



RE-Shaping Workshop
**“The Development of Renewable Energy Joint Projects with
Third Countries”**

**Promoting an attractive framework for
investments in RES projects:
the role of Mediterranean Energy Regulators**

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1.
**MEDREG Objectives
and Organisation**



MEDREG Association

1/2



- **MEDREG was established as a permanent Working Group in May 2006** and became an Association under Italian Law in November 2007.
- **MEDREG brings together Energy Regulators for Electricity and Gas of the following 20 countries:**
 - Albania
 - Algeria
 - Palestinian Authority
 - Bosnia and Herzegovina
 - Cyprus
 - Croatia
 - Egypt
 - France
 - Jordan
 - Greece
 - Israel
 - Italy
 - Malta
 - Morocco
 - Montenegro
 - Portugal
 - Slovenia
 - Spain
 - Tunisia
 - Turkey



MEDREG Association 2/2



- **The Association has been supported since its creation by:**
 - **The European Union**
 - **Member Countries' Regulators**
 - **CEER (Council of European Energy Regulators)**

- **With the aim of promoting clear, stable and harmonized legal and regulatory frameworks in the Mediterranean region**



MEDREG - Main Objectives



- **Facilitate and develop energy infrastructure investment (production and transmission)**
- **Support greater efficiency and integration of energy markets based on secure, safe, cost effective and environmentally sustainable energy systems**
- **Foster cooperation, best practice exchange, and assistance among members, providing a permanent discussion platform.**



MEDREG - Structure 1/3



- The work of MEDREG is performed within four **Ad-Hoc Groups**:
 - Institutional issues (INS AG)
 - Gas (GAS AG)
 - **Electricity (ELE AG)**
 - **Renewable Energy Sources, Energy Efficiency and the Environment (RES AG)**

- **Temporary Task Forces** have been set up on specific issues:
 - ICER TF (International Confederation of Energy Regulators)
 - **INV TF (Investments in Infrastructures)**
 - **IMME TF (Integration of Electricity Markets of Maghreb countries)**



