

6th EU-US Energy Regulators Roundtable

Athens, December 5-6

Closing statement

On December 5-6, the 6th US/EU Energy Regulators Round Table was held in Athens. Since 2000, US and EU Regulators established an informal dialogue where Energy Regulators present regulatory developments in both the USA and the EU, exchange views and experience on selected topics of mutual interest in the electricity and gas markets, compare regulatory approaches, and discuss international developments and cooperation. With the involvement of the European Energy Regulators from the Council of European Energy Regulators and regulators from the Federal Energy Regulatory Commission and the National Association of Regulatory Utilities Commissioners, the regulators have convened to discuss 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 themes: Effective regulation and unbundling; Market integration; Investment and security of supply; Climate change. Among the key themes that were discussed, a number of issues emerged:

Effective regulation and unbundling: The new legislative proposals in the EU on energy policy and liberalization to move away from the patchwork of national markets and to get a well functioning integrated EU market (3rd package). The scope of the energy regulation in the EU and US to address the increasingly supranational nature of energy trading, including the concept of an independent regulator, the development of a federal role of the electric power industry in the U.S. and the overall role of the state versus federal regulators, the effective unbundling and the ISO/RTO models. Effective cooperation with other competent authorities such as competition and financial services authorities were also raised as energy sectors and energy regulation becomes more complex.

Market Integration: The electricity and gas regional market development in Europe and US, as a means to achieve market integration and to tackle obstacles as a result of market compartmentalization across member states boundaries. The institutional problems of combining different jurisdictions and effective regulatory oversight in regional markets. Different models have been implemented in the EU and US and several lessons can be drawn from these experiences. A successful model of regional cooperation in SEE providing for the development of competition in the electricity and gas markets of the SEE 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 was also presented.

Investment and security of supply: The concept of “critical infrastructure” was discussed including electricity generation, electricity transmission and gas infrastructures and the role of the regulators in protecting critical infrastructure. International developments in energy markets have an impact to security of supply

and market operation. To this end the CEER work in promoting International Regulatory Cooperation was also addressed as a means to exchange information on regulatory practices, benchmarking and institutional building. The CEER priorities for international cooperation activities focus on three axes relevant to the EU policy on SoS, the implementation of the EU energy legislation, and the structuring of the dialogue with other regulators to share experiences. The LNG regulation experience both in the US –where the U.S stands poised to surpass Japan as the largest consumer of LNG in the world- and Europe was also addressed as a means to address security of supply and interdependence of energy sources.

Climate Change and the impact on the energy markets with emphasis on regulation -including the status of climate change, the risks, and the effective address of the challenges- is certainly a hot topic that needs the attention of energy regulators. Environment and sustainability are global issues and therefore the EU and US energy regulators can exchange experience and good practice. The impact of Demand Response integration into competitive market structure and modernizing the electricity industry, required investments for advanced metering, etc. are issues which demand the review of traditional forms of regulation and their adaptation to the new environment.

Best practice in energy regulation - Training and cross fertilization of successful experiences which have become increasingly important were also addressed.

The participants advocated continued cooperation among energy regulators between the EU and US and acknowledged the contribution of the EU-US roundtable in this respect. The Roundtables will allow for the cross fertilization of mutually beneficial information, including an increased awareness of trends in market designs and regulatory models, sustainability and security of supply, facilitating international collaboration and improved research and training to the benefit of the energy regulators and market participants.

The participants acknowledged the wide range of issues facing energy regulation in the EU and US. Agreed to take an active role in pursuing the dialogue, and exchange of best practices and experience, for the delivery of mutually beneficial information and experience.

The participants committed for continuing the exchange of information, exploring opportunities for cooperation between the EU, US associations of energy regulators.