MedReg
Mediterranean Energy Regulators

ANNUAL REPORT 2013

MEDREG is supported by the European Union

ANNUAL REPORT 2013

The findings, conclusions and interpretations expressed in this document are those of MEDREG alone and should in no way be taken to reflect the policies or opinion of the European Union

TABLE OF CONTENTS

CHAPTER 1	4	President's statement
CHAPTER 2	10	Organization and people
CHAPTER 3	12	The changing role of Mediterranean energy markets
CHAPTER 4	14	Creating the rules, assessing the challenges
CHAPTER 5	16	An integrated approach to sustainable electricity
CHAPTER 6	18	Towards more informed and educated consumers
CHAPTER 7	20	Putting transparency at the heart of gas markets
CHAPTER 8	24	Investing on infrastructures
CHAPTER 9	26	Strengthening the cooperation with stakeholders
CHAPTER 10	28	Communication
APPENDIX I	30	2013 documents
APPENDIX II	31	MEDREG members

www.medreg-regulators.org

1. PRESIDENT'S STATEMENT

450! *450 million Mediterraneans! 450 million citizens living on the Northern and Southern shores of this mythical sea - this 'sea of swelling waves' - who count on us to help build up swiftly and effectively a Mediterranean energy community.*

The peoples of the Mediterranean count on us, energy regulators, to set down clear, transparent and effective rules. They count on us to ensure that all consumers in the 21 countries we represent will, in the near future, have sufficient energy at the best price.

That is our mission. Indeed, it is our duty!

We are neither governments nor energy companies. We are public regulatory bodies – the advocates of well-functioning energy markets. Our independence is key to our success and to the confidence we inspire.

It is a source of great pride to see how the team of professionals and experts from our members have worked together with our Secretariat throughout the year, aiming at the collective good despite the conflicts, crises and differences in culture and development!

It gives me great satisfaction to see what we have already achieved!

Over the past year we have had the immense pleasure of welcoming Libya as our twenty-first member country. The European Commission has renewed its confidence in our Association by signing a new three-year contract with us. For our part, we have strengthened our institutional framework, revising our Statutes and Internal Rules. We have consolidated the relationship of trust established with the Italian energy regulator (AEEGSI), which hosts the Secretariat of MEDREG. Our team has been bolstered with the arrival of Céline as Executive Assistant, and with the decision to recruit a Programme Manager. We have fulfilled our commitments with Algeria, Morocco and Tunisia finalizing the first part of the IMME programme, aimed at the integration of electricity markets in the Maghreb. We have initiated fruitful relationships with our European colleagues at CEER (Council of European Energy Regulators) at a roundtable meeting held in Grasse, and will soon be doing the same in Athens with ECRB (Energy Community Regulatory Board). As regulators, we aim to build concrete relationships with key partners which are essential to network development; hence the partnership agreement we signed with Med-TSO, the association of electricity transmission system operators in the Mediterranean.

On a higher level, the invitation by the Union for the Mediterranean to present our work at the Ministerial Energy Meeting in Brussels at the end of 2013 was an important acknowledgement. We also regularly participate in the meetings and events of the Parliamentary Assembly of the Mediterranean (PAM).

Preparations are already underway for the 1st Mediterranean Forum on Energy regulation, to be held in Barcelona on 26 November 2014. Open to all energy-sector players, the forum is being prepared by a Scientific Committee chaired by Professor Maria-Teresa Costa-Campi.

In addition, we have initiated a debate on MEDREG's strategy for the next years to lay the basis for a future that we want to be full of ambitious achievements.

This is why I have proposed that our 5 permanent Working Groups (Institutional, Electricity, Gas, Renewables, Consumers) not only continue their work efficiently and effectively but also further proceed to the development of the best tools and practices to enable sound regulation. A modern economy, functioning markets and consumer interests can only be ensured through innovative regulation.

I am confident that men of good will can reach beyond the restricted horizons of narrow-minded egoisms, broadening their vision to encompass the wellbeing of all our people. This is why I am confident in MEDREG's future.

This great Association is forging ahead, as you will see from this Annual Report.

You may count on our full commitment to be an effective, demanding energy-sector player, working exclusively for the future of the countries of the Mediterranean and its 450 million inhabitants.

With devotion,
Kind regards,

Michel Thiollière
MEDREG President

1. LE MOT DU PRÉSIDENT

450! *450 millions de Méditerranéens ! 450 millions de nos concitoyens, autant sur la rive Nord que sur la rive Sud de cette mer mythique, cette « mer des houles », attendent de nous que nous soyons rapides et efficaces pour concourir à l'avènement de la communauté de l'énergie de la Méditerranée.*

Ils comptent sur nous, régulateurs de l'énergie, pour établir des règles claires, transparentes et efficaces. Ils comptent sur nous pour que tous les consommateurs des 21 pays que nous représentons disposent au plus vite d'une énergie suffisante et au meilleur prix.

C'est notre mission. C'est bien plus, c'est notre devoir !

Nous ne sommes ni les Etats ni les entreprises de l'énergie. Nous sommes des acteurs publics, force de régulation, et donc garants de la vitalité des marchés. Et notre indépendance est gage de réussite et de confiance.

Ma fierté est de constater que des équipes de professionnels et d'experts, issues de nos autorités indépendantes nationales, et de notre secrétariat, travaillent tout au long de l'année au bien-être collectif, en dépit des conflits, des crises et des différences de culture et de développement !

Ma satisfaction est de constater le travail déjà accompli !

Au cours de l'année écoulée... nous avons eu l'immense plaisir d'accueillir notre vingt-et-unième membre, la Libye. La Commission Européenne nous a renouvelé sa confiance en signant avec nous le contrat triennal MedReg III. Nous avons également renforcé notre cadre institutionnel en révisant statuts et règlement intérieur. Nous avons réitéré nos relations de confiance avec l'autorité italienne, qui héberge le Secrétariat de notre association. Notre équipe s'est étoffée en accueillant Céline, Executive assistant, et en décidant du recrutement d'un Programme manager. Nous avons rempli nos engagements vis-à-vis de l'Algérie, du Maroc et de la Tunisie, en finalisant la première tranche du programme IMME (Intégration des marchés de l'électricité du Maghreb). Nous avons noué des relations fructueuses avec nos collègues européens du CEER (Council of European Energy Regulators) lors d'une table-ronde à Grasse, et ferons de même bientôt à Athènes avec l'ECRB (Energy Community Regulatory Board). Nous, régulateurs, avons essentiellement vocation à agir concrètement avec des partenaires essentiels au développement des réseaux, d'où la signature d'un partenariat avec Med-TSO, l'association des gestionnaires de réseaux de transport d'électricité de la Méditerranée.