MEDREG - Structure

2/3



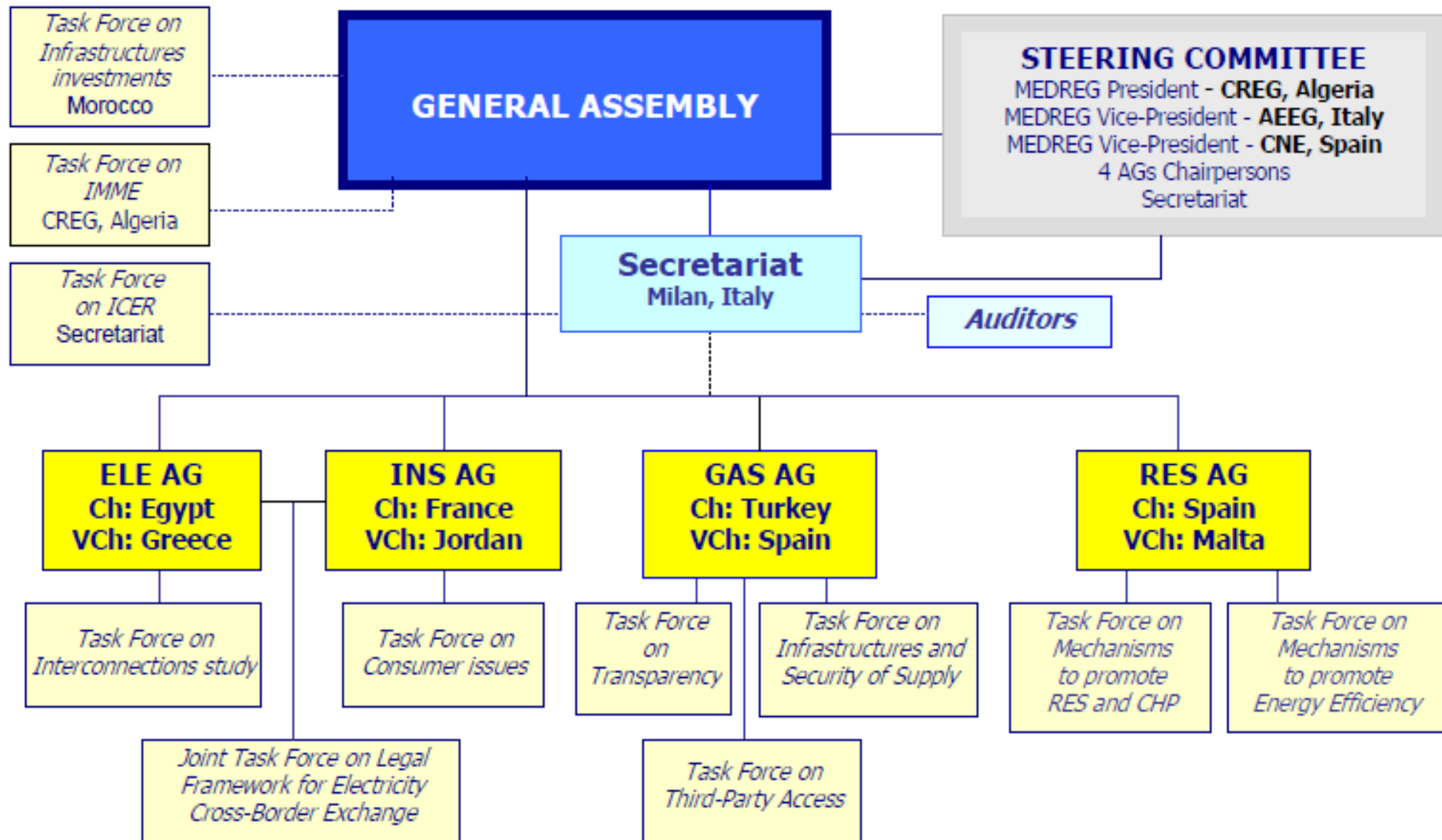
Algiers Declaration of June 2010 signed by the **EC** and Energy Ministries of **Algeria, Tunisia, and** **Morocco**

IMME TF is undertaking concrete actions with the aim to:

- **Harmonize the legislative framework** aimed at the integration of electricity markets of Maghreb Countries in the EU internal market;
- **Facilitate the creation of independent Regulatory Authorities** (Tunisia, Morocco);
- **Assist the development of electricity markets** (e.g.: establishing rules guaranteeing third party access);
- **Ensure the development of trade exchanges** (e.g.: common methodology for fixing cross-border tariffs and congestion management).

MEDREG ORGANIZATION CHART

Approved by the General Assembly / May 2010 - May 2012





2.
MEDREG Action Plan
(2011-2013)



A New Approach to Mediterranean Energy Scenario



- **Strategic energy challenges of the Mediterranean region:** need to conciliate a rising energy demand, especially in the South of the basin, with sustainable development.
- Mediterranean Energy Regulators consider as a priority to constitute a strong institutional basis **promoting a “bottom up” approach** towards energy markets integration.
- **These objectives require:**
 - **a long term vision**, as continuous efforts are necessary to achieve a converging and coherent regulatory framework.
 - **to be designed at regional level.**



Sharing a Common Vision of Energy Regulation



- **MEDREG intends to develop its key role in promoting exchange of information, best practice, know-how and expertise:**
 - Ad-hoc **training sessions and tailored courses**, in coordination with the Florence School of Regulation
 - Publications of **Benchmarking Studies and Reports, of which as for RES AG the most significant are:**
 - ✓ Benchmarking Assessment on RES and EE (2010)
 - ✓ Report on the effects of the introduction of successful mechanisms to promote RES and EE in non-EU countries. (2009-2010 - winner of ICER prize 2010)
 - ✓ ***Case study of application of the article 9 on flexibility mechanisms in the EU Directive 2009/28/CE***
 - ✓ ***Assessment of the possible effects of extending the functioning of national mechanisms on RES to a supra-national level***
 - ✓ ***Report on renewable and distributed generation: Case Study on Mediterranean Solar Plan***



