



TRAINING ON IMPLEMENTATION OF REGULATIONS

# IMPLEMENTATION OF REGULATIONS: FROM LEGISLATIVE FRAMEWORKS TO TOOLS OF POLICY EXECUTION

*Empowering Mediterranean regulators for a common  
energy future*



Institutional  
Working Group  
(INS WG)



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## ABSTRACT

This document gives an overview on the topics that were discussed during the training on “Implementation of Regulations: From Legislative Textbooks to Tools of Policy Execution” that was hosted by the French regulator, CRE, and that took place in Paris, France on the 11<sup>th</sup> and 12<sup>th</sup> of October 2023 in CRE’s offices. The training was attended by several international speakers from MEDREG regulators and collaborating entities specialized in their fields and an array of representatives of energy regulators from different countries in the Mediterranean region.

## ACKNOWLEDGMENTS

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## DISCLAIMER

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## ABOUT MEDREG

MEDREG is the Association of Mediterranean Energy Regulators, bringing together 28 regulators from 23 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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## EXECUTIVE SUMMARY

We know, energy is a vital component of modern society, but it also has significant environmental and social impacts. Regulations are one of the key tools that governments and regulators use to ensure that energy is produced, distributed, and consumed in a way that is safe, reliable, affordable, and sustainable.

Over the course of this training, the attendees explored the specific challenges and opportunities of implementing energy regulations, with a focus on practical tools and strategies for regulatory compliance and enforcement. The training took place on the 11<sup>th</sup> and 12<sup>th</sup> of October and tackled multiple topics as detailed below.

On the first day, the participants started by having an overlook on the regulatory outlook and the MEMO+ in the Mediterranean region. Then they examined the use of sanctions and incentives as regulatory tools and had a focus on the specific tools and strategies that regulators can use to promote the development of renewable energy (RE) sources. They also had an understanding on the power of regulators and their ability to enforce compliance through sanctions along with the strategies and best practices for handling the complaints that they receive from the stakeholders. On the second day the discussions will be centered on how to enhance regulatory compliance by using the adequate monitoring tools. Additionally, discussions took place on how to embrace the texts and the tools to increase the competences and the participants had a chance to see the TSO and DSO perspectives on the implementation of regulations, and what are some difficulty points that they might encounter during the process.

By the end of this training, the attendees gained a comprehensive understanding of the key elements of energy regulatory implementation, and practical tools and strategies for regulatory compliance and enforcement.

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DAY 1

## 1.1. Regulatory Outlook and MEMO+ (Mr. Lamine Zitouni, Electricity Expert, MEDREG)

Energy regulation plays a vital role in ensuring the reliability, efficiency, and fairness of energy markets, all while safeguarding the interests of consumers. The Mediterranean region, with its vast population exceeding 540 million people, is of particular interest in the energy landscape. This region has witnessed substantial investments in hydrogen technologies, a significant number of natural gas consumers, and includes countries engaged in gas exports. Furthermore, the Mediterranean is rich in renewable energy potential, possesses a robust electricity market serving more than 240 million consumers, and boasts numerous liquefied natural gas (LNG) terminals and cross-border interconnections. In addition to this, the region has a considerable electricity generation capacity, with renewables contributing to 30% of the energy mix. The Mediterranean's energy network is supported by an extensive grid of electricity transmission and distribution networks, along with a comprehensive network of natural gas pipelines.

MEDREG, or the Mediterranean Energy Regulators, has been diligently monitoring and shaping the regulatory landscape over the years. This journey began with initial recommendations in 2008, focusing on establishing minimum requirements for independent regulatory authorities. Subsequent editions have closely tracked the transformation of the energy sector, considering various aspects such as legal and political independence, financial autonomy, transparency, market openness, tariff structures, licensing processes, dispute resolution mechanisms, unbundling practices, technical capabilities, consumer safeguards, and enforcement measures.

Within the MEDREG member countries, the presence and structure of regulatory bodies can vary significantly. Some nations have multiple regulators, each handling distinct subjects, while others rely on a single regulator to manage energy-related regulations, and sometimes, even other areas such as water management, waste disposal, and consumer protection. Interestingly, there are countries where no regulatory authorities currently exist, while a few have opted to establish two separate regulators.