Au niveau le plus haut, nous avons acquis une importante reconnaissance en étant invités à présenter nos travaux lors de la réunion interministérielle de l'énergie de l'Union pour la Méditerranée à Bruxelles fin 2013. Nous sommes également présents au côté de l'Assemblée Parlementaire de la Méditerranée (PAM).

Nous préparons déjà le 1er Forum des Régulateurs de la Méditerranée qui se tiendra à Barcelone le 26 novembre 2014. Ouvert à tous les acteurs de l'énergie, il est préparé par un Comité scientifique sous la houlette de Professeur Maria-Teresa Costa-Campi.

Et nous avons lancé un débat sur la stratégie de MedReg pour les années à venir. Un avenir que nous voulons ambitieux et concret.

C'est pourquoi j'ai proposé à nos 5 groupes de travail permanents (Institutionnel, Electricité, Gaz, Energies renouvelables, Consommateurs) de poursuivre leurs travaux avec autant d'efficacité et de discernement, mais d'accélérer encore et de forger les meilleurs outils nécessaires à une régulation efficace. L'économie moderne, les marchés, l'intérêt bien compris des consommateurs, passent en effet par une régulation innovante.

J'ai confiance dans la capacité des hommes de bonne volonté à dépasser leurs égoïsmes, à imaginer au-delà d'un horizon étriqué le bien-être de nos peuples, c'est pourquoi j'ai confiance en MedReg.

Cette belle association va de l'avant. C'est ce que vous constaterez à la lecture de notre rapport annuel.

Comptez sur notre engagement à tous pour que nous soyons un acteur efficace et exigeant. Au service exclusif de l'avenir des pays de la Méditerranée et de leurs 450 millions d'habitants.

Avec mon dévouement,
Bien sincèrement,

Michel Thiollière
MEDREG President

1 التقرير السنوي لتجمع

450 مليون هم سكان حوض البحر الأبيض المتوسط! نعم 450 مليون من مواطنينا الذين يقيمون في شمال وجنوب هذا البحر الأسطوري، "بحر الأمواج الطويلة"، ينتظرون بأن يصبح تجمع الطاقة في حوض البحر الأبيض المتوسط خلال فترة قصيرة من الوقت واقع ملموس وفعّال.

ينتظرون منا نحن مُنظّمي الطاقة، وضع نُظم واضحة وشفّافة وفعّالة. ينتظرون منا وبأقرب وقت ممكن بأن تتوفّر الطاقة اللازمة وبسعر محدود لجميع مستهلكي 21 بلد نمثلها.

نحن لسنا بلدان منفردة ولا حتى شركات طاقة، نحن سلطات عامّة وقوى منظّمة، وبالتالي مسؤولين عن حيوية السوق، واستقلالنا هو ضمان للنجاح والثقة.

أنا فخور عندما أرى فرق عمل من المهنيين والخبراء، والتي تعبر عن سلطاتنا المستقلة الوطنية وعن أمانتنا، تعمل بدون كلل طيلة السنة من أجل المصلحة الجماعية على الرغم من الصراعات والأزمات والاختلافات الثقافية والتنموية.

وأنا شخصيا أشعر بالرضى عن العمل الذي تم إنجازه حتى الآن.

خلال السنة الماضية، كنا سعداء بانضمام العضو الواحد والعشرين، ألا وهو ليبيا، كذلك قامت اللجنة الأوروبية بمنحنا ثقتها من جديد من خلال توقيع عقد لمدة ثلاثة سنوات MEDREG III، قمنا أيضا بتقوية إطارنا التأسيسي من خلال إعادة النظر في النظام الأساسي والنظام الداخلي.

قمنا بتجديد علاقة الثقة المتبادلة مع السلطات الإيطالية التي تستضيف الأمانة العامة لتجمعنا، كما انضم أخيراً إلى فريقنا سلين بمهمة مدير تنفيذي، وقررنا ان نوظف في المستقبل القريب مدير برنامج، أوفينا بالالتزامات التي تعهدنا بها تجاه الجزائر والمغرب وتونس، بحيث تمكنا من إتمام المرحلة الأولى من برنامج تكامل أسواق الكهرباء في المغرب العربي(IMME). قمنا ببناء علاقات استراتيجية مع الزملاء الأوروبيين في المجلس الأوروبي لمنظمي الطاقة (CEER)، وسنقوم قريبا بنفس الشيء في أثينا مع مجلس منظمي الطاقة(ECRB). وكمنظمين، فإننا نرغب بالعمل عن قرب مع الشركاء الرئيسيين من أجل تطوير الشبكات، ومن هذا المنطلق

قمنا بتوقيع اتفاقية تعاون مع Med-TSO، وهي جمعية مشغلي شبكات الكهرباء في حوض دول البحر الابيض المتوسط.

وعلى مستوى أعلى، حصلنا على اعتراف هام من خلال دعوتنا إلى تقديم أعمالنا بمناسبة الاجتماع الوزاري للطاقة لمجموعة الدول الأوروبية من أجل منطقة حوض البحر الأبيض المتوسط، والذي تم في بروكسيل في نهاية عام 2013، زيادة على اقامة ذلك، سنشارك في أعمال الجمعية البرلمانية لمنطقة حوض البحر الأبيض المتوسط (PAM).

ونعمل حاليا على اقامة أول منتدى لمنظّمي حوض البحر الأبيض المتوسط، والذي سيعقد في مدينة برشلونة بتاريخ 26 نوفمبر 2014. وباب المشاركة مفتوح أمام جميع سلطات وهيئات الطاقة، وقد تم التحضير له من قبل لجنة علمية وبإشراف البروفيسوره ماريا تيريزا كوستا-كامب.

قمنا بفتح نقاش حول الاستراتيجية المستقبلية لتجمع MEDREG، ونريد بأن يكون هذا المستقبل طموحاً وذا نتائج ملموسة.

ولهذا السبب اقترحت على مجموعات العمل الأربعة الدائمة التابعة لنا (المؤسسية والكهرباء والغاز والطاقات المتجددة) المواظبة على العمل بنفس الكفاءة والاجتهاد الذي ميزهم دائماً، ولكن مع الإسراع قدر الإمكان، وتطوير أفضل الأدوات اللازمة للتنظيم الفعّال، ذلك أن الاقتصاد الحديث وأسواق الطاقة ورعاية مصالح المستهلكين، تشهد حالياً أساليب تنظيم حديثة.

