



The impact of a compatible regulation on the Security of Supply in the Mediterranean Region



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Mediterranean Energy Regulators (MEDREG)

27 regulators (electricity & gas) from 22 countries

Objectives

To promote a harmonised, compatible, and non-discriminatory regulatory framework with a view to ensuring a secure, sustainable and competitive Mediterranean energy market.

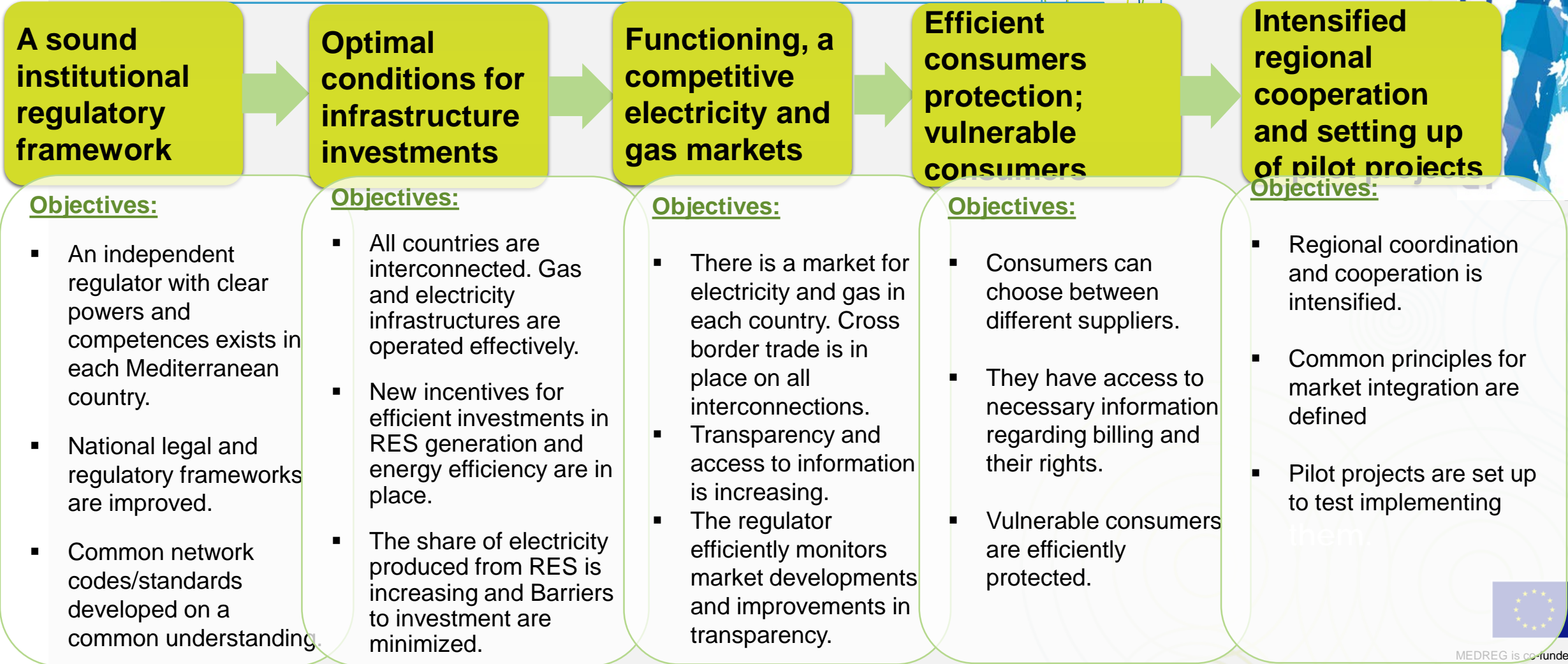
- Fostering cooperation, information exchange and sustainable developments among members
- Providing capacity development activities through tailor-made trainings, study visits, workshops and seminars
- Developing peer review reports, conducting benchmarks, and case studies

MEDREG focuses on five areas of activities through its working groups: Electricity, Gas, Institutional, Renewable Energy and Consumer



