



# 2015-2018 Work Plan

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## **About ICER**

The International Confederation of Energy Regulators is voluntary framework for cooperation between energy regulators from around the globe. Its aim is to improve public, and policy-maker, awareness and understanding of energy regulation and its role in addressing a wide spectrum of socio-economic, environmental and market issues. By establishing this voluntary confederation, with regular and structured contacts and cooperation between regulators, the world's energy regulatory authorities hope to exchange information and best practices in the regulation field and to make a significant contribution to the evolution towards a sustainable planet.

More information is available at [www.icer-regulators.net](http://www.icer-regulators.net).



## INTRODUCTION

The work programme of the International Confederation of Energy Regulators (ICER) extends over the three year period between each World Forum on Energy Regulation (WFER). ICER's deliverables of the 2012-2015 Work Plan were completed in time for presentation at WFER VI in May 2015.

The ICER 2015-2018 Work Plan is divided into the three pillars of energy policy (security of supply; sustainability; and competitiveness) and a fourth pillar of particular importance to regulators, namely the sharing of good regulatory practices. Energy regulators cooperate within ICER through Virtual Working Groups (VWGs).

Under the 2012-2015 Work Plan, three of the VWGs were each tasked with preparing in-depth reports on an identified topic of common interest. ICER has agreed that going forward the topical work of these three VWGs should build on existing reports elicited from ICER members instead of developing a new report within the group. Consequently each of these VWGs could develop several reports over the three year period (2015-2018) depending on the availability of suitable initial material from members. The fourth VWG should continue to address good regulatory practices including the ICER Distinguished Scholar Award, the ICER Chronicle and ICER Women in Energy (WIE) projects.

ICER's four Virtual Working Groups for the period 2015-2018 are:

- Security of Supply (VWG1)
- Sustainability (VWG2)
- Competitiveness (VWG3)
- Good Regulatory Practices (VWG4)

The present paper offers suggestions to the VWGs for work under the four pillars of security of supply, sustainability, competitiveness and good regulatory practice. The VWGs shall develop the ideas into concrete deliverables, the results of which shall be reported to next World Forum on Energy Regulation (WFER VII) in 2018.



## WORK PLANS FOR ICER WORKING GROUPS 2015-2018

### **VWG1: Security of Supply**

#### Likely critical issues

Security of supply is of growing concern in many markets. In gas, political uncertainty is raising concerns about the reliability of traditional gas supplies and is increasing the focus on the future availability of supplies from LNG and shale sources. Furthermore, in some markets gas demand is falling, notably because growth in electricity generation from renewable sources is displacing gas-fired generation. The uncertainty about gas sources and the future size of the gas market is leading to concerns about what level of current investment in gas infrastructure would be efficient. Too little could result in insufficient capacity and inadequate network capability to connect alternative gas sources, thus increasing risks to security of supply. Too much investment could result in stranded assets – and the allocation of stranded network costs on a shrinking user base could exacerbate market decline.

#### Possible work programme topics

- Possible new future uses of gas (e.g. transport, flexible response) and the regulatory implications
- Managing the risk of stranded assets
- Incentive regulation – good practice examples
- Good practice examples of security of supply assessment methods
- Good practice examples of capacity remuneration mechanisms



## **VWG2: Sustainability**

### Background

The challenge of tackling climate change is being taken up more widely by countries across the world. The regulatory issues which must be addressed to enable the development and integration of higher levels of electricity generation from low or zero carbon sources depend to a large extent on the level of penetration of renewable generation. At lower levels of penetration, the issues often relate to the interaction between subsidised renewables and the competitive part of the generation market, and issues relating to the development of the networks to reach new locations used for siting renewable generation. At higher penetration levels, the issues often include the need for increased levels of flexible response to address the unprogrammable nature of most renewable generation, the effect of zero short run costs of renewable generation on electricity prices (or even negative prices if subsidies are in place), and the effect of high levels of subsidised renewable generation on investments in conventional generation. Further issues relate to the implementation of a carbon pricing market (although this is not normally the direct responsibility of energy regulators), the involvement of the demand side in the electricity market (notably smaller consumers using smart technologies to enable peak shifting and flexibility services), and energy efficiency initiatives.

### Possible work programme topics

- Common regulatory issues identified when integrating renewable generation, including case studies
- Study on effects on electricity prices on high penetrations of renewable generation
- Establishing a market in flexible response from all sources – case studies
- Electricity storage – prospects and regulatory treatment in the form of case studies
- Consumer issues relating to demand-side involvement in electricity markets (so called 'smarter markets' - e.g. time of day tariffs, new service providers, application of new technologies and information needs)



## **VWG3: Competitiveness**

### Background

The price of energy for consumers is moving upwards in many countries. There are a number of factors that are contributing to this trend, including subsidies for renewable generation, global energy price trends and political uncertainty.

Against this background, the role of regulators is to promote competition and choice for consumers. This task can include a wide range of activities, including removing barriers to entry, the provision of information to consumers, consumer protection, enhancing the efficiency of regulated utilities, market monitoring, and enforcement actions. Some of the regulatory responses depend upon the level of market development.

### Possible work programme topics

- Removing barriers to competition at retail and/or wholesale levels
- Promoting competition in developing energy markets
- Good practices of information provision to consumers
- Consumer engagement programmes
- Market monitoring good practice
- Case studies on removing barriers to competition (e.g. regulated price controls)
- Making energy offers comparable (so consumers can make rational choices)



## **VWG4: Good regulatory practices**

### Background

VWG4 is responsible for developing and implementing initiatives aimed at enhancing regulatory practices. Current initiatives have been very successful and it is proposed that the work during the 2015-2018 period is used to consolidate and enhance existing initiatives rather than develop new ones.

### Proposed Work Programme topics

- ICER Distinguished Scholar Award – manage the process in time for WFER VII
- ICER Chronicle – extend its readership and profile
- Women in Energy – raise its profile and report results



## **Horizontal Initiatives**

### Background

ICER has undertaken a number of initiatives through the Chair and Secretariat during the 2012-2015 period, notably: collaboration with the European Bank for Reconstruction and Development (EBRD) on a regulatory good practice project in Russia; G20 engagement in Kazan and St Petersburg; and collaboration with GO15 (representing of the world's largest power grid operators), the International Gas Union (IGU), the Electric Power Research Institute (EPRI), the World Economic Forum and the Organisation for Economic Cooperation and Development (OECD). It is proposed that such collaborative arrangements should continue and, as far as possible, be encouraged.

### Possible work programme topics

- Further collaboration with the EBRD including further on-site projects
- Deepen collaboration with relevant industry bodies, including GO15
- Participate in any energy dialogue which may be proposed through the G20 or other international political initiative in order to promote the role of regulators with policymakers
- Further the aims of ICER by participating in other initiatives and with other international bodies, such as the World Energy Council and World Bank, as the opportunity arises.
- Focus on issues specific to a region as a basis for further outreach by ICER





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