لديّ ثقة بقدرة الرجال ذوي النوايا الحسنة في التغلب على الأنانية، والنظر إلى ما وراء آفاقهم الضيقة لإعطاء الأولوية إلى رفاهية شعوبهم، ولهذا السبب لديّ ثقة في تجمع MEDREG.

إن هذا التجمع يسير بسرعه وستدركون ذلك من خلال قراءة هذا التقرير السنوي الذي نفتخر بأن نضعه بين ايديكم.

يمكنكم الاعتماد على جهودنا لكي نصبح أكثر كفاءة في خدمة مستقبل بلدان حوض البحر الأبيض المتوسط وسكانها الذين يزيد عددهم عن 450 مليون نسمة.

وأنا أتعهد بذلك

مع أطيب الأمنيات

Michel Thiollière
MEDREG President

2. ORGANISATION AND PEOPLE

MEDREG started in May 2006 as a voluntary working group to establish cooperation among Mediterranean Energy Regulators and became a permanent regional organization in November 2007. The European Union has been a continuous promoter of MEDREG since its creation, through the active involvement of the DG Energy and DG Development and Cooperation of the European Commission, which encourages and financially supports its activities.

Regulation in the energy field is a necessary tool to guarantee a stable set of rules and technical standards. The regulatory framework has to be constantly adapted to the changing economic conditions.

To reach its objectives, MEDREG promotes a permanent exchange of know-how, data collection and dissemination of expertise through comprehensive studies, recommendations, reports and specialized training sessions.

GENERAL ASSEMBLY

The **General Assembly** is the decision making body responsible for defining MEDREG's strategy and for approving the Action Plan, operational guidelines, budget and position papers elaborated by the Working Groups and Task Forces. It is composed of high level representatives of MEDREG members. The General Assembly meets every six months on a principle of rotation among MEDREG's members.

STEERING COMMITTEE

The **Steering Committee** prepares the work of the General Assembly and supervises the implementation of the Action Plan. The Steering Committee is composed of the President, the Vice-Presidents, the Chairpersons of Working Groups and Task Forces as well as the Secretariat.

WORKING GROUPS

Institutional Issues (INS WG)

This Group has the objective of enhancing closer coordination among MEDREG members through the promotion of the role and competencies of independent regulatory authorities and a consolidated institutional presence of MEDREG in the EU and international context. The INS Group coordinates the dialogue on energy regulation with the European Union, international institutions, regional organisations of regulators and other bodies.

Gas (GAS WG)

This Group assesses the current status of natural gas and LNG markets in Mediterranean countries, their regulatory frameworks and possible evolutions. The GAS Group elaborates Guidelines of Good Practice (GGP) and recommendations that could lead to the development of an integrated, competitive, secure and effective gas market in the region.

Electricity (ELE WG)

This Group is in charge of assessing the status of electricity markets and regulatory frameworks in MEDREG countries and their possible developments. The ELE Group has the mission to identify and propose basic requirements that will lead to the harmonization of energy regulation in MEDREG countries, developing a competitive, strengthened and well-functioning regional electricity market in the region.

Environment, Renewable Energy Sources and Energy Efficiency (RES WG)

This Group focuses on the legislative and regulatory mechanisms used to promote renewable electricity generation, energy efficiency and RES deployment in the Mediterranean basin.

TASK FORCES

Cooperation with the International Confederation of Energy Regulators (ICER TF)

The Task Force on ICER helps coordinate MEDREG representatives' activities in the four ICER Virtual Working Groups. The Task Force is also coordinating MEDREG's involvement in the World Forum on Energy Regulation.

Consumer Issues (CUS TF)

The Task Force on Consumer Issues works on enhancing the protection of household consumers in the MEDREG countries. Its work includes surveys and recommendations on energy billing, consumer protection and information. The Task Force also identifies and promotes best practices in consumer protection, including vulnerable customers and quality of service for electricity and gas.

THE SECRETARIAT

The **Secretariat** implements MEDREG's strategy defined by all GA members, enhancing MEDREG's accountability and institutional cooperation in the Mediterranean energy sector. MEDREG Secretariat provides continuous support to the President, Vice-Presidents and all members. Moreover, MEDREG Secretariat strongly fosters information exchange among its members through a **Communication Officers network** that promotes the association's message in each member country.

MEDREG'S MISSION

1. Promote a greater **harmonization of the energy markets** and legislations and seek progressive market integration in the Euro-Mediterranean region
2. 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
3. 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
4. Provide **capacity development activities** through working groups, training sessions and seminars
5. Foster **cooperation, information exchange and assistance** among members, providing a permanent discussion framework and cooperation network

MedReg
Mediterranean Energy Regulators

STEERING COMMITTEE

Michel Thiollière
President

Fazil Senel
Vice-President and GAS WG Chair (EMRA, Turkey)

Hafez El-Salmawy
Vice-President and ELE WG Chair (EGYPTERA, Egypt)

Luigi Carbone
Permanent Vice-President (AEEGSI, Italy)

Amel Bouali
INS WG Chair (CREG, Algeria)

Luis Jesús Sánchez de Tembleque
RES WG Chair (CNMC, Spain)

Gulefsan Demirbas
ICER TF Chair (EMRA, Turkey)

Roberto Malaman
CUS TF Chair (AEEGSI, Italy)

3. THE CHANGING ROLE OF MEDITERRANEAN ENERGY MARKETS

The Mediterranean energy landscape has constantly changed throughout time. The Middle East and North Africa (MENA) region have experienced a **surge in their national energy demand** due to rapid growth of population that has impacted the export capacity of the region's net producing countries (Algeria, Egypt and Libya). The Organization for Economic Co-operation and Development (OECD) forecasts that the aggregate demand of the MENA region should grow at around 3 per cent per year between 2010 and 2030. This changes the regional energy balance. Moreover, in the last decade oil prices have risen, which increased the cost of energy imports. The World Bank estimates that by 2040 total **investment needs in MENA's energy sector will exceed $30 billion a year**, which corresponds to 3 percent of the projected regional Gross Domestic Product (GDP).

The European Union (EU) is also coping with a critical situation as it consumes one fifth of the global energy production but cannot count on many reserves of its own. The EU indeed imports 53% of the energy it consumes and is looking for ways to diversify its supply. However, the demand of electricity in European countries has fallen, reducing the pressure to undertake new investments.

