

## 6<sup>th</sup> EU-US Energy Regulators Roundtable Athens, December 5-6 2007 Closing statement

On December 5-6 2007, the 6<sup>th</sup> EU-US Energy Regulators Round Table was held in Athens. Since 2000, US and EU Regulators have had informal discussions where energy regulators presented the regulatory developments in both the USA and the EU; exchanged views and experience on selected topics of mutual interest in the electricity and gas markets; compared regulatory approaches and discussed international developments and cooperation. With the involvement of the European Energy Regulators from the Council of European Energy Regulators (CEER) and regulators from the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC), there were discussions about energy and regulatory developments and challenges. The meeting was also attended by the Chair of the Energy Regulators Regional Association (ERRA) and the President of the Energy Community Regulatory Board (ECRB).

The roundtable focused on 4 major issues: effective regulation and unbundling; market integration; investment and security of supply; and climate change. Issues discussed included:

### **Effective regulation and unbundling:**

- The new legislative proposals in the EU on energy policy and liberalisation as a way to move away from the patchwork of national markets and secure a well functioning integrated EU market (3rd package).
- The scope of energy regulation in the EU and US in light of the increasingly interstate or supranational nature of energy trading, including: the concept of an independent regulator; the appropriate scope of the federal role of electric power industry in the US; the overall role of the state and federal regulators in the US and effective unbundling including ownership and the ISO/RTO models.
- Effective cooperation with other competent authorities including competition and financial services authorities as energy sectors and energy regulation become more complex.

### **Market Integration:**

- The development of regional electricity and gas markets in Europe to ensure greater market integration and tackle problems resulting from market compartmentalisation across member states boundaries.
- The institutional problems of cooperation among different jurisdictions and the development of effective regulatory oversight in regional markets. Here different models have been implemented and several lessons can be drawn. A successful model of regional cooperation in South East Europe providing for the development of competition in the electricity and gas markets of South East Europe and their integration to the EU internal energy market was presented.
- The FERC experience in creating a market oversight programme to ensure effective market monitoring.

### **Investment and security of supply:**

- The concept of “critical infrastructure” was discussed, including electric generation, transmission and gas infrastructure and the role of the regulators in protecting critical infrastructure facilities.
- The international developments in energy markets which have an impact on security of supply and market operation. CEER’s work in promoting International Regulatory Cooperation was described as a means of exchanging information on regulatory practices, benchmarking and institutional building. The CEER priorities for international cooperation activities focus on three axes relevant to EU policy on Security of Supply, the implementation of the EU energy legislation, and the structuring of the dialogue with other regulators for the purpose of sharing experiences.
- The LNG regulatory experience both in the US –where the US stands poised to surpass Japan as the largest consumer of LNG in the world- and Europe as a means of addressing security of supply and interdependence of energy sources.

### **Climate Change:**

- Climate change and the impact on the energy markets from the perspective of regulation - including the status of climate change, the risks, and the effective approach to address the challenges - was recognised as a high priority for consideration by energy regulators.
- On environmental protection and sustainability, EU and US energy regulators exchanged experiences and discussed best practices. The impact of Demand Response Integration into market structures, the modernisation of the electricity infrastructure, required investments for advanced metering, etc. pose challenges for traditional forms of regulation which may need to adapt to the new environment.

### **Best practices in energy regulation**

Training and cross fertilisation of successful experiences around the world which have become increasingly important were also addressed.

The participants agreed on the need for continued cooperation among energy regulators between the EU and US and acknowledged the contribution of the EU-US Roundtables: they allow for the sharing of mutually beneficial information; increasing the awareness of trends in market designs and regulatory models; providing greater knowledge concerning sustainability and security of supply; and facilitating international collaboration and improved research and training to the benefit of the energy regulators and market participants.

The participants also acknowledged the wide range of issues facing energy regulation in the EU and US and the need to take an active role in pursuing the dialogue in the future to facilitate the exchange of mutually beneficial information and experience including through the IERN (International Energy Regulator Network) web platform.

The participants committed to continue the exchange of information, and to explore future opportunities for cooperation between EU and US energy regulators.