MEDREG's recent findings indicate noteworthy developments in the regulatory landscape. This includes the creation of two additional National Regulatory Authorities (NRAs), increased utilization of consultation mechanisms by NRAs, a surge in the number of NRAs granting licenses, and an expansion in the number of NRAs overseeing the welfare of vulnerable energy consumers, which has increased from 8 to 12.

The complete information is available within the reports published by MEDREG on its website and titled "Mediterranean Energy Regulatory Outlook" and "Mediterranean Electricity Markets Observatory – MEMO+”.

## 1.2. Energy Regulation: Building an Effective Regulatory Authority Over Time (Ms. Anne-Lise Teani, Deputy Director of the Directorate for European and International Affairs and Cooperation and Vice-Chair of the INS WG, CRE)

The French Energy Regulatory Commission (CRE) is an independent administrative authority responsible for overseeing the energy sector in France. Established in 2000 under the law of 10 February 2000, CRE functions through two distinct bodies: the Board and the Standing Committee for Dispute Settlement and Sanctions (CoRDIS).

CRE's core mission revolves around ensuring the seamless operation of both the electricity and natural gas markets. This primary objective is designed to benefit end consumers while aligning with the broader goals of the nation's energy policies. CRE's responsibilities can be grouped into three primary categories: regulating networks, supervising markets, and supporting the transition towards more sustainable energy practices, which encompasses renewable energy sources and the administration of public service energy charges.

The presentation provides valuable insights into the historical context of CRE's journey, with a particular focus on the pivotal role of European directives that played a part in the liberalization of energy markets. CRE's initial responsibilities centred on establishing a robust regulatory framework. Over time, these responsibilities expanded to encompass both electricity and gas markets, reflecting the evolving landscape of the energy sector.

CRE's development can be segmented into four distinctive periods, tracing its evolution from its inception in 2000 to its central role during the COVID-19 crisis spanning from 2020 to 2023. Throughout this transformation, the presentation underscores the growing need for additional resources to enable CRE to effectively carry out its mission.

Organizational changes within CRE are continuous and multiple challenges arise as the commission takes on expanding responsibilities, particularly in areas such as overseeing the wholesale energy market and implementing tariff measures during crises.

The allocation of the budget is a critical concern at CRE. It underscores the imperative necessity for increased resources to enable CRE to effectively manage its evolving functions and adapt to the changing dynamics of the energy sector.

In summary, CRE stands as a vital regulatory authority in France, dedicated to fostering the efficiency and competitiveness of the energy markets. Its role has continuously evolved since its inception, mirroring the dynamic shifts within the energy sector, all while steadfastly supporting the nation's efforts towards a sustainable energy future.

### 1.3. Regulatory Power Plays: Understanding the Authorities Available to Regulators (Mr. André Buttigieg, Lawyer and Vice-Chair of the INS WG)

In Malta, the Regulator for Energy and Water Services (REWS) places significant emphasis on its independence and responsibilities. REWS shares its authority with other institutions and carries out various essential functions, including overseeing grid access, setting tariffs, establishing quality standards, and resolving disputes. Additionally, its regulatory powers extend to aspects such as price structures, industry personnel qualifications, and ensuring compliance with international obligations. It is essential to note that the regulatory tasks primarily revolve around economic rather than social aspects.

The establishment of the Regulator for Energy and Water Services Act gave rise to the Regulator itself, led by a Chairman and supported by a group of members. This regulatory body takes on various roles, such as regulating the energy sector, granting licenses, fostering fair competition, and ensuring interconnectivity. Moreover, a key aspect of its mission is to protect consumers, particularly those who may be more vulnerable, and to address disputes within the industry.

The Regulator's independence is of utmost importance, as it shows its capacity to make autonomous decisions and manage its resources without external influence. It additionally outlines a transparent process for appointing board members, ensuring that this essential body operates with integrity.

Furthermore, the Regulator possesses the authority to impose administrative penalties for non-compliance, request information from regulated entities, and conduct necessary investigations. These powers are essential for ensuring a fair and transparent energy market. The presentation also covers the procedures for appeals and methods for resolving disputes, aiming to provide equitable solutions to industry-related issues.