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MEDREG's Long Term Strategy-(2020-2030)



Specificities in the Mediterranean region

- Around the Mediterranean, the geography is often less favorable to cross-border integration than in Europe
 - Population located near the sea shores
 - Large territories: distances between consumption areas can be long
- Generation levels per capita, transmission networks are below European Union standards
- Investment is key: strengthening systems and covering growing needs
- Security of supply often needs to deal with geographic isolation



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General Trends in the Mediterranean Region



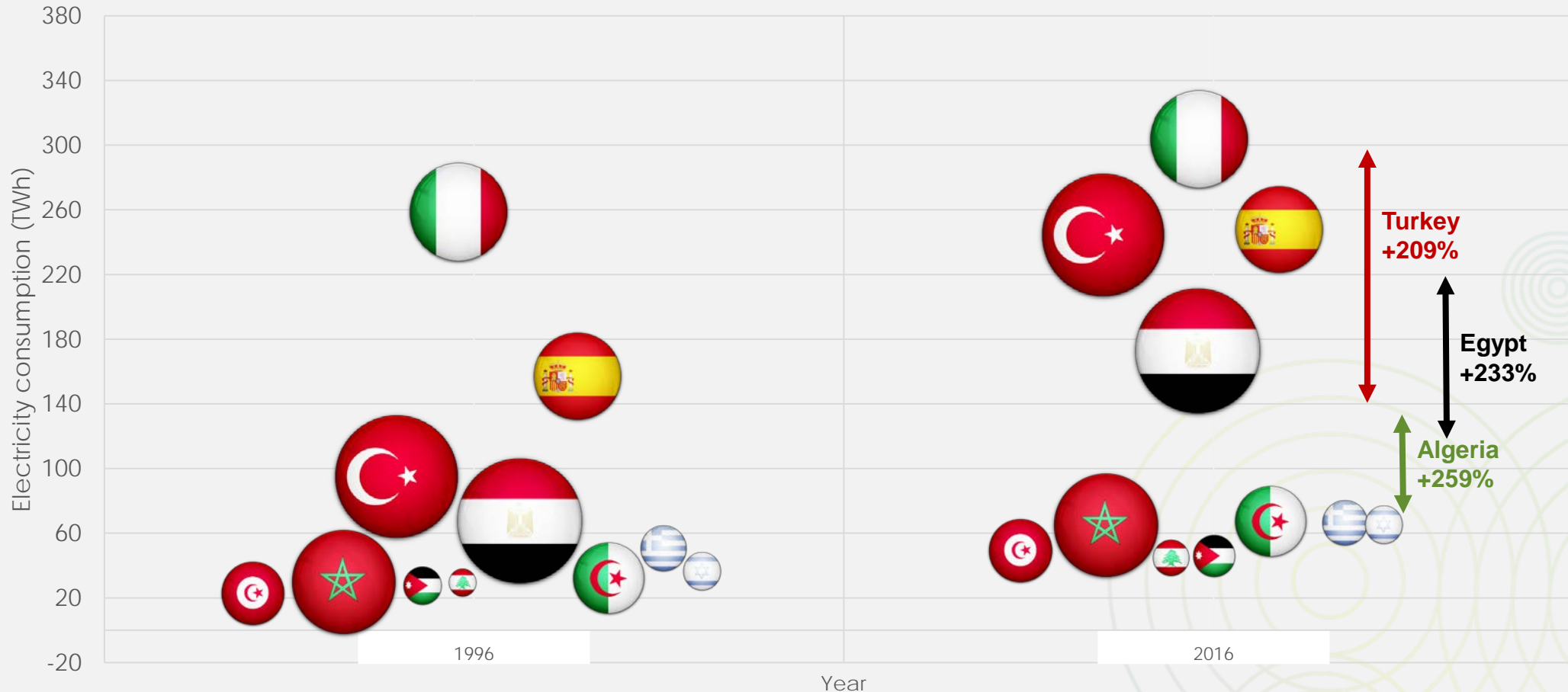
- Population in the South Mediterranean is expected to grow more than **85 Million** by 2040 (+45% in 2017)
- A **stagnating energy demand** in the North Mediterranean, an **energy-intensive development** in the South & East Mediterranean
- South & East Mediterranean electricity demand to **double** by **2040**; an extra-capacity of **185 GW** needed, most of which from **RES**
- More than **\$400 Billion** investments is required