The Balkans' electricity and gas systems remain vulnerable. Most of the power production facilities and power grids are in need of investment. As a consequence, losses through distribution lines can sometimes reach 30%-40%. As for gas, the region is currently dependent on oil and gas imported from abroad (90% of the necessary volume), mostly from Russia.

In the past years many Mediterranean countries have adopted ambitious strategies to reduce energy consumption, secure their energy supply and to increase their role in the regional energy market. Nevertheless, these strategies are not exclusive and regional cooperation plays an important role.

While historically cooperation in the Mediterranean mainly concerned hydrocarbons, renewable energy sources (RES) are getting more and more in the focus of cooperation activities. Projects were launched to explore the unlocked RES potential in the Eastern and Southern Mediterranean countries to increase generation capacities throughout the Mediterranean region.

Several projects in the electricity and gas are under discussion such as interconnecting several electricity corridors and creating gas hubs. The EU is fostering the integration of southern Mediterranean energy markets into the EU internal market, through the establishment of an EU-Southern Mediterranean Energy Community and encouraging in particular joint projects RES with non-EU countries via flexibility mechanisms of flexibility. In this context, regulation has an important role to play to **support the transition to a more sustainable, inclusive and transparent energy model that can encompass all Mediterranean countries.**

4. CREATING THE RULES, ASSESSING THE CHALLENGES

The support and strengthening of independent Mediterranean regulatory authorities is the backbone of MEDREG's activities. For this reason, the Association attentively monitors the evolution of national regulatory authorities (NRAs) over time. Through MEDREG, regulators are committed to **improve their practices and better implement their competences**. They also discuss how to harmonize the regulatory frameworks throughout the Mediterranean region.

The Association's work strives to support the **evolution towards a future EU- Mediterranean Energy Community**, which would constitute the institutional framework for the promotion of energy projects at regional level. As MEDREG's structure has significantly progressed over the last years, the Association revised its Statutes and Internal Rules in order to allow a proper functioning and with the aim to become a more institutionalised organisation in the Mediterranean region. Establishing such a community is a long term project. Therefore MEDREG started discussing its long term strategy and what role we, as regulators, want to play in such a community.

The Association devoted considerable time to critically review the current stance of NRAs and discuss how to put sound and independent regulation at the heart of national energy priorities. To this end, MEDREG also benefits from the exchanging **with its external partners** that are active in the Euro-Mediterranean region. This allows MEDREG to build a constructive dialogue on a number of technical and policy issues. In 2013, the Association started working on various joint events with institutional and financial organisations.

KEY ACCOMPLISHMENTS IN 2013

- MEDREG's Working Group on Institutional Issues (INS WG) assessed how the **role of Mediterranean regulators** has changed over the past five years, comparing the evolution in the role and competencies of Mediterranean regulators between 2008 and 2013. The report focused on eight main points that characterise the mission and role of regulators:

1 LEGAL STATUS
2 INDEPENDENCE
2 COMPETENCIES
2 INTERNAL ORGANISATIONS
2 PROCEDURES FOR CORE REGULATION
2 INTERNATIONAL ACTIVITIES
2 ENFORCEMENT
2 ACCOUNTABILITY

The findings of the report suggest that most regulators are reaching out to new responsibilities, mainly on accountability, tariff setting and access to and operation of the networks. However, partial drawbacks took place, as the enforcement power of two regulators was weakened.

- The INS WG endorsed the idea of elaborating a checklist that shall provide regulators with a set of basic rules for their action. This checklist will contain a glossary that should provide NRAs with clear references and definitions of the **core regulatory principles such as independence, accountability and transparency**.

- In 2013, MEDREG selected a set of priority subjects for discussion with its external partners. Accordingly, MEDREG stakeholders were associated to one or several of these activities. The Association plans on using this **priority list to involve partners** in its future activities.

- MEDREG started drafting guidelines for future cooperation agreements with external partners. This framework shall constitute a point of reference so that all the **cooperation protocols and joint research activities** that the Association will pursue with external partners are defined in a clear and transparent way.

WHAT'S NEXT?

*» In 2014, MEDREG will finalize its guidelines for **external cooperation**, which will then become effective for all the external agreements signed by the organization.*

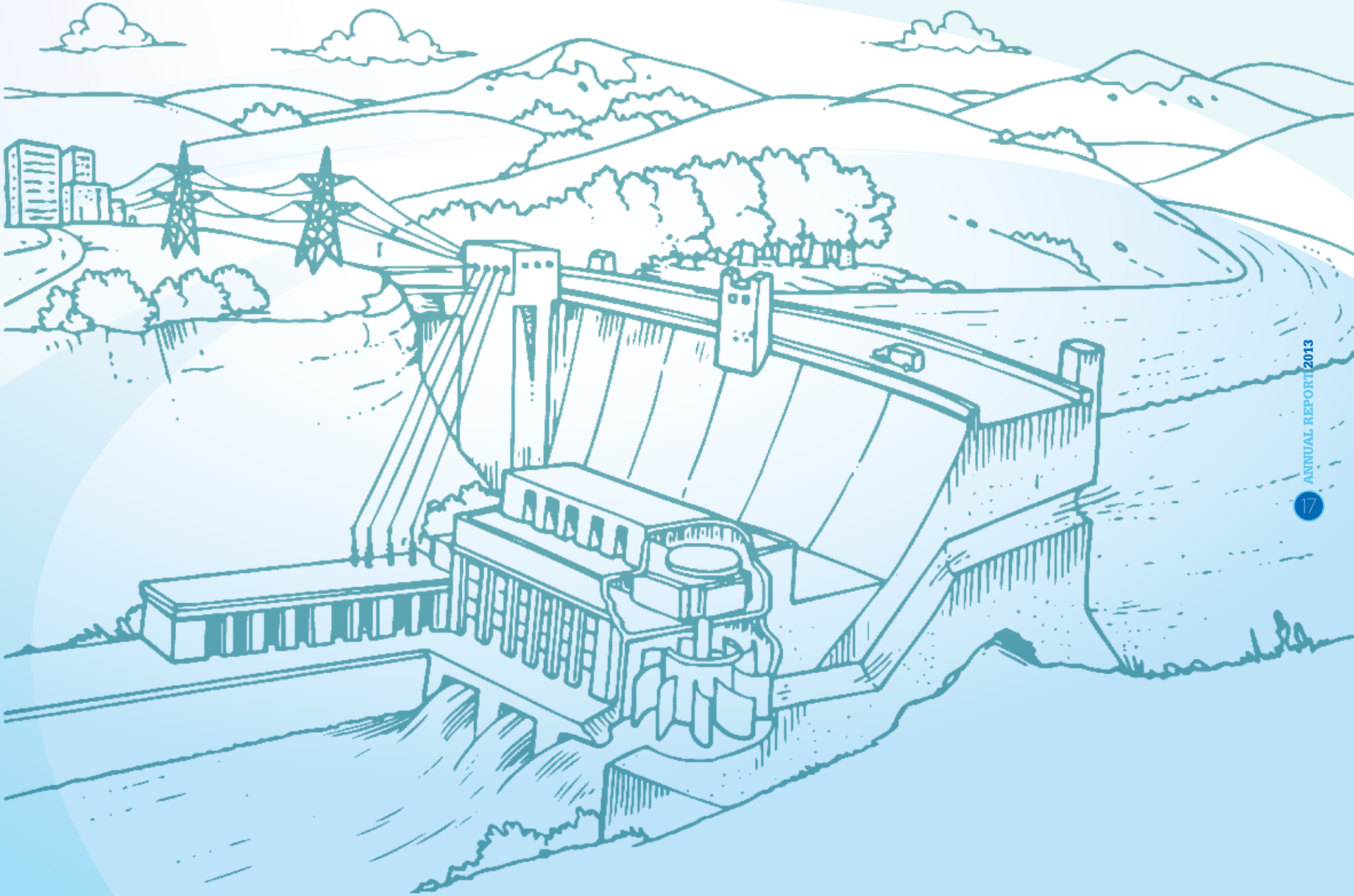
» MEDREG will continue studying the evolving competencies and role of Mediterranean energy regulators and prepare case studies, further analysing the changes.

