

ANNUAL REPORT



MEDREG
MEDITERRANEAN ENERGY REGULATORS



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I. President's Message



The year 2020 brought many changes and remodeled the world in roughly every aspect of life. Despite the uncertainties that we are all still facing, MEDREG was able to learn from this challenging period and managed to adapt its activities to endure the rough times. The objective of MEDREG lies in the cooperation between all energy stakeholders in order to achieve integration in the Mediterranean region. Given the developments regarding the Covid-19 outbreak, cooperation could not be done in-person this year. Nonetheless, our Association found a way to continue furthering its efforts and work to support its members.

This was done through the digital transformation of all our services and channels that resulted in the adaption of our network as well as the expansion of the reach of our message. Indeed, we managed to transfer our technical and training key activities online and ensure that our members continued to be fully involved, even succeeding in reaching additional regulators staff with our initiatives. In this way, MEDREG led online events, training, and meetings on its own and also with other relevant entities in the region.

In everything we do, we recognize that success is founded on combined effort. A growing section of our members is now starting to take root in the transformation of the energy sector as we work together on fostering to set the conditions for the establishment of a future Mediterranean Energy Community. I believe the richness of MEDREG consists of enhanced energy cooperation as it gathers a heterogeneous group of regulators comprising the EU, the Balkans, and the MENA region. Since the Association's establishment in May 2006 and despite the hurdles that this year posed, we have been able to expand and forge productive relationships for regional problem-solving and exchange of innovative technical knowledge as can be seen in the results in this Annual Report.

Taking a look at the past year, the commitment of our Working Groups and Secretariat as key pillars to provide a levelled playing field for all Mediterranean energy actors becomes evident. With its work, MEDREG has been able to encourage more efficient and compatible regulatory frameworks and foster collaboration. The latter was especially useful in 2020 in order to carry on with the knowledge transfer capacity of our stakeholders and improve the assistance among the Members.

Thanks to them, even amidst the obstacles propounded by the pandemic restrictions, Mediterranean energy regulation has kept moving forward at a steady pace.

Finally, the aspirations and actions that were set in motion this year will influence the regional and subregional cooperation in the Euro-Mediterranean region in the years to come. During 2021, we want to focus on providing a better setting for the new generations. Therefore, we will be emphasizing our efforts on green energy, energy transitions, and low carbon initiatives in cooperation with our regulators. As President of this Association, it will be my duty and commitment to continue striving to achieve the maximum impact with the resources entrusted to us. We hope to bring to fruition new accomplishments in the near future.

Kind regards,
Mr. Petrit Ahmeti
MEDREG President



L'année 2020 a apporté son lot de changements et a remodelé le monde dans quasiment tous les aspects de la vie. En dépit des incertitudes auxquelles nous sommes tous encore confrontés, MEDREG a su tirer les leçons de cette période difficile et adapter ses activités pour surmonter les obstacles. L'objectif de MEDREG réside dans la coopération entre tous les acteurs de l'énergie aux fins de l'intégration dans la région méditerranéenne. Compte tenu de l'actualité liée à la pandémie de Covid-19, la coopération, cette année, n'a pas pu se faire en présentiel. Néanmoins, notre Association a trouvé le moyen de poursuivre ses efforts et de soutenir ses membres.

En effet, grâce à la transformation numérique de tous nos services et canaux, nous avons été à même d'adapter notre réseau et d'étendre la portée de notre message. Nous avons réussi à transférer nos principales activités techniques et de formation en ligne et à faire en sorte que nos membres continuent d'être pleinement impliqués, parvenant même à atteindre avec nos initiatives d'autres strates des régulateurs. Ainsi, MEDREG a dirigé des événements, des formations et des réunions en ligne, par elle-même et également avec d'autres entités intéressées de la région.

Dans tout ce que nous faisons, nous partons du principe que le succès est le fruit d'efforts communs. Une part croissante de nos membres commence maintenant à s'atteler à la transformation du secteur de l'énergie, alors que nous travaillons ensemble à poser les fondations d'une future Communauté méditerranéenne de l'énergie. Pour moi, la richesse de MEDREG réside dans une coopération énergétique renforcée, qui rassemble un groupe hétérogène de régulateurs comprenant l'Union européenne, les Balkans, le Moyen-Orient et l'Afrique du Nord. Depuis la création de l'Association en mai 2006, et malgré les obstacles que cette année a posés, nous avons été en mesure de forger et de resserrer des relations productives pour la résolution de problèmes régionaux et l'échange de connaissances techniques novatrices, comme en témoignent les résultats énoncés dans ce Rapport annuel.

