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# MEDREG WORKSHOP

Regulatory outlook

**-INS WG-**

MEDREG Secretariat  
Via Lazzaretto 3, Milano



Institutional  
Working Group  
(INS WG)



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## **ABSTRACT**

As part of its action plan the MEDREG's INS WG organized a workshop on the MEDREG regulatory outlook in Milan, Italy at the premises of MEDREG.

This report summarizes the outcomes of the discussions during the workshop and provide the main conclusions of the events.

## **ACKNOWLEDGMENTS**

This report is the result of the work of the MEDREG Institutional Working Group (INS WG), based on the presentation of the speakers of the workshop and the discussions during the event.

## **DISCLAIMER**

This publication was produced with financial support from the European Union. The contents are the sole responsibility of MEDREG and do not necessarily reflect the views of the European Union.

## **ABOUT MEDREG**

MEDREG is the Association of Mediterranean Energy Regulators, bringing together 27 regulators from 22 countries, spanning the European Union, the Balkans and the MENA region.

Mediterranean regulators work together to promote greater harmonization of the regional energy markets and 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. MEDREG acts as a platform providing information exchange and assistance to its members as well as capacity development activities through webinars, training sessions and workshops. The MEDREG Secretariat is located in Milan, Italy.

MEDREG wishes to thank in particular all the experts for their work in preparing the training and for sharing their knowledge.

For more information, visit [www.medreg-regulators.org](http://www.medreg-regulators.org)

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# 1

## MEDREG REGULATORY OUTLOOK EVOLUTION

MEDREG has been monitoring the evolution of the regulatory outlook in the Mediterranean region since the establishment of the association. Starting from 2017, the INS WG proposed to elaborate a report with a scope of monitoring the progress of the regulatory frameworks in the MEDREG's members countries. The report is updated every two years.

During this year the INS WG decided to hold a workshop to present the evolution of the Regulatory outlook and invite MEDREG's partners to broaden the scope and collect perspectives from TSO and investors such as MEDTSO, ENEL and REPOWER Italia.

The energy mix in the MENA region is dominated by fossil fuel with 90% from gas and oil and only 4% from renewable energy sources (RES) in 2019. However, the regulatory frameworks have advanced in the last decade that accelerated the development of RES in several countries such as Morocco and Egypt.

From the investors point of view, RES4Africa and PWC have conducted a survey<sup>1</sup> assessing renewable energy investors' risk perceptions in 7 MENA countries (Morocco, Algeria, Tunisia, Egypt, Jordan, Lebanon, and Libya), with the participation of 142 Public and Private stakeholders.

This survey identified the following risks:

- Grid access: Concerns on rules regulating access to the grid (Grid Code, Third Party access).
- Financials: Access Financing is a major issue for IPPs (bankable PPA).
- Market access: Legal Framework for IPPs is often in place but the implementation of the Law is poor due to a lack of secondary legislations

In addition to the risks mentioned above, other challenges have been identified by ENEL Green and RES4Africa as described in the figure below.

#### Regulation

- o Politics often interfere with regulatory progress
- o Poor or inadequate implementation due to lack of secondary legislation
- o Very slow amendment processes



#### Tenders

- o Lack of transparency: and standardized documentation
- o Slow auction processes
- o Cancellation / downsizing of capacity are common
- o Local content requirements often too high with unrealistic industrial projects



#### PPAs

- o Lack of bankability
- o Currency convertibility issues
- o Sovereign Guarantees are often a problem
- o In some cases, IPPs must secure financing from a local bank, which may be reluctant to fund RES Projects



#### Business Environment

- o Eye-catching unrealistic RE targets
- o Lack of transparency on key elements, such as tariffs, that are not published by Regulator



Source: Notes: RES4Africa-Enel Green Power Connecting the Dots – Mena Region. October 2021

## 1.1. Regulatory framework from the TSO and investors perspective

From the TSO perspectives, MedTSO has a considerable experience in terms of market integration and developing technical guidelines for its members (22 members from 20 countries). However, to reach a common approach the TSOs must tighten their cooperation with the regulators to develop a Mediterranean network code.