5. AN INTEGRATED APPROACH TO SUSTAINABLE ELECTRICITY

Electricity interconnections are fundamental for regional market integration and can also easen the strains on national grids when integrating of electricity produced from renewable energy sources.

The Mediterranean region has a considerable potential for grid development, yet it still lacks the necessary rules to make it reality. At regional level improved integration of the grid would require building new cross-border and trans-Mediterranean interconnections as well as upgrading existing infrastructure and improving their management. This could be the basis for a Euro-Mediterranean super grid and could also enable the creation of a regional renewable electricity market. Regulators should **facilitate the establishment of smart and reliable grids**, which should be flexible enough to include renewables and guarantee a proper balance between demand and supply, operating together with other demand side management (DSM) tools.

Countries under monopolies or single buyer models should take more determined steps to open up their electricity markets, starting with the creation of competitive wholesale markets, which shall result in better performance on the supply side. This can in turn encourage improvements on retail markets. Intermediate solutions can be envisaged to progressively



open the markets: MEDREG promotes the adoption of benchmarking methodologies and economic incentives to promote the quality of supply even in monopolistic regimes. These incentives shall also aim to **successfully support the deployment of innovative technologies and the integration of RES into the grids**.

To progressively improve the market functioning and quality of supply, MEDREG is developing **commonly accepted standards** based on the experience from its members.

KEY ACCOMPLISHMENTS IN 2013

- MEDREG organized the third and last **capacity-building seminar addressing the Integration of the Maghreb Electricity Markets (IMME).** The seminar discussed the reform and progressive opening of Maghreb electricity markets, gathering more than 70 participants of ministries, electricity operators and regulators from Algeria, Morocco and Tunisia, as well as speakers from first-rank institutions that are currently working on Mediterranean energy issues.

- The traditional relationship between regulators, electricity companies and customers is shifting, leading to a more customer-oriented approach in electricity supply. Regulatory bodies working in a context of open electricity markets have indeed the task to regulate quality of supply by setting standards and facilitate the communication between distributors, suppliers and end-users. MEDREG assessed its members' **experiences in the distribution business** (quality of service measurements and performance indicators) and considers developing guidelines for performance indicators.

- The MEDREG Working Group on Electricity Issues (ELE WG) and the Council of European Energy Regulators (CEER) Electricity Quality of Supply Task Force (EQS TF) agreed to cooperate on **quality of supply**. For the next edition of the CEER benchmarking report, the ELE WG will draft a chapter on the situation in the Mediterranean. Preparatory work has already started and the report should be finalised in 2015.

- The MEDREG Working Group on Environment, Renewable Energy Sources and Energy Efficiency (RES WG) updated its annual **benchmarking report on the diffusion and integration of RES** focusing on recent changes observed in the power sector and evaluating environmental impacts. This report considers the evolutions of the technical, legislative and regulatory framework in each Mediterranean country. Data collected will allow assessing how the demand for RES has evolved over the years.

- The RES WG presented an assessment of the **regulatory mechanisms concerning the integration of RES in isolated power systems**, such as islands or non-electrified isolated areas. The assessment was illustrated with case studies from Algeria, France, Greece, Portugal and Spain, showing how each of these countries tackles the electricity needs in isolated areas.

WHAT'S NEXT?

» *The Association agreed upon establishing an **Electricity Markets Observatory** to help tracking progress in the national, sub-regional and regional markets. MEDREG will perform a regular in-depth analysis of the different situations of Mediterranean countries in the coming years.*

» *In 2014, MEDREG will study how to **favour the adoption of net metering systems** in the Mediterranean area and assess to what extent these systems can support the establishment of reliable power systems in the region.*

» *MEDREG will elaborate clear recommendations based on the outcome of the three IMME seminars and proposed to prepare a benchmarking on third-party access to the electricity networks in the Maghreb countries, in accordance with the orientations of the IMME Technical Committee.*

6. TOWARDS MORE INFORMED AND EDUCATED CONSUMERS

An increasing number of Mediterranean NRAs has the task to protect consumer rights and interests. They are responsible for implementing measures that foster the **rationale use of energy** to increase planning certainty and, in some countries, guarantee a more reliable service, such as developing guidelines for suppliers and network operators, codes of practice and consumer charters.

MEDREG already worked on consumer issues since 2009. With the establishment of a dedicated Task Force in 2012, MEDREG reaffirmed its belief in the **central and growing role of consumers** in energy markets. The Association is committed to develop the right tools for its members to play a supportive and informative role towards their customers.

MEDREG is assessing the conditions of Mediterranean energy consumers to get a clear picture of their situation and better understand their needs.

MEDREG is elaborating a coherent set of practices and principles to support the establishment of consumer-friendly **energy markets**. This includes also the development of specific mechanisms for the protection of vulnerable consumers, as they represent the most widespread category of consumers in the Southern shore of the Mediterranean region.