Un simple coup d'œil sur l'année écoulée suffit pour démontrer que l'engagement de nos Groupes de travail et de notre Secrétariat constitue un pilier essentiel pour offrir des conditions de concurrence équitables à tous les acteurs méditerranéens de l'énergie. Grâce à leur travail, MEDREG a été en mesure de promouvoir des cadres réglementaires plus efficaces et plus compatibles et de favoriser la collaboration. Cette dernière s'est révélée particulièrement utile en 2020, puisqu'elle nous a permis de renforcer la capacité de transfert de connaissances de nos parties prenantes et d'améliorer l'assistance entre les membres. Et c'est ainsi que, malgré les obstacles posés par les restrictions liées à la pandémie, la réglementation énergétique méditerranéenne a continué de progresser à un rythme soutenu.

Enfin, les aspirations et actions qui ont été déployées cette année influenceront la coopération régionale et sous-régionale au sein de la région euro-méditerranéenne dans les années à venir. En 2021, nous aspirons à instaurer un meilleur environnement pour les nouvelles générations, c'est pourquoi nous mettrons l'accent sur les énergies vertes, les transitions énergétiques et les initiatives à faible émission de carbone en coopération avec nos régulateurs. En tant que Président de cette Association, il sera de mon devoir de continuer à optimiser l'impact des ressources qui nous sont confiées et j'espère pouvoir concrétiser de nouvelles réalisations dans un avenir proche.

Cordialement,
Mr. Petrit Ahmeti
Président de MEDREG

شهد عام 2020 تغييرات كثيرة وإعادة تشكيل جميع جوانب الحياة تقريباً في عالمنا. وعلى الرغم من ظروف عدم اليقين التي مازلنا نواجهها جميعاً، تمكنت MEDREG من التعلم من هذه الفترة الصعبة وتكييف أنشطتها لتتجاوز هذه الأوقات العصيبة. يتمثل هدف MEDREG في التعاون بين جميع الأطراف المعنيين في مجال الطاقة من أجل تحقيق التكامل في منطقة البحر الأبيض المتوسط. ونظراً لظروف تفشي جائحة فيروس كورونا (كوفيد 19)، كان من المستحيل أن يحدث هذا التعاون بشكل شخصي إلا أن جمعيتنا وجدت طريقة لمواصلة تعزيز جهودها والعمل على دعم أعضائها.

وقد تم ذلك من خلال التحول الرقمي لجميع خدماتنا وتقناتنا، مما أدى إلى تكييف شبكتنا وتوسيع نطاق وصول رسالتنا. وفي الواقع، تمكّننا من نقل أنشطتنا الفنية والتدريبية الرئيسية بحيث تُنفذ عبر الإنترنت والتأكد من استمرار أعضائنا في المشاركة الكاملة، ونجحنا في الوصول بمبادراتنا إلى موظفين إضافيين من الجهات التنظيمية. وبهذه الطريقة، نفذت MEDREG فعاليتها ودوراتها التدريبية واجتماعاتها عبر الإنترنت، كما عقدت اجتماعات مع الجهات الأخرى ذات الصلة في المنطقة.

نحن ندرك أن نجاحنا في كل ما نفعله يعتمد على الجهد المشترك. وقد بدأت الآن نسبة متزايدة من أعضائنا تشهد تحولاً في قطاع الطاقة، حيث نعمل معاً على توفير الظروف لتأسيس جماعة الطاقة المتوسطية في المستقبل. أعتقد أن ثراء MEDREG يكمن في تعزيز التعاون في مجال الطاقة لأنها تضم مجموعة مختلفة من الجهات التنظيمية من دول في الاتحاد الأوروبي ومنطقة البلقان ومنطقة الشرق الأوسط وشمال إفريقيا. ومنذ تأسيس الجمعية في مايو 2006، وعلى الرغم من العقبات التي شهدها هذا العام، تمكّننا من إقامة وتوسيع علاقات منتجة لحل المشكلات الإقليمية وتبادل المعرفة الفنية المبتكرة، كما يظهر من النتائج المقدمة في هذا التقرير السنوي.

