



MEMORANDUM OF UNDERSTANDING

Cooperation between

**the Directorate-General for Energy of the European Commission,
the Association of the Mediterranean Energy Regulators (MEDREG) and
the Association of the Mediterranean Transmission System Operators
(MEDTSO)**

**on the Euro-Mediterranean Energy Partnership and its Platform on
Regional Electricity Market**

The Directorate-General for Energy of the European Commission (DG ENER), the Association of the Mediterranean Regulators (MEDREG) and the Association of the Mediterranean Transmission System Operators (MEDTSO), thereafter the parties, have agreed to develop a structured process of co-operation.

DG ENER is responsible for developing and implementing the EU energy policy, which includes the promotion of a fully-fledged energy partnership with the partner countries of the Southern and Eastern Mediterranean. The objective of this partnership is to ensure secure, sustainable and competitive energy supply for the whole Euro-Mediterranean region.

MEDREG aims to promote a transparent, stable and harmonized regulatory framework in the Mediterranean region and to foster market integration, infrastructure investments, consumer protection and overall energy cooperation.

MEDTSO aims to promote the integration of a regional electricity system, by implementing the coordinated development plan of an Integrated Euro Mediterranean Grid, based on shared technical and economic criteria, by proposing harmonized, transparent and non-discriminatory rules of access to and usage of the grids.

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Both MEDREG and MEDTSO's respective work programs reflect their commitment to the establishment of an integrated Euro-Mediterranean electricity market. The work programs are implemented with the political and financial support of the European Commission

The parties share the common vision and objective of gradually supporting the establishment of a Euro-Mediterranean regional electricity market. Regional and sub-regional electricity markets are expected to generate benefits for all Euro-Mediterranean partners participating in it. These are benefits in terms of diversification of the generation mix; of better management of the load; of better reliability of supply in case of emergency or blackouts; of gains for consumers, thanks to cross-border electricity trade and competition between generators. Moreover, integrated markets, because of their extended size, are more attractive for new investments.

To achieve these objectives, the parties agree to intensify their institutional cooperation also in the framework of the "Euro-Mediterranean Platform on Regional Electricity Market" that will be established in the context of the Union for the Mediterranean process. This platform will organize and support a systematic dialogue of all the concerned public and private stakeholders. The purpose of the platform is to provide a permanent forum for discussing policy objectives and measures, with a view to identifying concrete partnership actions and following-up on their implementation.

The European Commission acknowledges the important role of MEDREG and MEDTSO, as long term institutional partners for Euro-Mediterranean relationships in the Energy sector, and invites them to continue promoting the modernization and strengthening of physical infrastructure, as well as the elaboration and adoption in the short term of a set of common technical and economic rules for facilitating the investments for grid development, the operation of the interconnected network and the trade of electricity.

The European Commission supports MEDREG in its strategy to create a harmonized, common and independent regulatory framework, enhancing its relationships with national and international institutions, and its role in capacity building, training and exchange of practices.



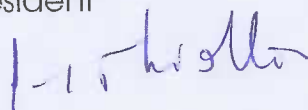
The European Commission supports MEDTSO in its mission aiming at the integration of a regional electricity market in the long term, by coordinating the development plans and the operation of the grids, encouraging the implementation of common criteria and harmonized, transparent and non-discriminatory rules of access to the grid.

At the invitation of the UfM co-presidencies, MEDREG and MEDTSO will join and support the "Euro-Mediterranean Platform on Regional Electricity Market" and will contribute actively to its activities, in accordance with their respective competences.

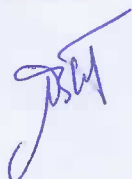


For the European Commission - DG ENER
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Rome le 18 novembre 2014