KEY ACCOMPLISHMENTS IN 2013

- MEDREG studied the **trends in energy billing** throughout the Mediterranean, focusing on:

1. THE NUMBER OF CONSUMERS AND SUPPLIERS IN EACH COUNTRY
2. THE TYPE OF INFORMATION PROVIDED ON THE BILL, PAYING PARTICULAR ATTENTION TO ENERGY SAVINGS AND INCREASED COSTS OF SUPPLY
3. ADDITIONAL INFORMATION PROVIDED TO CONSUMERS, SUCH AS DIFFERENT PAYMENT OPTIONS, INFORMATION ON PAST CONSUMPTION AND DETAIL ON THE FUEL MIX
4. BILLING PRACTICES, WITH A FOCUS ON THE READABILITY OF THE BILL, ON TRANSPARENCY OF THE INFORMATION PROVIDED AND ON EXISTING DISPUTE RESOLUTION AND COMPLAINTS PROCEDURE

- MEDREG published a report on **existing practices to inform and educate consumers** about their rights and, when applicable, about the different supply options, analysing in particular:

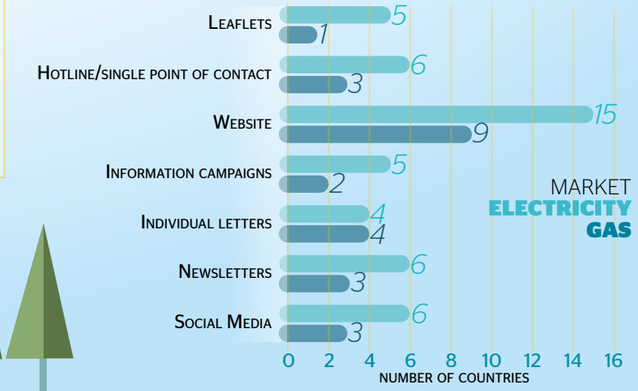
1. THE RESPONSIBILITIES OF NRAS IN THE FIELD OF CONSUMER EMPOWERMENT, PAYING SPECIFIC ATTENTION TO PROGRAMMES FOR VULNERABLE CONSUMERS
2. THE REGULAR PROVISION OF INFORMATION TO HOUSEHOLD CONSUMERS ON TARIFFS, ON THE DIFFERENT SUPPLY OPTIONS AVAILABLE AND ON CHANGES IN THE ENERGY LEGISLATION.
3. THE CHANNELS AND TOOLS SUCH AS HOTLINES FOR CONSUMER INFORMATION AND COMPLAINTS
4. THE FINANCIAL RESOURCES DEDICATED TO CONSUMER INFORMATION
5. THE SUPPORT GIVEN TO PRICE COMPARISON SERVICES

WHAT'S NEXT?

» *In 2014* ***MEDREG will focus on vulnerable consumers*** *and will notably examine which existing best practices can be shared among members and what new measures and tools ones could be developed to reduce the energy bill for low-income consumers.*

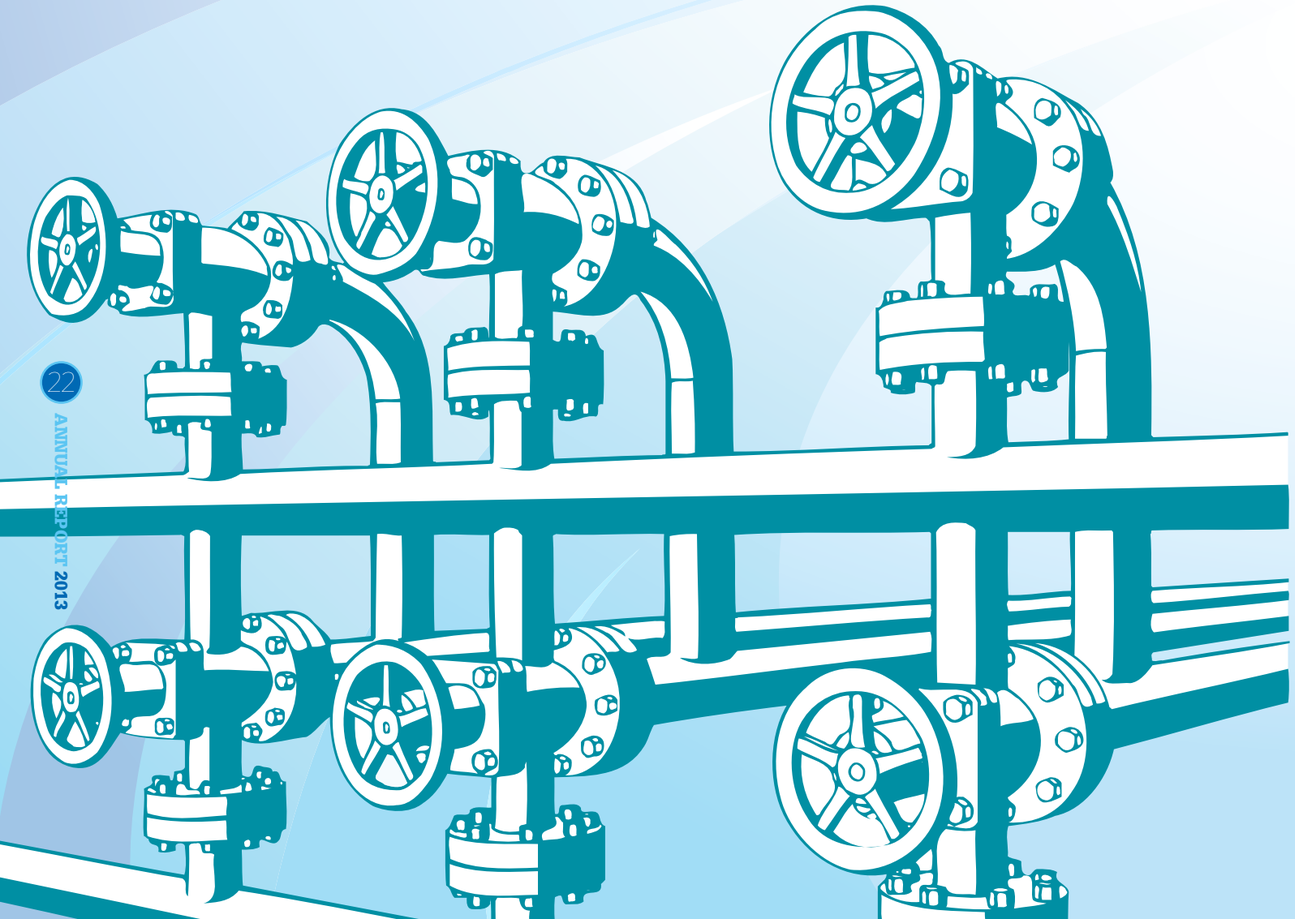
» *MEDREG will prepare a report on* ***best practices for the education and information of consumers****, to help its members improve the conditions of consumers in their countries.*

CHANNELS OF INFORMATION TO CONSUMERS



7. PUTTING TRANSPARENCY AT THE HEART OF GAS MARKETS

Mediterranean energy regulators are fostering the **harmonisation of national frameworks for gas markets** and encouraging the implementation of best practices. To review progress and prospects in regional integration of Mediterranean gas markets, MEDREG is elaborating a set of indicators to assess the situation in each country. MEDREG is also studying mechanisms to promote market opening so that both businesses and household consumers can benefit from more transparent gas markets.



