



MEDREG-CEER Roundtable, 19 November 2013,
Grasse (France)

*"What challenges are regulators facing in a
changing environment? - View from the outside"*



ome

Observatoire Méditerranéen de l'Énergie

- Population will grow by over 80 million people and GDP per capita will increase by 75% to 2030 in the South;
- Overall energy demand could grow by 40% to 2030, and electricity will grow on average between 2.8% and 5% in the South: 200 GW of new generation capacity to be installed;.
- The countries of the Mediterranean region and Europe present a diversity of situations: some have fossil energy resources (oil, gas,), some have renewable resources (solar, wind, biomass) or both; some have a very mature energy system and others are developing their own.
- At present, the regional energy system is built on a regional interdependency through the trade of oil and gas, and of electricity at sub-regional level. However, the region is largely dependent on supply from third countries for oil, gas and coal
- It has exceptional renewable energy resources especially in the South. Finally, it may benefit from a largely untapped potential of energy efficiency principally in the area where modern energy system are developing

- **The countries of the Euro-Mediterranean area have a common interest in a regional stability based on a harmonized economic and social development**
- In the South Electricity markets remain fully regulated practice and dominant operators, despite the large differences between the legislative frameworks of those countries
- Regulatory framework well designed, progressive and adapted according to the country concerned
- Reinforcement of the role of institutions in charge of implementing and enforcing regulatory aspects of market reforms, as independent national regulatory authorities (NRAs) and unbundled TSOs
- Setting non-discriminatory, transparent and sound rules for access to essential facilities such as networks, and for their development ensuring that tariff systems are fair, reasonable and supportive of necessary network development

- Enabling and promoting institutional cooperation among NRAs in order to share experiences and good practices both regionally and internationally, in particular, by improving existing cooperation mechanisms
- Ensuring that the activities of NRAs are predictable, transparent and accountable in order to maintain a favorable climate for the necessary investments to be made and to enable investors to deploy new and best available technologies
- Providing a level playing field for all market participants, including new entrants, and an efficient financial environment to cover risks including those of political instability
- Providing cooperation at regional and international levels promoting trade flows and an efficient use of resources, mitigating market distortions

-
- The development of renewable energy requires an adaptation of infrastructure and management of the power system, the additional costs. who pays what?
 - **Grid reinforcement** to manage and integrate into the market distributed generation (**smart grid**); evacuate excess of production being RES power plant localization driven by resource availability rather than electricity consumptions; integrate different electricity systems in order to share system adequacy and security resources and to average non-programmable RES volatility.
 - **Security costs of the electric system** :security costs of the electrical system: additional costs for maintaining and safeguarding the security of the electric system in the context volatility and intermittent RES,
 - **Capacity mechanisms** to be adopted at regional level to target specific investments in new generating units, nowadays necessary to secure revenue stream for traditional (gas) power plants so to avoid them exiting the system.



ome

Observatoire Méditerranéen de l'Energie

105, rue des trois Fontanot
92000 Nanterre - France
Tel.: + 33 (0) 170 169 120
Fax: + 33 (0) 170 169 119
Email: ome@ome.org
www.ome.org

Thank you for your attention