عند إلقاء نظرة على العام الماضي، يتضح أن التزام فرق العمل والسكرتارية لدينا كان ركيزة أساسية لتوفير فرص متكافئة لجميع الجهات الفاعلة في مجال الطاقة في منطقة البحر الأبيض المتوسط. فمن خلال عمل هذه الفرق والسكرتارية، تمكنت MEDREG من تشجيع الأطر التنظيمية الأكثر كفاءة وتوافقاً وتعزيز التعاون. وكان هذا التعاون مفيداً بشكل خاص في عام 2020 من أجل مواصلة نقل المعرفة إلى الأطراف المعنيين لدينا وتحسين المساعدة المتبادلة بين الأعضاء. وبفضل هذا العمل، استمر تنظيم الطاقة في منطقة البحر الأبيض المتوسط بوتيرة ثابتة على الرغم من العقبات التي شكلتها القيود المفروضة للحد من انتشار الجائحة.

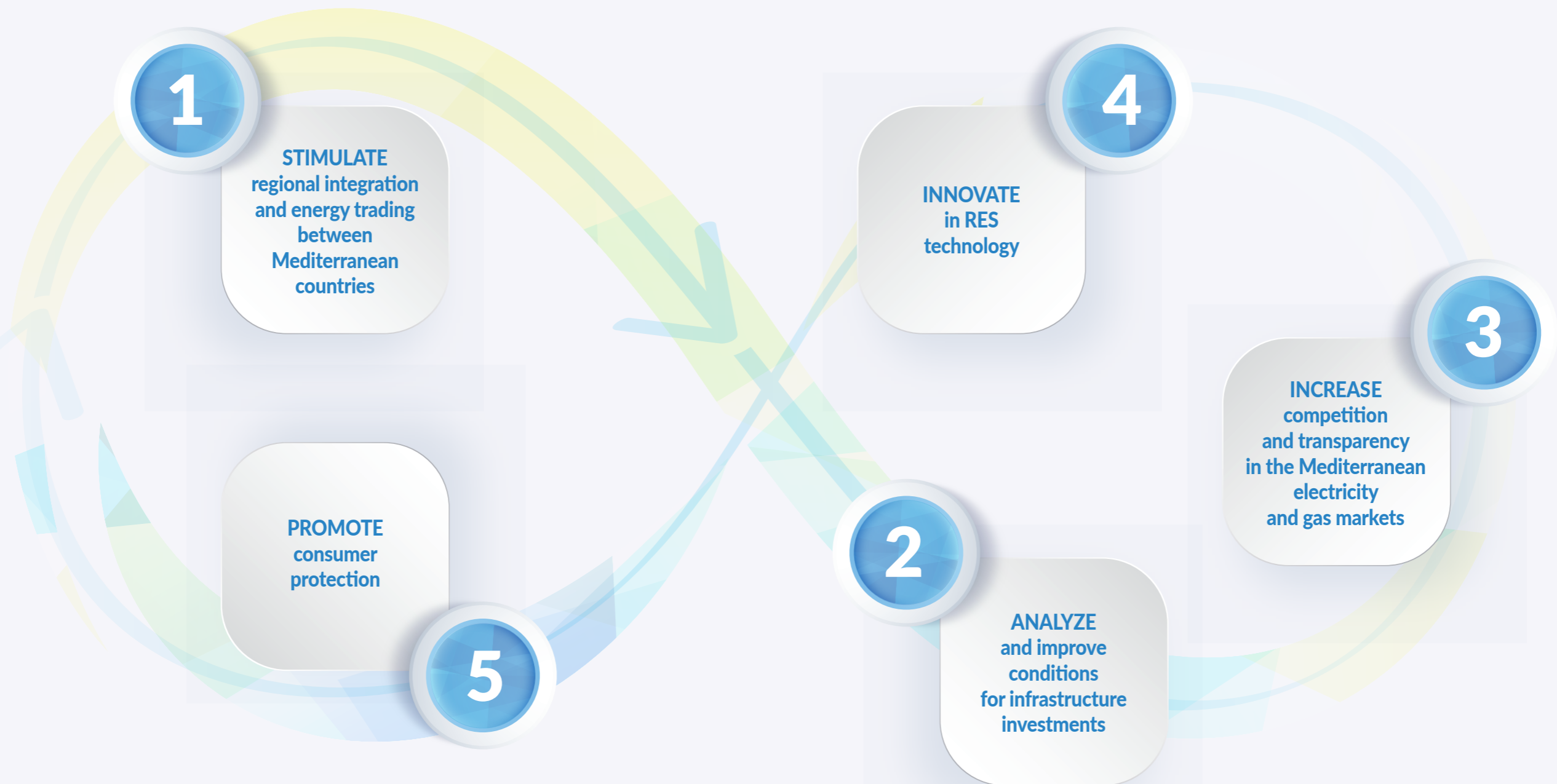
في الختام، ستؤثر التطلعات والإجراءات التي تمت المباشرة بها هذا العام على التعاون الإقليمي ودون الإقليمي في منطقة أوروبا والبحر الأبيض المتوسط في السنوات القادمة. وفي عام 2021، نريد التركيز على توفير بيئة أفضل للأجيال الجديدة، ولذلك سنركز على جهودنا في مجال الطاقة الخضراء وتحول الطاقة والمبادرات التي تساهم في خفض انبعاثات الكربون بالتعاون مع الجهات التنظيمية الأعضاء في جمعيتنا. وبصفتي رئيس هذه الجمعية، سألتزم بواجبي في مواصلة السعي لتحقيق أقصى قدر من التأثير باستخدام الموارد المتاحة لنا، وكني أمل في تحقيق إنجازات جديدة في المستقبل القريب.