Building on its previous assessments, MEDREG has studied the creation of competitive markets through the **Third-Party Access (TPA)** to the Mediterranean gas networks. MEDREG recommends notably the following issues:

- **Quality of service:** an appropriate level of service should be provided to consumers.
- **Unbundling:** any system for unbundling shall be effective in removing conflicts of interests between producers, suppliers and system operators, in order to create incentives for the necessary investments and guarantee market access of new entrants under a transparent and efficient regulatory regime.
- **Methodologies for capacity allocation:** it is necessary to provide appropriate economic signals for the efficient and maximum use of technical capacity by facilitating the development of competition and liquid trading of capacity, avoiding the creation of barriers to market entry, and fostering investment in new infrastructure to enable cross-border exchanges.
- **Dispute settlement mechanisms:** Mediterranean countries should introduce effective complaint handling procedures and NRAs should be the competent entities for dispute settlement.

KEY ACCOMPLISHMENTS IN 2013

- In 2013, MEDREG published the first edition of its **transparency template** for Mediterranean gas markets, which collects data on institutional frameworks, licensing procedures, gas interconnections, capacity and network codes.
- Following the work previously done to assess the condition of Mediterranean gas markets and their expected evolution, MEDREG published **guidelines of good practice on third-party access**. This report makes recommendations to guarantee a transparent and non-discriminatory access to gas infrastructures.

WHAT'S NEXT?

» *MEDREG will continue monitoring Mediterranean gas markets and **compliance with its guidelines**.*

» *In 2014, MEDREG will further consider the condition of gas regulation in member countries, including a **continuous update on the changing needs and characteristics of national markets**, through the elaboration of its second benchmarking report.*

8. INVESTING IN CROSS-BORDER INFRASTRUCTURES

MEDREG contributes to the launch of an active debate on energy investments in the Mediterranean region. The Association is mapping investments in cross-border electricity and gas infrastructure to:

1. Assess investment needs in the Mediterranean, under a medium and long-term perspective;
2. Identify obstacles to investments;
3. Evaluate the level of efficiency of existing infrastructure;
4. Analyse the contribution of existing infrastructure and planned projects to security of supply in the region;
5. Get a clear view on the **involvement of NRAs** in the elaboration of national investment plans, the coordination TSOs, and the setting of regulatory frameworks.

When this work is completed, the Association will consider planned infrastructure already approved by national governments' plans, look at possible harmonization as well as propose a list of projects of regional interests.

WHAT'S NEXT?

» *In 2014, the Association will issue a study on the **regulatory perspective concerning investment planning** in the Mediterranean and will collect stakeholders' point of view on the proposals.*

» *In November 2014, MEDREG will host the **first edition of its annual Forum on Energy Regulation dedicated** to 'Regulation & Investments: Solutions for the Mediterranean Region'. This Forum will be the occasion to gather the main players in the Euro-Mediterranean energy sector in order to discuss how regulators can promote investments.*

KEY ACCOMPLISHMENTS IN 2013

MEDREG evaluated the responses to a questionnaire circulated to its members to analysed the **status of existing and future cross-border interconnection projects**, focusing on the role played by regulators in incentivising investments.

9. STRENGTHENING THE COOPERATION WITH STAKEHOLDERS

• The Association signed a third **service contract with the European Commission** (MEDREG III) for a 3-year period. This financial support allows MEDREG to further develop its activities with the aim to encourage the setting up of a stable and harmonized regulatory framework throughout the Mediterranean region.

• MEDREG welcomed the **Ministry of Electricity of Libya** among its members, now counting 24 energy regulators from 21 Mediterranean countries.

• The Association organized a **joint-roundtable on energy regulation with CEER**, the Association of European energy regulators. This event was the occasion of a high level debate on regulatory challenges in European and Mediterranean energy markets and a discussion on the conditions for attracting infrastructure investments in the energy sector.

• MEDREG actively contributes to the preparation of the **sixth World Forum on Energy Regulation (WFER VI)**, to be held in Istanbul in May 2015.

• MEDREG signed a **cooperation protocol with Med-TSO**, the Association of Mediterranean Transmission System Operators. The two organizations agreed on developing a common vision for the integration of the Mediterranean electricity markets, encouraging the adoption of harmonized rules concerning cross-border transmission activities at regional level. This includes the promotion of favourable conditions for the realization and operation of energy infrastructures, as well as fostering technical cooperation in areas of mutual interest, such as security and quality of supply.

• MEDREG is supporting the **Union for the Mediterranean (UfM)** in developing a regional strategy to promote energy cooperation in the Euro-Mediterranean region. MEDREG participates in the UfM working groups and meetings and provides regulatory input to their reports.

• In 2013, MEDREG participated in **28 international conferences and events** related to Mediterranean energy issues.