3. Towards a Mediterranean Energy Community



Towards a Mediterranean Energy Community 1/2



- **With the aim to support the creation of a *Mediterranean Energy Community*, MEDREG activities contribute to:**
 - **Support decision-makers of authorities and institutions of members' countries** (Parliaments, Governments, Regulatory Authorities).
 - **Develop a permanent dialogue with all energy stakeholders in the Mediterranean region** (industrial associations, transmission system operators, investors, traders, consumer associations, international organisations, financial institutions, think-tanks, universities and research centers).
 - **Foster the role of Mediterranean Energy regulators as point of reference at regional level** (technical cooperation, data consolidation and publication, research and scientific coordination, general support to energy governance).



Towards a Mediterranean Energy Community



2/2

- **Enhance the consolidation of a Mediterranean Energy Network:**

- ✓ supporting the creation of METSO (Association of the Mediterranean electricity transmission system operators) making it the natural counterpart of Mediterranean Regulators;
- ✓ promoting the creation of an association of the same nature for the gas sector;
- ✓ patronaging initiatives such as the PAM Workshop on electricity and gas networks in the Mediterranean, to be held in Naples next 17 November 2011.



4.
Findings from MEDREG
Benchmarking Assessment 2010
(2009 data)



Role and Competences of Mediterranean Energy Regulators



- Except for Tunisia, Morocco and Palestinian Authority, all MEDREG countries have an **independent Regulatory Authority**.
- **The competences of each Regulator are very varied:**
 - Regulators from PT, IT, EG, BA, MT, DZ have **legislative proposal and amendment authority**;
 - All responding Regulators have **responsibility in power and access tariffs** (except for Tunisia);
 - Regulators from DZ, IL, JO, EG, GR, IT, PT, ES, BA, HR, MT, TR have some **responsibility in RES**;
 - Many Regulators have established some **RES objectives in terms of installed capacity**: DZ, TN, MA, EG, BA, IT, PT, ES;
 - And in terms of **coverage of gross electricity demand/production/consumption**: MA, IL, JO, HR, GR, IT, FR, ES, MT, CY.



Support Policies for RES in Mediterranean Third Countries



➤ **Limited support policies for RES:**

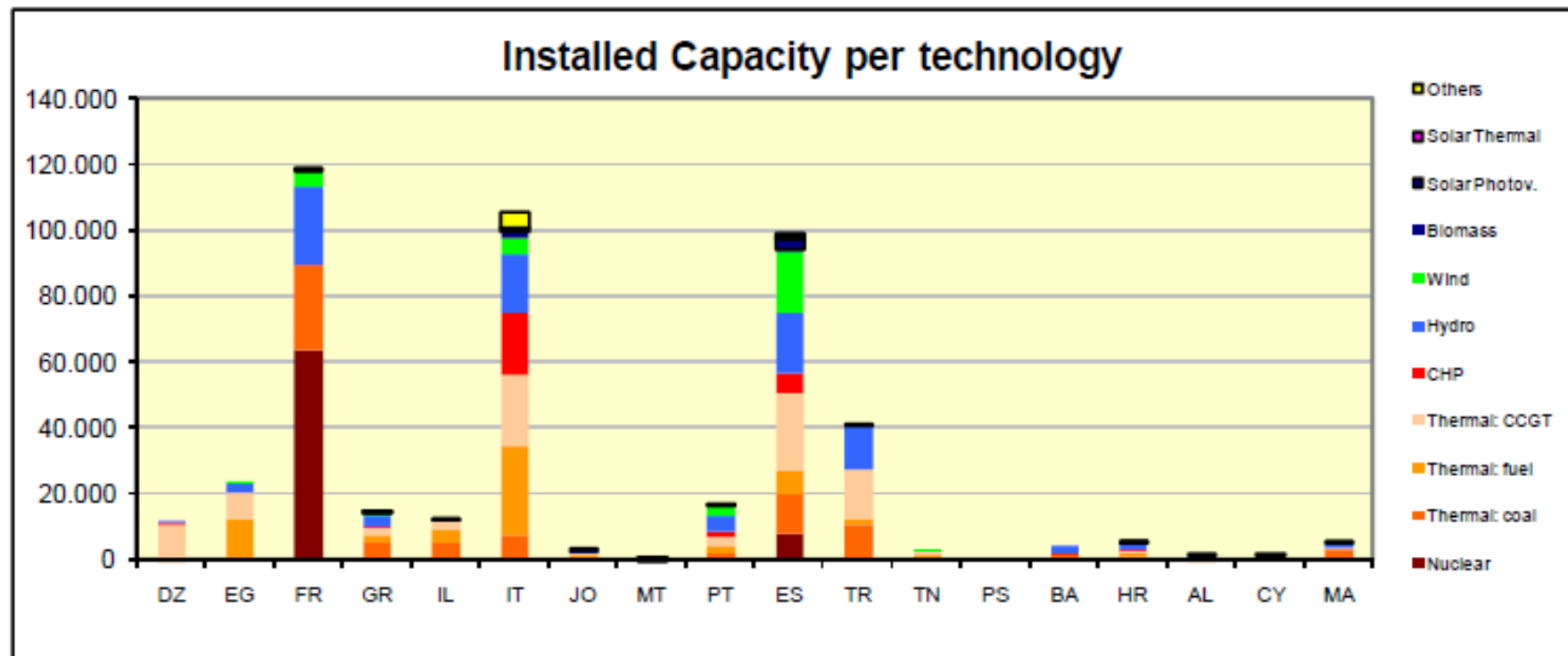
- Some third Countries have established a fixed price mechanism (IL, TN, TR, SI, HR), and none have opted for a Tradable Green Certificate system.

