

# Energy Watchdog Coalition

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Expert Forum (EFOR) (RO)

Partners: Dixi Group (UA)

ASPE (MD)

WEG (GE)

# Project idea: assess and compare energy regulators

- **Energy regulators are critical for energy security and anticorruption in our region.** E.g. they could block access of energy from EU; favor incumbents; allow offshorization of energy intermediaries; allow market-distorting thefts in energy; allow abuse of consumers etc.
- Build a set of indicators (scorecard) to allow cross-country / cross-time comparisons:
  - Doable: there are clear, detailed prescriptions in EU Directives on energy regulators; international best practices; scorecards (Inogate, World Bank) etc BUT need fine-tuning to capture local specificities
- Assess national energy regulators (Md, Ua, Ge), adapting scorecard
- Launch small report in national event in Md, Ua, Ge with recommendations
- Present comparative findings at next EaP CSF forum / to Brussels counterparts

	2004	2010	2011	2012*	2012**	2013	2014
<b>GOVERNANCE</b>							
<b>Independence</b>							
Budget and subordination							
Change in leadership							
Informal political pressures							
Relations with regulated sector							
<b>Accountability</b>							
Reporting and confirmation of leadership							
Accountability to consumers, industry, public							
Financial and auditing							
Ethics and enforcement							
<b>Transparency</b>							
Publish decisions (regulations + decision-making process)							
Proper consultation							
FOIA responses							
<b>Predictability</b>							
Consistency and justified amendments							
Adaptability to environment changes							
<b>SUBSTANCE</b>							
<b>Tariffs</b>							
Economically sound							
Periodic reassessments							
<b>Monitoring markets and licensing</b>							
Enforceability of decisions							
Transparent criteria for licensing/withdrawal							
Consumer protection, management of complaints against industry							

- \* October 15
- \*\* October 23
- Achievable target
- Unsatisfactory
- Moderately satisfactory
- Good
- Best practice
- N/A or no evidence

# Indicators

- **Governance:** concern the institutional setup, can be easier compared to benchmarks
  - Independence (from political pressures, regulated industry)
  - Accountability (to broad range of stakeholders)
  - Transparency (on every regulation, decision, plan)
  - Predictability (consistency over time)
- **Regulatory substance:** the actual quality of regulations. More “subjective” assessment.
  - Each country might have different regulatory areas with issues (tariffs and liberalization; renewables; TPA; market monitoring; licensing; management of consumer complaints etc).
  - Correlates with governance indicators (poorly governed regulators issue poor / discriminatory regulations...)

# How to monitor / get data / influence decisions?

- Interviews, media, whistleblowers
- FOIA requests (from multiple sources)
- Check facts and data with various stakeholders (regulated industry, consumers, experts, donors etc.)
- Invite regulator representative at event to respond to assessment / criticisms; media must be present; invite relevant stakeholders and debate report

# What's the use of it?

- **Advocate for reform, with some chance of success**
  - In Romania, multi-year monitoring contributed to improvements in the law (beyond the minimum requirements of the Third Energy Package – 3EP) and improvements in practices at energy regulator level
  - Inform EU decision-makers whether countries meet 3EP requirements in practice / areas of risk not covered by EU
  - Piece of the bigger puzzle: broader monitoring of the energy sector
  - Starting point for regional coalition for reforms in energy (part of larger energy program in the region with partners); strengthening of capacity of energy NGOs (e.g. Md)
  - Improving regulators: critical for anticorruption, apart from prosecution instruments

SAR POLICY BRIEF No. 49

After having lost its top position among EU regulators, ANRE still has an opportunity to make a big comeback now, says SAR

## HERE'S THE DEAL:

### Give ANRE back its powers and ask for better governance

The EC threatens Romania with an infringement on the energy regulator, while the government seems to have a point in its attempts to control ANRE, if we just look at recent media scandals. What to do? We suggest a win-win solution: the Government must give ANRE independence, but only in exchange for clear commitments from ANRE on accountability, transparency, regulatory quality and predictability.

If there's one area in which we could be among the top performers in Europe, we risk reversing all reforms, for fear not to lose our laggard position we are so accustomed to. So we said in our Annual report three years ago, and unfortunately we were right. Electricity and gas were those sectors; reforms in the two were indeed stalled; we witnessed some steps backwards, with the never-ending saga of "integrated energy companies"; and ANRE, one of the key institutions in the energy sector and once a best practice regulator in the EU, has in the meanwhile been stripped of its independence, core competencies and funding.

Is there a chance that ANRE could be restored? We definitely believe so. We performed a detailed independent analysis of its regulatory governance



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THANK YOU!

Otilia Nutu

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