10. COMMUNICATION

More than ***15,000 visitors*** on the website

+25 % new visitors in 2013 compared to 2012

33 articles published at Regional level

+10 % new subscribers to the ***newsletter*** compared to 2012

2,000 institutional ***brochures*** and ***2,000*** copies of the ***Annual Report 2012 disseminated***

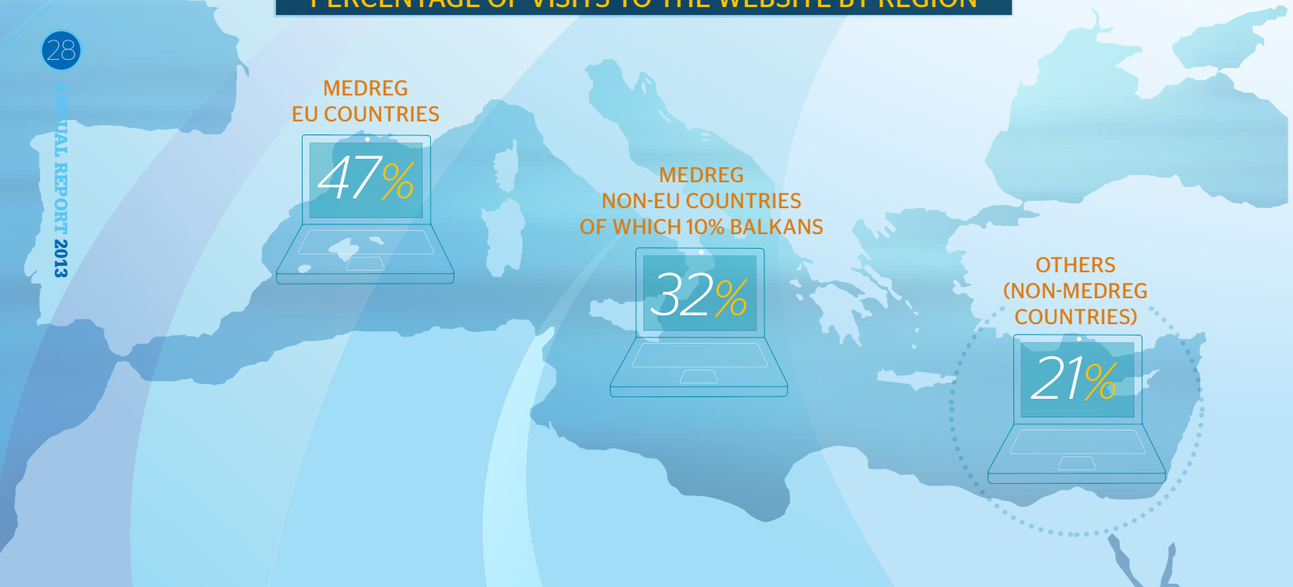
Working Groups and ***Task Forces reports*** shared with ***3,000 subscribers***

Hundreds of alerts shared with MEDREG members

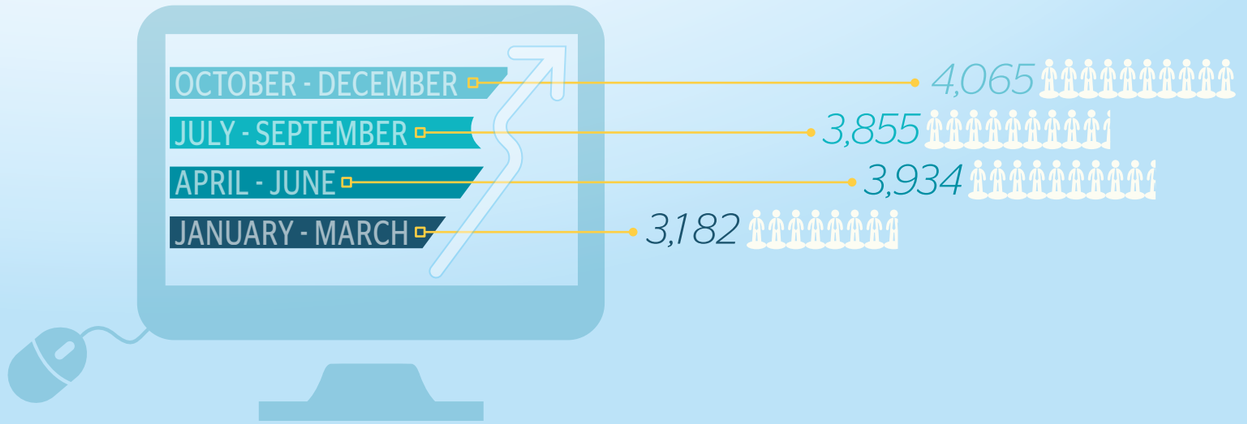
24 MEDREG communication officers ensure constant communication among members and improve mutual understanding of regulatory aspects

Setting up of a ***new website platform*** which will reinforce MEDREG internal communication thanks to the implementation of ***new tools*** such as a ***web conference system***

PERCENTAGE OF VISITS TO THE WEBSITE BY REGION



VISITS TO THE WEBSITE IN 2013



APPENDIX I. 2013 DOCUMENTS

INSTITUTIONAL

- Regulatory Benchmarking Assessment, *November 2013*
- Comparison between the 2008 Recommendations Report and the Updated Regulatory Benchmarking Report 2012, *November 2013*

ELECTRICITY

- Benchmarking and Performance Evaluation on Quality of Supply within Distribution Grids in MEDREG Countries, *June 2013*

GAS

- Guidelines of Good Practice on Third Party Access in the Mediterranean Region, *November 2013*

RENEWABLES

- 2012 Benchmarking Assessment, *November 2013*
- Assessments of Mechanisms to Integrate RES in Isolated Electricity Systems in MEDREG Countries, *November 2013*

CONSUMERS

- Energy Billing in the Mediterranean Countries, *June 2013*
- Energy Customer Education and Information in the Mediterranean Countries, *November 2013*

SCIENTIFIC ARTICLES

- Establishing a Regional Mediterranean Electricity Market: Assessment and Strategy, European Energy Journal, *January 2013*

BROCHURES

- Creating the Rules for a Common Mediterranean Energy Future, *May 2013*

MEDREG PAPERS

- MEDREG Papers n.1 - MEDREG-CEER Joint Energy Regulatory Roundtable

APPENDIX II. MEDREG MEMBERS

- Albania (ERE)
- Algeria (CREG)
- Algeria (ARH)
- Bosnia and Herzegovina (SERC)
- Croatia (HERA)
- Cyprus (CERA)
- Egypt (EGYPTERA)
- France (CRE)
- Greece (RAE)
- Israel (PUA)
- Israel (NGA)
- Italy (AEEGSI)
- Jordan (ERC)
- Jordan (MEMR)
- Libya (ME)
- Malta (MRA)
- Montenegro (REGAGEN)
- Morocco (MEMEE)
- Palestine (PERC)
- Portugal (ERSE)
- Slovenia (AGEN-RS)
- Spain (CNMC)
- Tunisia (MIT)
- Turkey (EMRA)

CREDITS

EDITORIAL PROJECT AND TEXT
MEDREG Secretariat

PRINTING
Grafiche Artigianelli - Brescia

DESIGN AND PRODUCTION
Alberto Villa
www.villaberto.it

MedReg
Mediterranean Energy Regulators

www.medreg-regulators.org
info@medreg-regulators.org

MEDREG is supported by the European Union