



Association of Mediterranean Regulators for Electricity and Natural Gas

**MEDREG Response to EC Public Consultation
on the External Dimension of the EU Energy Policy**

4 March 2011

General comments

In a period of growing challenges in the energy sector, the classical “top-down” approach alone cannot be considered as a satisfactory answer to develop cooperation at regional level. Political processes initiated by governments have shown their limits in being unable to deliver effective improvements in the daily economic and social situation of the concerned countries. The Rome Euro-Mediterranean Energy Platform (REMEEP) launched in 2003 by the EuroMed Energy Ministers has not fulfilled its objectives of integrating the electricity markets of Maghreb countries, creating a single gas market of Mashreq countries, and facilitating the energy exchanges between Israel and the Palestinian Authority. Other major ambitions such as the Energy Community of South-East Europe (2005) as well as the Union for the Mediterranean (2008) seem to have difficulties in being translated into operational achievements. As a consequence, a completely different perspective might be carried out.

Considering the strategic energy challenges of the Mediterranean region, the members of the Association of Mediterranean Regulators for Electricity and Natural Gas (MEDREG¹) consider as their duty to constitute a strong institutional basis promoting a “bottom up” approach towards economic, social and cultural development, in order to conciliate a rising energy demand with

¹ MEDREG was established as a permanent “working group” in May 2006 and became a non-profit Association under Italian Law in November 2007. MEDREG brings together Energy Regulators for Electricity and Gas of the following countries: Albania, Algeria, the Palestinian Authority, Bosnia-Herzegovina, Cyprus, Croatia, Egypt, France, Jordan, Greece, Israel, Italy, Malta, Morocco, Montenegro, Portugal, Slovenia, Spain, Tunisia and Turkey. MEDREG permanent Secretariat is based in Milan, Italy.



sustainable development conditions. MEDREG is co-financed by the European Union, with the purpose of promoting clear, stable and harmonised legal and regulatory frameworks. The main objectives of MEDREG are to facilitate the development of investments, infrastructures and interconnections, in order to support greater efficiency and integration of energy markets based on secure, safe, cost-effective and environmentally sustainable energy systems in the Mediterranean basin. MEDREG activities have been actively supported since the beginning by the Council of European Energy Regulators (CEER), with which the Association intends to consolidate its close cooperation. Furthermore, the recognition of MEDREG's work by the International Confederation of Energy Regulators (ICER) is a noteworthy illustration of the quality of its outputs.

The essential role of Energy Regulators has been acknowledged by Euro-Med Energy Ministers on 17 December 2007 in Limassol (Cyprus) and again on 3-4 November 2008 in Marseilles (France), in order to implement the Priority Action Plan for 2008-2013 to guarantee greater harmonization of the energy markets and legislations and to seek progressive market integration in the Euro-Mediterranean region, to foster sustainable development in the energy sector and to develop initiatives of common interest in key areas such as infrastructure extension, investment financing, research and development. In this context, Mediterranean energy regulators warmly welcome the European Commission's initiatives in promoting energy market integration and progressive regulatory harmonisation with its neighbours.

Integrating energy markets and regulatory networks with EU neighbours

In the Mediterranean region, MEDREG constitutes an innovative approach by promoting a "bottom-up" process of regulatory cooperation with the aim to establish a strong network of energy stakeholders at regional level. In this respect, voluntary cooperation with Southern neighbours through MEDREG is an initial but effective and fundamental step in the direction of progressive regulatory and market harmonisation.

The main objective of MEDREG is to create the conditions for the development of an integrated energy market throughout the Mediterranean area, by encouraging the harmonization of the legal, technical and economic frameworks. This objective is directly linked to the setting up of a clear,



stable and transparent regulatory context at regional level, which shall encourage investment and guarantee a high level of consumer and environmental protection.

These objectives require a long term vision designed at regional level. Continuous efforts are necessary to achieve a harmonised and coherent regulatory framework through a step-by-step approach. MEDREG is definitely positioned in this long-term perspective, notably by addressing the opportunity to provide support in terms of expertise and capacity building to the Integration of Electricity Markets of Maghreb Countries (IMME Action Plan) for the period 2010-2015.

The decisive partnership established since the beginning with the Florence School of Regulation (FSR, <http://fsr.eui.eu>) allows MEDREG to implement its prominent task of promoting the exchange of know-how and expertise through specialised training sessions and studies in the field of energy regulation. In this respect, training sessions and seminars are considered as a key element to create and share a common vision of energy regulation in the Mediterranean region. Together with the FSR, Mediterranean Energy Regulators intend to develop and consolidate a strategic axis and become the point of reference for and promoter of technical cooperation, data consolidation, research and scientific coordination, and general support to energy governance towards a final goal: preparing the establishment of a possible *Mediterranean Energy Community*. This shall be done through a step-by-step approach involving all stakeholders of the energy sector such as industry associations, system operators, traders, consumer associations, think-tanks, financial institutions, investors and others.

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