The Wholesale Energy Market Integrity and Transparency (Enforcement Powers) Act and the REMIT Regulation are pivotal pieces of legislation that grant the Regulator specific powers to maintain market integrity, detect and address market manipulation, and impose penalties for any breaches.

The presentation consistently emphasizes the importance of adhering to due process, transparency, and accountability in all regulatory actions. It culminates by discussing the procedures in place for dispute resolution, offering consumers an avenue to file complaints if they are dissatisfied with authorized service providers. This commitment to fairness and accountability is central to the regulator's mission.



## 1.4. Powering Up: Regulatory Tools for Advancing Renewable Energy Development (Mr. Jean-Christophe Schmitt, Project Manager at the Market Development and Energy Transition Department, CRE)

Electrification plays a pivotal role in reducing France's reliance on fossil fuels and fostering the development of renewable energy. Anticipated growth in electricity demand, driven by electrification in sectors like transportation and heating, underscores the increasing importance of renewable energy sources. Notably, France does not expect any new nuclear units until at least 2035, further emphasizing the significance of renewables as the primary driver for electrification.

The Regulator for Energy and Water Services (CRE) is a key player in the advancement of renewable energy in France, with four central missions. These missions encompass evaluating public sentiment on government decrees related to renewable energy support, organizing auctions for renewable energy projects, assessing public service energy charges, and offering expertise on production costs.

CRE actively participates in forming government decrees, particularly regarding tariff decrees. It evaluates whether proposed tariffs ensure reasonable profitability and assesses the internal rate of return. Moreover, CRE contributes to the auction process, providing opinions on draft specifications prepared by the Ministry of Energy Transition. It subsequently evaluates submitted bids, ranks them, and compiles assessment reports for the ministry's consideration.

Furthermore, CRE takes on the responsibility of monitoring public service energy charges and conducts cost analyses of producers receiving state support. This entails scrutinizing the costs associated with operational plants that benefit from government backing. For instance, in 2023, CRE initiated an audit focusing on biomethane.

CRE has an integral role in renewable energy advancement in France, particularly in processes such as assessing public opinion, conducting auctions, analyzing production costs, and promoting offshore wind projects. It emphasizes the evaluation of public service energy charges as part of CRE's broader mission.

In conclusion, CRE has significant contributions to France's renewable energy landscape, and keeps demonstrating its involvement in various critical aspects. This includes gathering public sentiment, managing auction procedures, scrutinizing production costs, and promoting the growth of offshore wind projects while also ensuring the fairness of public service energy charges.

## 1.5. Strengthening Regulatory Compliance with Effective Monitoring (Ms. Engy Adly, CEO's Assistant for Licences and Contracts, GasReg)

Regulatory enforcement has a crucial role in ensuring compliance with laws and regulations. It begins by defining enforcement as the actions taken to ensure that rules are followed, with a specific focus on regulatory enforcement. This encompasses all activities aimed at promoting compliance and achieving desired regulatory outcomes.

A central framework, the DREAM framework, is introduced, consisting of five critical phases: Detecting, Responding, Enforcing, Assessing, and Modifying. These steps form the foundation of a strong and effective regulatory enforcement strategy.

A key strategy involves having a clear vision and objectives. This includes establishing a clear regulatory vision, setting specific objectives to enhance efficiency, transparency, and resource allocation, and ensuring the involvement of all relevant stakeholders.

Another important aspect is ensuring broad regulatory enforcement. This means ensuring the availability of adequate resources, avoiding redundancy, and adopting a broader regional or international approach where feasible.

Furthermore, involving others in the enforcement process is important. This involves collaborating with civil society, market players, and industry to promote compliance when it aligns with regulatory goals.

Coordinated efforts are also crucial, involving the development of institutional arrangements that facilitate coordination, information sharing, and clear role identification.

Human resources are mentioned as a key element, with an emphasis on prioritizing the competence of regulatory staff, ensuring management stability, and safeguarding against regulatory capture through transparent guidelines.

Additionally, IT systems should be streamlined for cost efficiency, compatibility, and information sharing, with privacy safeguards.

Clarity and awareness are promoted through actions like publishing a list of authorized monitoring bodies and issuing regulations to organize the monitoring process. It is also essential to create guidance materials, hotlines, and support channels for both regulated entities and the public.