➤ **Some positive remarks:**

- **Jordan** support for large scale developments of RES (e.g.: Shams Ma'an Project for 200 MW PV) and a target of 7% of total energy mix by 2020.
- **Morocco** launched a 2 GW solar plan (PV and CSP).
- **Algeria** adopted a long-term plan for the development of RES (electricity share to 40% by 2030).
- **Egypt** aims to reach 20% of total RES installed capacity by 2020.
- **Israel** aims to reach 10% of gross demand from RES by 2020.



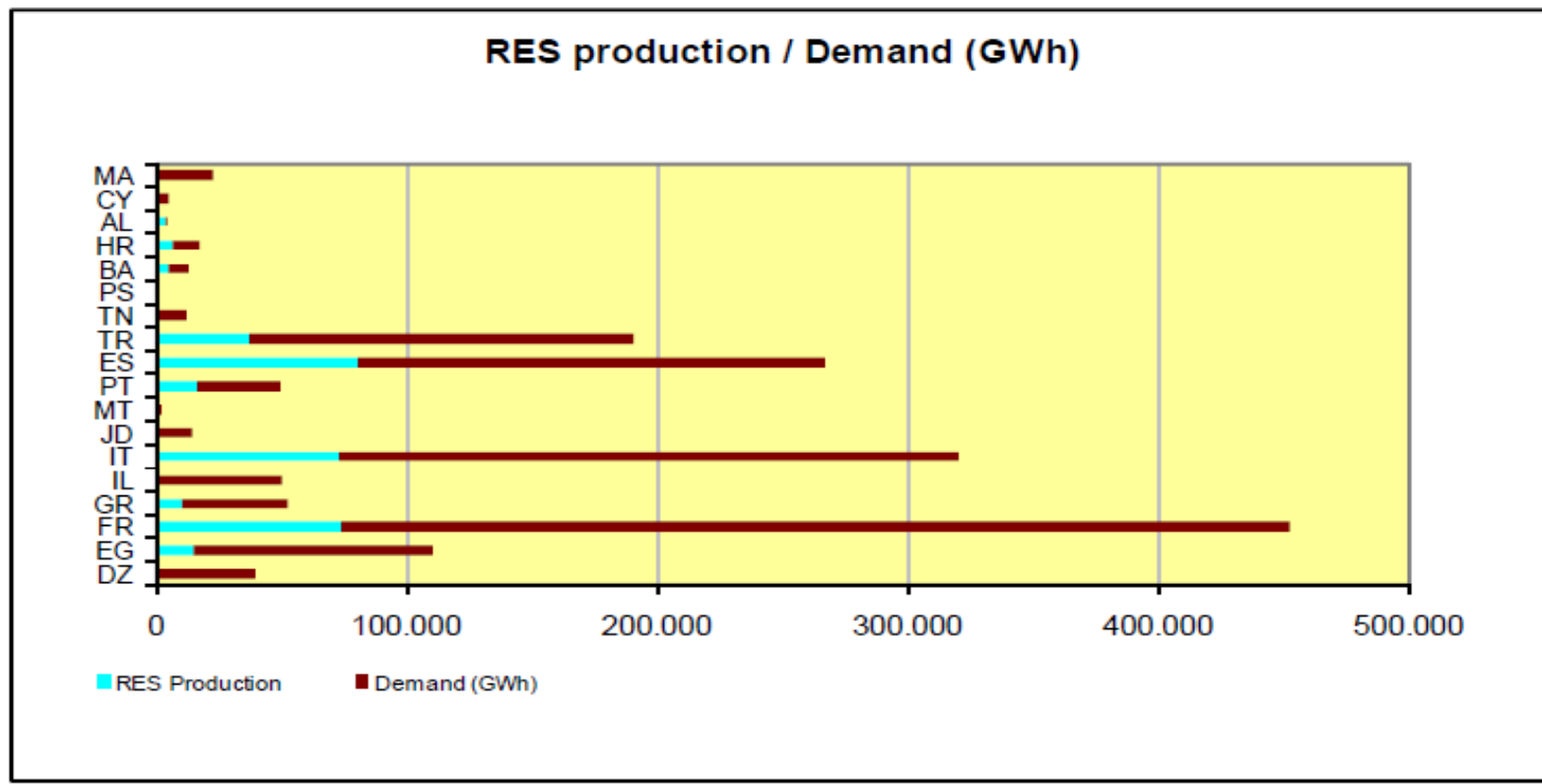
Figure 1: Installed Capacity in 2009 (MWp)



Source: MEDREG, Benchmarking Assessment 2010



Figure 2: RES generation over demand in 2009 (GWh)



Source: MEDREG, Benchmarking Assessment 2010



5.

**Obstacles and Solutions to
RES Joint Projects in the
Mediterranean region**



Obstacles to RES projects in the Mediterranean region



- **Regulatory:** setting an adequate support scheme in different countries is a complex task without an integrated institutional and regulatory framework at the supra-national - regional level.
- **Financial:** difficult credit access and the risk of higher final price of electricity for consumers.
- **Know-how:** insufficient know-how exchange and technology transfer.
- **Technical:** weak network infrastructures to integrate new RES plants.
- **Geopolitical:** energy is usually regarded as a national issue.



Possible Solutions: Setting-up a Mediterranean Investment Bank



- **The rising need for strong infrastructure investments** implies the development of a stable and secured environment for foreign investors.
- **International financial institutions**, such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the InfraMed fund, the World Bank and others, could play a key role on this purpose.
- **The creation of a Mediterranean Investment Bank** should be one of the main priorities in the coming years, as it would offer new financial instruments targeted at specific projects of North-South and South-South cooperation.



- **Implementation of clean technology transfer to third Countries:**
 - To optimize natural resources where they are located;
 - To improve efficiency: to make the system more cost effective for consumers;
 - To improve effectiveness: higher when investments goes where best resources are located;
 - To improve the economic and social development of third Countries: industry growth, employment benefits, security of supply, energy sources diversification, improvement in environmental quality.



Conclusions



- **The reduction of regulatory uncertainty:** stable, clear and predictable RES support policies and economic incentives
and
- **The potential benefits to install RES plants** in the South and East of the Mediterranean basin
 - **Will finally attract investments in RES Joint Projects with Mediterranean third Countries.**



Thank you!
Any Questions?

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