identified and raised by the regulator. We have already completed a pilot activity, which was the peer reviewing of the Egyptian electricity regulator by focusing on its organisation and competences, and we are now launching a new peer review for the Jordanian electricity regulator.

Another area of work MEDREG is excited about is its increasing contribution to **Union for the Mediterranean's Energy Platforms, an initiative of the European Commission**. These platforms bring together financial institutions, regional organisations, industrial enterprises and experts working towards the enhancement of synergies in the fields of renewable energies and energy efficiency, integration of electricity markets and gas in the Mediterranean region. MEDREG is actively contributing by providing technical expertise and identifying investment needs and relevant regulatory measures.

Finally, what is on the horizon for MEDREG in the next five years?

In 2016, MEDREG celebrated 10 years of existence and successful cooperation. This anniversary marked a turning point for the organisation which is now entering a new phase. While we will continue to enhance the regulators' technical outputs and support the convergence of regulatory approaches for the whole region, we will also encourage our member regulators to adopt a sub-regional approach, which is particularly valid for a diversified region such as the Mediterranean. The idea is not to have a “one-size-fits-all” approach but to create a dynamic that allows national interests to converge progressively through various smaller sub-regional projects. Most importantly, we are committed to supporting our members in their regulatory responsibilities (new and deepening), which ultimately play a central role in the development of our individual (and interconnected) energy markets in the Mediterranean. ■