The overarching goal is to foster a regulatory environment that is informative, responsive, and capable of effectively addressing potential risks, all while maintaining a balance between persuasion and sanctions.

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DAY 2

## 2.1. Managing Stakeholder Complaints: Strategies and Best Practices (Mr. Mohammad Maayah, Electricity and Renewable Energy Director and Chair of the INS WG, EMRC)

The focus of this session is on "Managing Stakeholder Complaints: Strategies and Best Practices." It provides insight into how the Jordan Energy & Minerals Regulatory Commission (EMRC) handles complaints and enhances service quality within the electricity sector.

EMRC's overarching policy is to ensure timely and amicable responses to complaints while equipping licensees to competently address customer inquiries and complaints. Their goal is to provide resources for consumers and licensees while upholding the relevant laws and regulations.

Licensees have specific obligations, such as offering toll-free phone lines during business hours, outlining complaint procedures for customers, and maintaining a dedicated customer complaints department. They are also required to establish an information system for registering complaints, respond within 15 business days, and submit monthly reports to the EMRC.

When complaints remain unresolved, the EMRC intervenes to assist in reaching informal resolutions. If informal methods prove ineffective, complainants have the right to submit a formal written complaint, including all the necessary details.

Upon receiving a formal complaint, the EMRC notifies the licensee, who is then expected to respond within a stipulated timeframe. The EMRC carries out reviews and investigations, which may involve negotiations, document requests, and input from other Commission staff or public authorities if required.

Decisions made by the Council are documented in writing, providing justifications, legal foundations, and information about the right to appeal. The customer experience is emphasized, encompassing all interactions between customers and the company throughout their engagement.

Complainants are typically required to settle undisputed amounts while their complaints are being resolved. However, customers with formal complaints pending with the Commission may be entitled to continuous or reinstated service, provided they meet specific conditions. These conditions include service termination not resulting from theft or credit issues and customers making arrangements for future payments.

In conclusion, this session highlights a well-structured approach to managing stakeholder complaints, aiming for transparency, accountability, and uninterrupted service while striving for amicable resolutions to address customer concerns.

## 2.2. Embracing New Texts and Tools to Increase Competences (Ms. Anne-Maud Orlinski, Policy Officer, and Seconded National Expert at European Commission, DG ENER Unit A1)

Commencing with an overview of the primary objectives of the Clean Energy Package, the presentation focuses on its role in reshaping the electricity market to align with the clean energy transition.

The European Green Deal is introduced as a comprehensive initiative with the goal of providing clean, affordable, and secure energy. This encompasses addressing the decarbonization of gas and hydrogen markets, integrating multiple energy carriers, and promoting consumer engagement.

Emphasizing the significance of the Energy Efficiency Directive, it is important to mention the implementation of the Energy Efficiency First Principle. This principle should be applied to energy systems and grids, with NRAs expected to play a central role in promoting energy efficiency, utilizing new tools, and eliminating incentives that hinder energy efficiency. NRAs are instrumental in monitoring dynamic tariffs, facilitating flexibility services, and regulating access for aggregators to the electricity market.

It is equally essential to address consumer awareness and the promotion of energy services. NRAs are entrusted with the responsibility of raising consumer awareness and monitoring energy service companies to ensure their effective operation in the market.

The establishment and oversight of national energy efficiency funds are crucial components aimed at enhancing energy efficiency within Member States. The Hydrogen and Gas Markets Decarbonization Package is outlined, with an emphasis on the role of NRAs in anticipating changes and adapting to the evolving energy landscape.

Furthermore, it is very urgent to develop the required response to address the energy crisis. This response should entail different actions such as introducing a toolbox, storage regulations, and emergency interventions.

Structural responses to the energy crisis encompass the revision of regulations and directives to boost renewable energy investments, protect consumers, and enhance market monitoring.

In conclusion, it is important to develop strategies that enable NRAs to embrace new competences effectively. These strategies include anticipating changes, fostering agility and creativity in using regulatory tools, and harnessing the knowledge and independence of regulators to navigate the evolving energy landscape.