At MedTSO level, an important work is made regarding a Mediterranean integrated market and a regulatory convergence is a pre-condition for EU project of Mutual Interest. In that aspect, MEDREG and MedTSO strongly cooperate to provide an institutional support to MedTSO TEASMED project<sup>2</sup>.

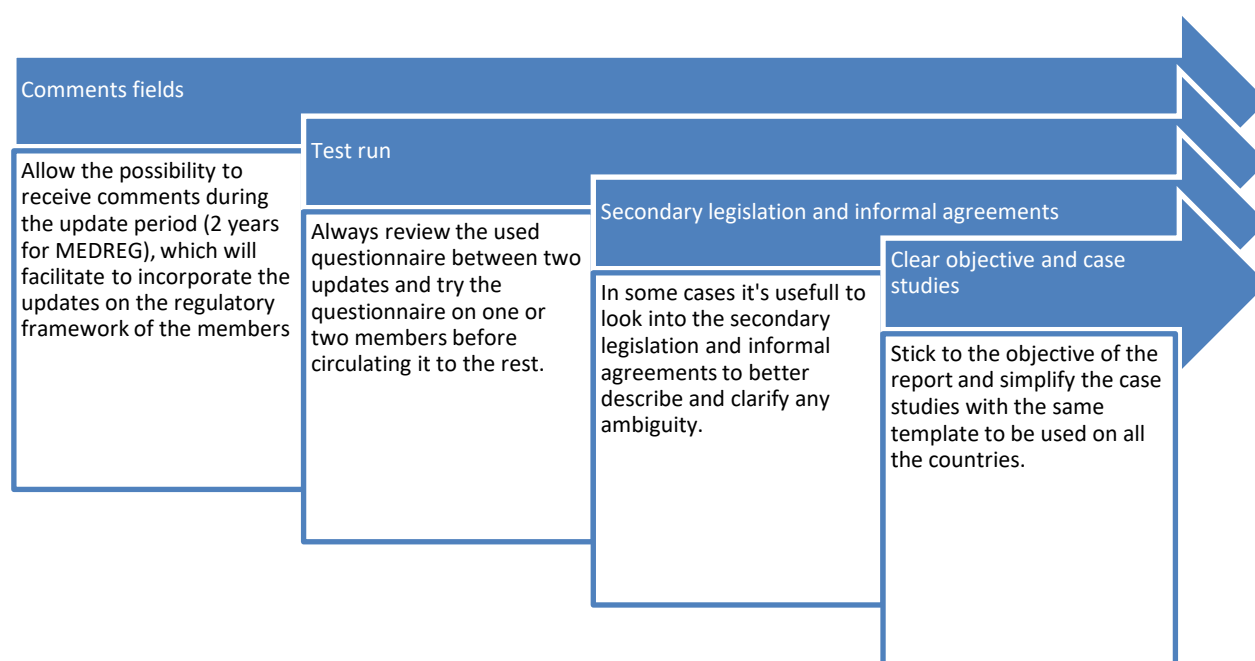
<sup>1</sup> April 2021 survey,

<sup>2</sup> More details available [here](#).

For RePower, an international energy utility with a key market in Italy and Switzerland, the regulatory framework is a crucial element in the energy market and the development of the market depends on the clarity and stability of the regulatory framework. Specifically, the authorisation and licenses process that requires to be well developed to avoid any delay and complication in the development of the infrastructure. In addition, the intervention of the government in the functioning of the market should be carefully evaluated and limited to only emergency cases, to not destabilize the market functioning.

## 1.2. Regulatory framework in the CEER member's countries

The independence of the national regulatory authorities (NRAs) is a crucial element in the development of the electricity and gas markets. CEER monitor the NRA's independence through several reports since 2015. In that perspective many similarities have been identified between CEER member's countries and MEDREG member's countries in terms of regulated sectors, independence from governments and NRAs financing mechanisms. The comparison of the regulatory outlook between CEER and MEDREG allowed to identify fields for improvements in the future editions as described in the figure below.



