



Strategy for market integration and the role of the Regional Initiatives

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Florence Forum, 10/11 December 2009

Regional Initiatives

- ERGEG Regional Initiatives launched in 2006 – just 3 years ago.
- RIs were voluntary – progress could be made only by consensus
- There was no comprehensive cross-border regulatory framework to make faster progress possible
- The 3rd package changes the context entirely



ERG



3rd package

- 3rd package will enable faster progress:
 - ‘top-down’ Framework Guidelines and binding network codes can ensure harmonised rules
 - National regulatory authorities will have wider European duties – not just national ones
 - 10-year network development plans will encourage more joined-up networks
 - But regional differences are allowed for – but only ‘where appropriate’

How to reach a single energy market?

- 3rd package like Lego – we now have all the pieces but we don't yet know what market model will be built
- The pieces are the Framework Guidelines and network codes - and the Regional Initiatives
- We need a forward view which tells us what sort of single European energy market we should be developing

Identifying the challenges

- 3rd package text is all about institutions and regulatory tools such as Framework Guidelines and network codes
- Debate now needs to move on to real world problems – the obstacles to achieving a single European market

The forward view

- It is for Member States, the Parliament, the Commission, Regulators and Stakeholders to decide what sort of market we want - after all, the institutions will set the legal framework for it
- We should aim to find a broad consensus on the **obstacles** to achieving a single market and the **priority** in which they must be tackled, and the **outcomes** we want to see
- Regulators will find the regulatory solutions using the tools in the 3rd package, and advise on the best options
- Same principle as with national market reforms

It's good to talk

- Member States, the Commission, stakeholders and others should discuss and agree the overall approach to building a single market
- Regulators can help with developing options for specific technical solutions as a basis for discussions
- Outcome should be a clear mandate to implement (including through comitology) the agreed strategy

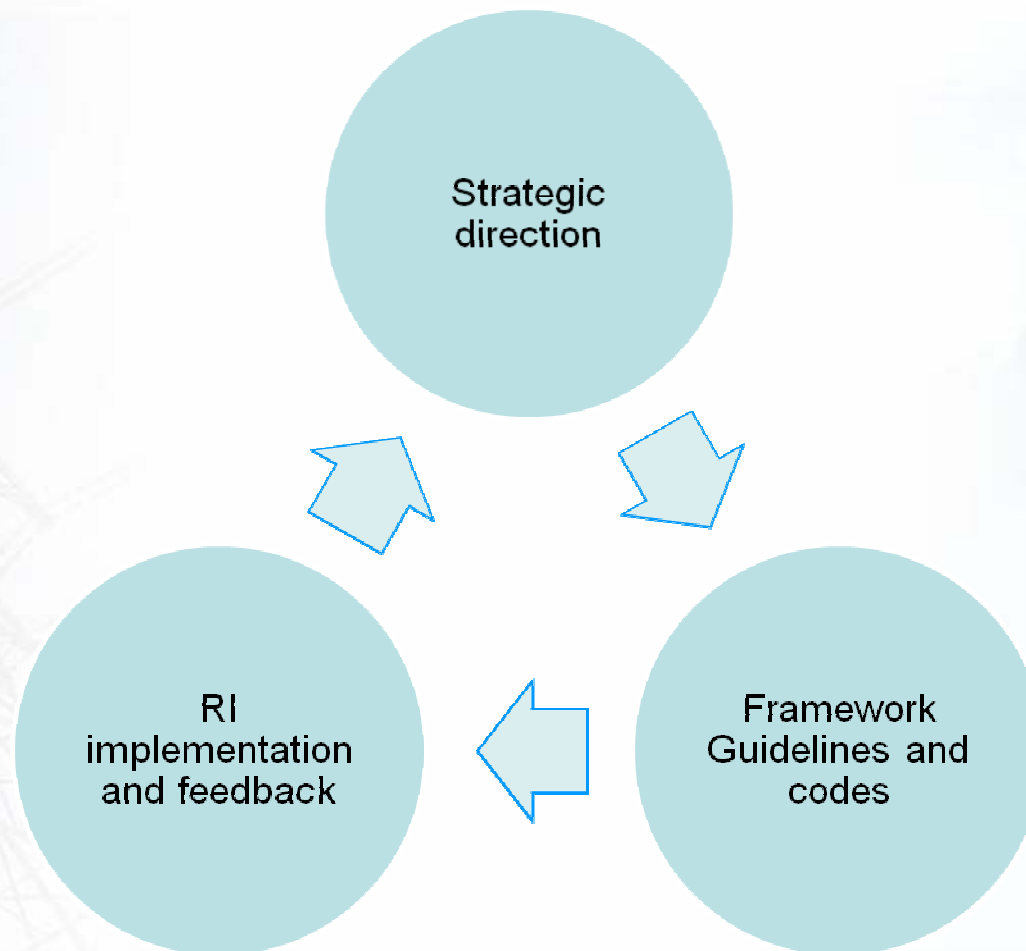
Role of the Regional Initiatives

- Implementation of cross-border rules is inevitably a regional issue as it involves more than one Member State
- RIs can contribute a detailed understanding of specific local issues when European proposals are developed – and so should be consulted
- RIs can tell us what works and what does not – and can trial proposals before Europe-wide application (as they are with market coupling)
- Consequently, clever use of ‘top down’ and ‘bottom up’ approaches can accelerate progress – even implementing agreed Framework Guidelines early, where appropriate