## 2.3. Implementation of Regulations from a TSO Perspective (Ms. Cécile Marchi, Business Development Directorate, GRTGaz)

GRTgaz is a prominent European operator in natural gas transmission. GRTgaz's shareholding structure includes ENGIE (60.8%), Société d'Infrastructures Gazières (a public consortium) consisting of CNP Assurances and the Caisse des Dépôts (38.6%), and GRT gaz employees (0.5%), with a valuation of €14.6 billion.

GRTgaz operates a vast natural gas transmission network, with 32,779 km of network, 32 compressor stations, 4 LNG terminals, 7 interconnections with adjacent operators, and more.

The company has a public service mission and is regulated by the French Energy Regulatory Commission (CRE). This includes defining prices, approving investment programs, ensuring non-discriminatory treatment of network users, transparency of rules, and maintaining confidentiality of commercial information.

GRTgaz focuses on speeding up the energy transition by developing renewable, low-carbon gases, including renewable gas from organic matter, wet waste, solid waste, and renewable/low-carbon hydrogen. They are connected to various hubs in France to facilitate the transition.

The economic aspects of implementing regulation from a TSO perspective involve capacity allocation mechanisms, tariff structures, congestion management procedures, balancing models, and more. Regulators use incentives and sanctions to stimulate TSO behaviour in supporting market development, managing efficiency and quality of service, and preparing for the future.

Compliance involves adhering to various legal sources, including the Third Energy Package, REMIT Regulation, anti-corruption laws, equal treatment, and ESG regulation. Transparency is vital for the functioning of the market and requires the publication of data by TSOs. Transparency and non-discrimination are critical, but they must be balanced with confidentiality, as data management becomes essential in the liberalized market.

GRTgaz is an independent transmission system operator (ITO) and complies with the Third Energy Package's criteria, ensuring unbundling, independence, and transparency. They have a Compliance Officer responsible for monitoring codes of conduct and alerting regulators to any independence-related matters.

In summary, GRTgaz, as a certified French gas Transmission System Operator that plays a vital role in ensuring the continuous supply of gas to French industries and the public. It follows strict regulations and seeks to accelerate the energy transition through the development of renewable and low-carbon gases, while maintaining compliance, transparency, and non-discrimination in its operations.

## 2.4. Implementation of Regulations from a DSO Perspective (Mr. Mathieu Bourgade, Head of the CRE Relations Department, and Mr. Stéphane Danve, Expert at the CRE Relations Department, Enedis)

The discussion provides an in-depth exploration of the multifaceted process of implementing regulations from the perspective of a DSO (Distribution System Operator). It offers valuable insights into critical components inherent of the process, shedding light on the complexities involved.

Tariff negotiations span a considerable two-year duration, encompassing in-depth discussions on a range of critical aspects, including tariff structures, regulatory frameworks, and tariff levels. Over time, this process has evolved to become increasingly formalized and transparent, undergoing changes across six distinct tariff periods.

Within this context, the tariff structure emerges as a pivotal element, primarily designed to ensure the equitable allocation of network costs among different categories of users. This allocation adheres to fundamental principles such as the postage stamp method, equalization, and considerations related to capacity and energy components. Moreover, this tariff structure is adaptable, evolving over time in response to changes in network cost data.

The regulatory framework operates within a four-year tariff period and encompasses the use of clawback accounts and incentive mechanisms. The primary objective is to harmonize the operator's performance with the expectations of its customers, creating a regulatory environment that is both realistic and ambitious.

Furthermore, the determination of the tariff level, which occurs after public consultations, relies on comprehensive analyses performed by external consultants. These analyses primarily focus on operational expenses (OPEX) and the cost of capital. They also encompass an assessment of network investments, ensuring alignment with the broader network development plan.

The Network Development Plan (NDP), as outlined by the EU directive, serves as a cornerstone of the DSO's strategic approach. It comprehensively explores various facets, including grid operability, the integration of renewable energy sources, electric vehicle charging infrastructure, and the optimal utilization of grid capacity. These considerations span from the present, looking ahead to the period from 2027 to 2032.

In summary, this comprehensive examination reveals the intricate, evolving, and vital landscape of DSOs, emphasizing their essential role in upholding the efficiency and reliability of the energy distribution network.



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