The workshop was a great opportunity for MEDREG to strengthen its relationship with CEER and to gain a mutual benefit to improve the monitoring of the NRAs independence in both regions and reinforce the transparency and harmonization of the regulatory framework in the region. In addition, dynamic regulation and sandboxes might be a lead to explore in the future to support the NRAs in the reinforcement of their capacities and role in the energy market.

# 2

## MEDREG CASE STUDIES

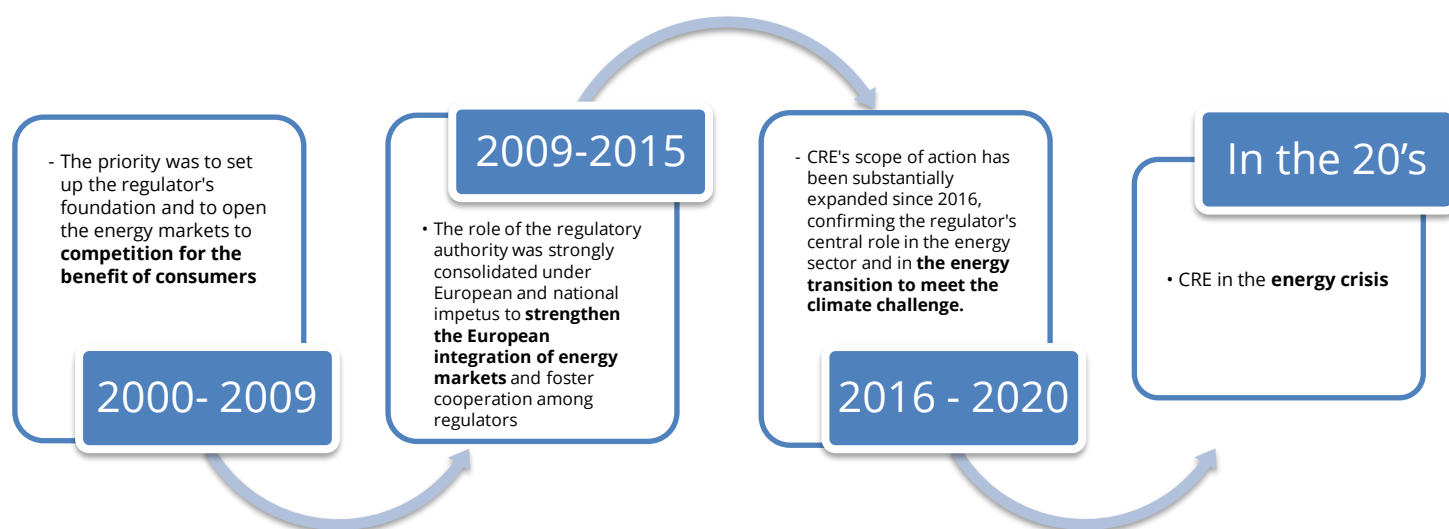


## 2.1. Commission de régulation de l'énergie - CRE - FRANCE

In France, The Electricity Regulatory Commission was created on 24 March 2000. Its powers were rapidly extended to the gas market by the law of January 3, 2003, on the gas and electricity markets and the public energy service. Its main missions can be divided into three areas as follow:

- **A mission to regulate the networks, aimed at ensuring the performance of the network operators:** cost control, quality of service, access conditions, investments, innovation, construction of the internal market.
- **A mission to regulate the markets to allow the opening of the markets and innovation for the benefit of the consumer:** setting the tariffs, regulation of nuclear power, capacity mechanism, monitoring of the wholesale and retail markets, consultation on market rules.
- **A mission to serve the energy transition:** support for renewable energy, calculation of public service energy charges, electricity mix in the “zones non interconnectées – ZNI”.

From its creation CRE has had experiences in several topics with a focus on periodic priorities of the energy market, the figure below summarizes its development since 2000.



This case study shows that the energy regulator should always be prepared to adapt to the current priorities of the energy market. For that purpose, developing the NRA capacities and strengthening international cooperation is important to gain knowledge and experiences.



