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MEDREG FORUM SUMMARY DOCUMENT

At the Forefront of Pro-active and Resilient Energy Regulation

Gas and Renewable Energy in the Mediterranean.

The “MEDREG Energy Forum” was held in Brussels, on 6 November, and it demonstrated to be a fruitful dialogue on gas and renewable energy development in the Mediterranean region. Organising this meeting MEDREG brought together the most relevant speakers and stakeholders working on gas and RES in the Mediterranean region. During this one-day event, **energy experts from international institutions, regulators, industry and academia underlined the fundamental synergy between gas and renewable energies**, agreeing on the importance of a fruitful collaboration between Regulatory Authorities in the Mediterranean area.

Mrs. Anne-Charlotte Bournoville, Head of International Relations and Enlargement DG ENER - European Commission opened the Forum with an overview of the **Green new deal programme for energy-neutral Europe by 2050**, mentioning the importance of gas as transitional fuel towards a decarbonised energy sector. Talking about the gas as a transitional energy vector, she underlined how MEDREG favours a regulatory fertilisation process in this strategic sector among the regional regulatory agencies. Focusing on the regional regulatory harmonisation and collaborative actions between the EU and the Mediterranean countries, **Mrs. Henrike Trautmann**, Head of Regional Programs Neighbourhood South DG NEAR - European Commission, confirmed **how energy could be an incubator for transversal collaboration in the region**. Focusing on the electricity sector, the strongest benefits of cooperating with the European Union could be reached if MENA countries fully participate in the European market coupling system.

In general, for most Southern and Eastern Mediterranean countries, participation would require increased investments in infrastructures and interconnection, as well as a deep reformulation of their national energy markets. Therefore, is to be seen as a longer-term strategy that includes different actors, each with its own needs and priorities but all sharing the same climate and energy challenges. The Head of EC DG-NEAR concluded declaring that “**regional dialogue is the raison d’être for EU policy support**”, underlying **the vital role of MEDREG as a technical and functional cooperation platform that manages to overcome the political differences affecting the region**.

The discussion continued with the contribution of **Mr. Jorge Vasconcelos**, Chairman of NEWES, Former President of the Council of European Energy Regulators (CEER) and the Portuguese Regulator ERSE, who explained **how energy systems are faced with new technological challenges and opportunities**. In this respect, **decarbonisation and digitisation** require a new dynamic conception of the energy markets, implementable only through a more flexible regulation



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architecture. Following Mr. Vasconcelos' s words, **for efficient energy demand management, digitalisation demonstrates to be the cheapest energy transition tool**, demand-side flexibility or storage. Moreover, **additional interconnection capacity** gives access to more flexibility and increases the degree of market integration, and **contributes to the integration of variable renewables into the energy system**. However, the deep innovation of the energy system spreads above all through multiple normative levels, international, national and local.

The participants agreed that it is, therefore, necessary that the political authorities succeed in facing this innovation process, and this could be possible thanks to the efforts of supranational technical bodies. In that regard, **Mr. Benoit Esnault**, Interconnections, and European Affairs Department (Networks Directorate) at the National Regulatory Authority of France (CRE), recalled that **there are profound differences between northern and southern shores of the basin**. While Europe is close to meet its energy needs and now is focusing its efforts on increasing energy efficiency, the southern countries still have to respond to the development needs of the local populations. **It is vital to ensure the safety and soundness of a regional regulation scheme while adapting to the needs of each local realities**. To conclude his speech, Mr. Esnault emphasised **MEDREG's primal aim, which is to create a shared and concrete regulatory framework between the members**, inspiring technical and institutional cooperation in the energy sector, fostering the transfer of knowledge and best practices.

From an industry perspective, **Mr. Laurent Théry**, Directeur international de GRTgaz, **agreed that regulatory harmonisation and convergence of standards is the primary condition for encouraging investment in the gas sector**, while energy transition always needs to be affordable and cost-effective. The **example of the Trans-Anatolian Natural Gas Pipeline (TAP) megaproject clearly expresses the link between regulatory solidity and investment security**.

Mr. Salutk Duzyol, TAP Director, remarked that this ambitious infrastructure will enhance energy security, diversifying gas supplies for several European markets, and for this reason is directly **supported by the European as a project of common interest**. Following the speech by Mr. Salutk Duzyol, **this pipeline will bring 31 bcm / y to Italy by 2026** but it is necessary to increase the incentive mechanisms for private investments. **A further example of how the security of energy corridors is achieved through prior regulatory harmonisation**. The day was then marked by the intervention of **Mr. Carlos Ruiz** – Associate Programme Officer at International Renewable Energy Agency (IRENA), who remarked that **gas is a fundamental tool for decarbonising critical sectors, such as the cement industry, and the shipping sector**. Mr. Ruiz recalled that not only natural gas plays a fundamental role, but also the power to gas technologies are important in the path of the energy transition.