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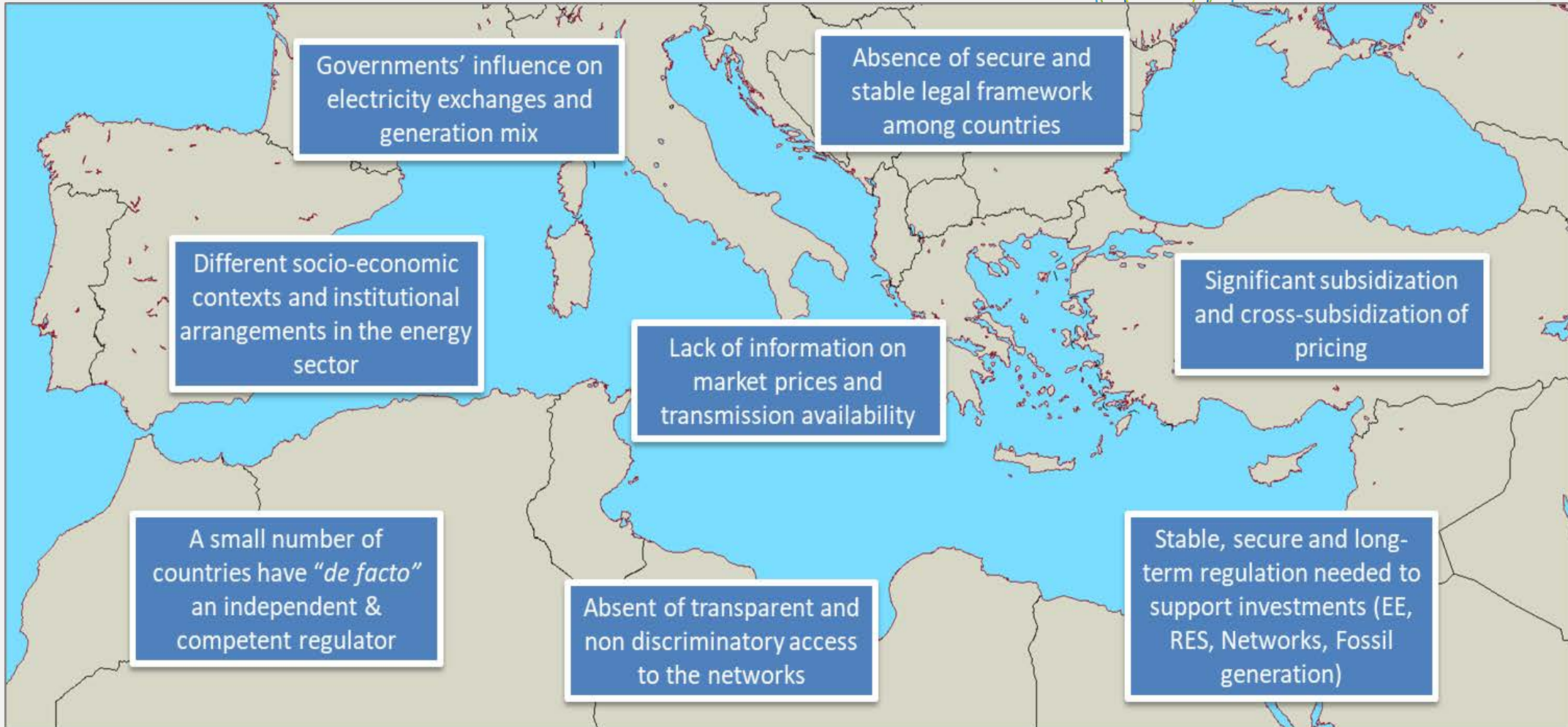
Evolution of electricity demand