## 2.2. Autorité Nationale de Régulation de l'Electricité - ANRE - MOROCCO

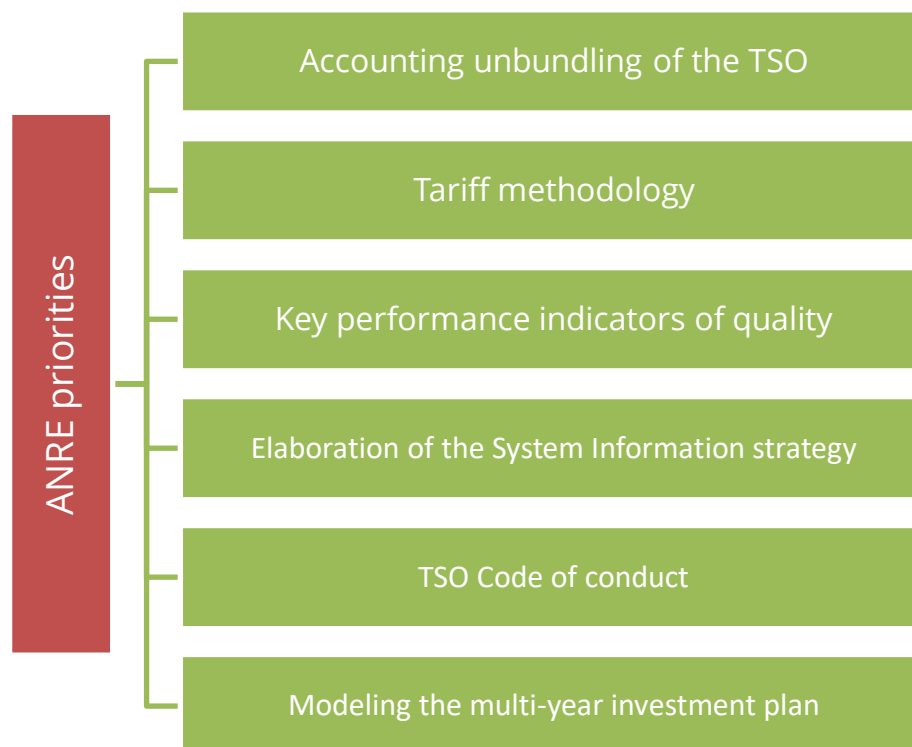
The Moroccan electricity regulator – ANRE – has recently been fully operational, since 2021, A period where the institutional landscape of the electricity sector and the acceleration of the energy transition in Morocco are currently at the heart of an exceptional legislative and regulatory dynamic because, on the one hand, of the ambitions of the National Energy Strategy strongly boosted by COP 22 in Marrakech, and on the other hand of because of the new vision of the new development model of the Kingdom.



Consequently, despite its young age, ANRE is today challenged by the multiple challenges of accelerating the energy transition in Morocco:

- Country which has revised upwards the rate of renewables in the energy mix from 42% in 2020 to 52% by 2030 and 82% by 2050.
- A sector where the incumbent operator still has a monopoly on electricity transmission but faces strong competition in production and, to a lesser extent, in distribution even before the materialization of the future "Regional multi-service companies" for distribution in the 12 Regions of the country.

To achieve that ANRE was established by law 48-15 that provides the necessary legislative and economic capacities to the energy regulator to operate and reach its objectives. In addition, ANRE is focused on the following topics:



In that perspective, ANRE will be facing many challenges such as the lack of time to achieve the objectives fixed in the energy sector strategy, conjunctural challenges, related to new technologies like the green hydrogen and development of new cross-border interconnections and finally developing a framework that will ensure the affordability of the electricity prices, consumer protection and investments attractiveness.



### 2.3. Egyptian Electric Utility and Consumer Protection Regulatory Agency- EgyptERA - Egypt

EgyptERA was established in 2000 by presidential decree No.339 and the regulator became fully operational in 2001. Later in 2015, its role has been strengthened as a public authority independent from the electric utility parties.