Ms. Houda Allal Director General of the Mediterranean Energy Observatory (OME) recalled how the Mediterranean energy context presents many facets. Following the data reported in the OME's flagship publication, Mediterranean Energy Perspectives – 2018, **the increase in energy demand expected to be driven by South and East Mediterranean countries, while demand in the North will be decreasing**. South and East Mediterranean energy demand would more than double to



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exceed 800 Mtoe. Encouraged by incentives, forward policies and technological advances, renewables, especially non-hydro renewables, are expected to exhibit robust growth trends to 2040.

Additional interconnections give access to more grid flexibility, increasing also the degree of market integration and contributes to the integration of renewables into the energy system.

Southern and Eastern Mediterranean countries in the Mediterranean region need to increase interconnector capacities to the European Union and, at the same time, liberalise their markets to enable energy trading. According to this, **Mr. Ahmed Ibraheem** – Head of the Energy Sector, Energy and Climate Action Division, Secretariat of the Union for the Mediterranean (UfM) pointed out that **there are currently 82 power interconnections between the EU and ten of its neighbouring countries, only two of which currently serve as the sole link connecting Europe to North Africa, between Spain and Morocco**, with a combined Nominal Capacity of 1.4 GW. Increasing interconnector capacities raises the security of supply as more generation capacity is available in times of a blackout of a power plant. Therefore, integrating the network of connections is one of the main regional challenges, for the UfM as for other Mediterranean actors.

From a European perspective, to achieve the Union target of 32% renewables cost-effectively, the **Renewable Energy Directive fosters cooperation between the Member States and third countries**. Linked to this, **Ms. Jenny Winkler** Competence Centre Energy Policy and Energy Markets, Fraunhofer Institute for Systems and Innovation Research illustrated how Southern and Eastern Mediterranean countries (SEMCs) can actively contribute and collaborate with EU countries to achieving EU energy transition future targets. She presented a briefing paper titled "[Clean Energy for all Europeans Package: Implications and Opportunities for the Mediterranean](#)". The focus of cooperation options is in the area of deploying renewable energy sources, interconnections and electricity market integration. With this aim, the European Union can support interconnection mainly if they are selected as projects of common interest.

Ms. Nina Grall – Head of the Energy Community Regulatory Board (ECRB) and **Mr. Pedro Verdelho** – Commissioner of the Portuguese Regulator, Entidade Reguladora dos Serviços Energéticos (ERSE) agreed on how urgent it is to **establish a common regional gas network code** and this is **possible passing through collaboration between entities like MEDREG and ECRB**. **Mr. Stefano Besseghini** – President of the Italian Regulator, Autorità di Regolazione per Energia Reti Ambiente (ARERA) **emphasised the role of consumers as protagonists of the electricity market**, recalling the fundamental condition of a widespread supply of information for greater consumer participation. In the Italian context, consumer protection takes place thanks to new tools of market transparency, with this aim ARERA priority is that the user can make the most weighted choice possible, based on complete, transparent and fair information.

During the forum, the participants were able to appreciate some **practical examples from the experiences of the Algerian and Jordanian authorities**. **Ms. Wijdan Al-Rabadi**, Deputy Chairman of Energy and Minerals Regulatory Commission (EMRC) showed how the **adoption of smart metering systems has favoured the dissemination of small off-grid photovoltaic solutions and the progressive entry of renewable sources** into the national energy system. Ms. Al-Rabadi



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explained how MEDREG helped the national regulator to correctly give, monitor and withdraw licenses. Then **Mr. Abdelkader Choual** President of the Algerian Energy Regulator Authority Commission de régulation de l'électricité et du Gaz (CREG), explained **how Algeria is adopting combine cycle technology to increase efficiency and save its gas reserves for exportation.**

Finally, **Mr. Petrit Ahmeti** President of the Albanian Regulator, Enti Rregullator I Energjise (ERE), Albania and **Ms. Christine Chauvet** Commissioner of the French Regulator, Commission de régulation de l'énergie (CRE), concluded the event by highlighting how **the conference offered a unique opportunity for dialogue to many of the main protagonists of the Mediterranean energy development,** and that MEDREG favoured the implementation of a **profitable climate of cooperation with the aim of protecting consumers and making markets more transparent and open.**