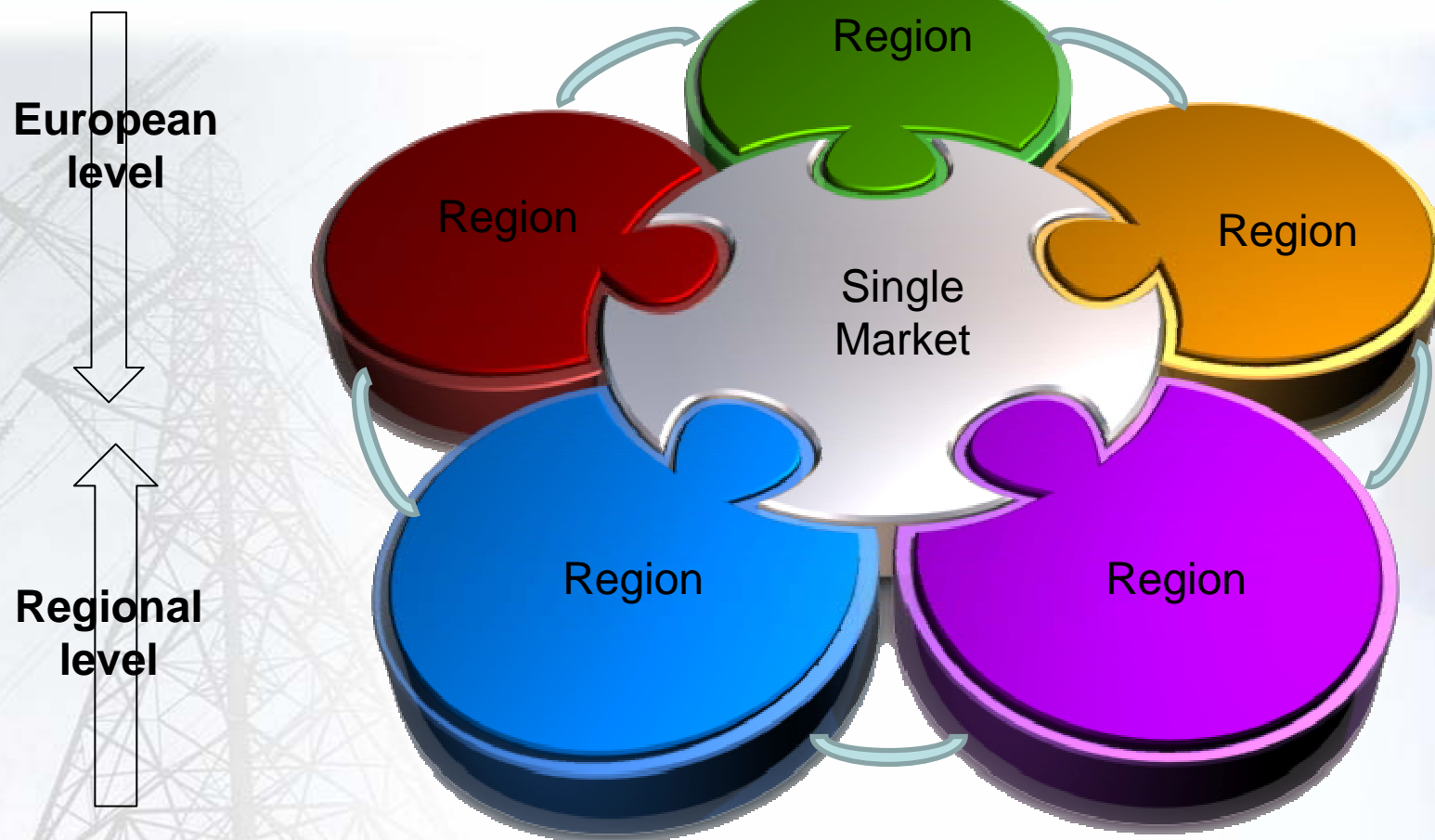
Next steps

- On 17 November 2009 we launched a consultation on a “**Strategy for delivering a more Integrated European energy market: The role of the Regional Initiatives**”
- Strong links to Commission’s consultants’ peer review study on the Regional initiatives – the two should complement one another.
- Closing date for comments is 31st January 2010

Role of the Regional Initiatives



Regions are a route to a single market



Effective co-ordination at all levels will be essential

Regional Initiatives: success is less

- The goal is a single market
- 7 electricity RIs may be too many – should they evolve to fewer regions? If so, when and how?
- Will the non-ERGEG regional initiatives (e.g. Gasplatform, Pentalateral Group) achieve a single market, or will they diverge? Should they be more closely integrated into the European project?



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Thank you