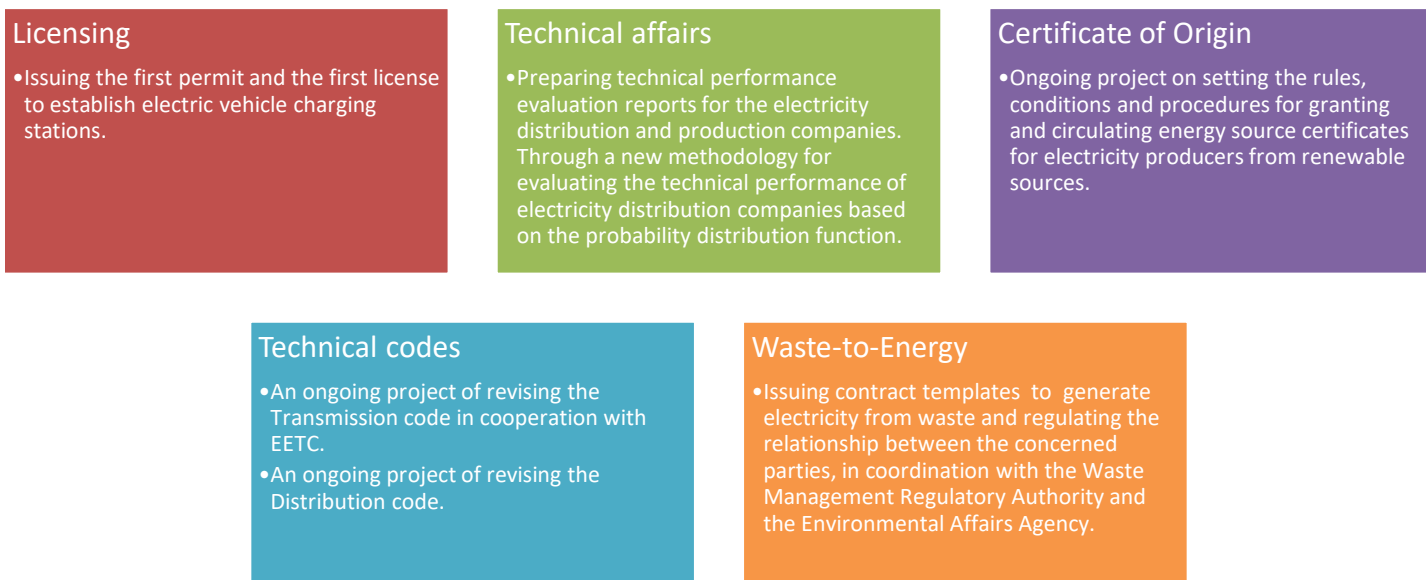
Under its scope, EgyptERA is responsible of licensing regime, cost, and pricing (Tariff), performance indicators and technical regulation of the electricity market. In 2022, EgyptERA has issued regulation related to:

- Integration fees for generated Energy from net metering and self-consumption, connected to the grid.
- Regulations of EV charging stations.
- Amendments to net metering regulations as an incentive to promote solar energy projects

Integration fees of Renewable Energy for irrigation projects on medium voltage.  
Value for the reserve capacity of electricity generation projects from cogeneration.

- Modification of a net-metering power exchange contract template for connection of a solar power plant with a capacity of up to 20 MW to distribution networks

In addition, EgyptERA is improve its regulatory framework and currently implementing several reforms as shown in the figure below.



In terms of future reforms, EgyptERA is planning to include the digitalization, private sector participation rules and updating and developing licensing procedures and requirements.

3

CONCLUSIONS

MEDREG has committed to undertake a Regulatory Outlook exercise, to provide an overview on the existing regulatory frameworks in its member countries as well as to identify some examples of good practice. Based on this analysis, the Outlook will also seek to develop recommendations for the development of regulatory approaches in the region, as part of the goal to encourage a consistent and robust regulatory climate in the Mediterranean.

The regulatory framework is of utmost significance to the energy sector as it protects the consumers from the negative impact of the energy market changes and evolution. It serves also as guiding star to achieve the country energy strategy while ensuring a sustainable social economic growth.

The workshop also highlighted the importance of cooperation among the countries within the same region as they share many common aspects and knowledge sharing will benefit to faster the development of the growing countries that will improve the situation in the whole region.

MEDREG as an exchange platform will continue to strongly support its members in reinforcing their capacities and developing guidelines and best practices from the lesson learnt from its members and external partners.