Evolution of electricity demand and population in selection of Mediterranean countries, 1996/2016



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Barriers and challenges for investments



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Policy Priorities of Liberalized Energy Markets

Sustainability

Competition

Security of Supply

MEDREG



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Elements of SoS in Liberalized Energy Markets

Adequacy of
Commodity

Sufficiency of
Infrastructure

System Flexibility



Enhancing SoS in Liberalized Energy Markets

Regulatory Framework
and Transparency

Clear Allocation of Duties
and Responsibilities

Investment Signals
and Plans



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Regulators' main Tasks

- Build workable markets
 - Facilitate the entry of new suppliers
 - Economic efficiency
 - Security of supply
- Facilitate investment
 - Developing market integration
 - Favourable investment climate
- Deal with uncertainty on
 - Market developments,
 - Economic growth and energy consumption
- Regulators have to combine short and long terms, incentives and cost coverage, a balance between the interests of different parties (consumers, producers, TSOs, etc.)



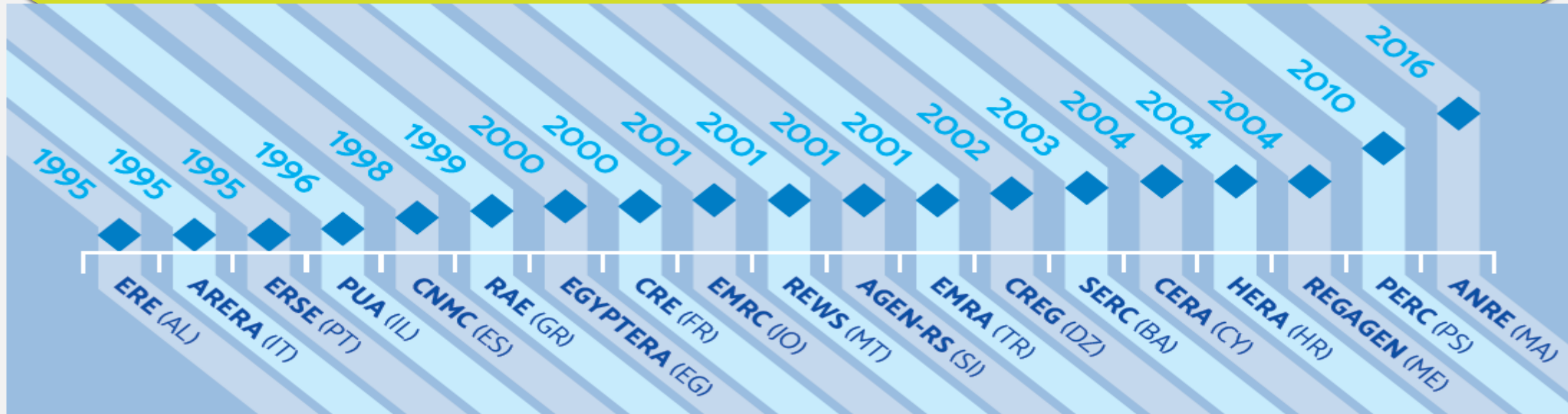
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Energy regulation in Mediterranean Region



Mediterranean NRAs have comparable and satisfactory levels of independence:

- Almost all are distinct and functionally independent from any other public and private entities;
- Almost all are autonomous in carrying out regulatory tasks;
- Conflicts of interest are prohibited and prevented in nearly every NRA;
- Almost every regulatory body is financed by its own resources.



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The impact of regulation on SoS

- Promote an affordable, efficient, competitive and functioning energy market while ensuring quality and reliability standards
- Ensure open and non-discriminatory market access, protect consumers
- To facilitate sustainable investments, support market entry of new actors and promote the development of the energy sector

A harmonized and compatible regulation among different regions in the Mediterranean can improve flexibility and interoperability of the systems as well as encourage energy trading between countries/regions and as such it can significantly strengthen security of supply in the entire region.



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