وتفضلوا بقبول خالص التحية والتقدير،
بيتريت أحمد
رئيس MEDREG

II. About MEDREG MISSION AND OBJECTIVES

MEDREG's mission is to provide a transparent, stable, and compatible regulatory framework for all Mediterranean energy actors. The Association is based on independent and objective regulatory bodies. Energy markets are more likely to attract investment and ensure the efficient use of the system and investments and encourage fair practices toward consumers.

Mediterranean energy regulators work together to



II. About MEDREG GOVERNANCE

General Assembly

The General Assembly (GA) is the decision-making body of the Association and meets two times every year. Among other prerogatives, the GA approves MEDREG's Action Plan, its annual budget, the reports, and the studies prepared by the Working Groups (WGs) and the Secretariat, as well as protocols and agreements with external bodies and organizations. The GA elects the President and Vice-Presidents of MEDREG as well as the Chairs and Vice-Chairs of the WGs. The GA consists of the President, the Vice-Presidents, the Chairpersons of the WGs, high-level representatives from among MEDREG members, and representatives of the MEDREG Secretariat. The European Commission is invited to the General Assembly meetings as an observer with no voting rights.

Presidency Board

The year 2020 was the occasion for MEDREG Members to elect their new President for the next two years, Mr Petrit Ahmeti, Chairman of the Board of the Albanian Energy Regulator (ERE). Mr Ahmeti served as MEDREG Vice President in his former mandate and was one of the founders of MEDREG in 2006. The members also elected two Vice-Presidents: Eng. Abdellatif Bardach, President of the Moroccan Electricity Regulator (ANRE) and Eng. Karem Mahmoud, CEO of the Egyptian Gas Regulatory Authority (GASREG) joined by the Permanent Vice-President Mr Stefano Besseghini, President of the Italian Regulatory Authority for Energy, Networks and Environment (ARERA). Along with the election of the Presidency Board, the new Working Groups' Chairmanships took office.

Steering Committee

The Steering Committee coordinates the ordinary activities of the Association in accordance with the General Assembly's instructions, preparing its work, supervising implementation of the Action Plan, and providing orientations. However, the Steering Committee has no decisional powers. It is composed of the President, the Vice-Presidents, the Chairpersons of the Working Groups, as well as representatives of the MEDREG Secretariat.



II. About MEDREG AREAS OF WORK

Working Groups

Currently, MEDREG has five Working Groups (WGs) composed of representatives from each member regulator. WGs are permanent bodies of the Association. They meet physically at least twice a year, are led by one chair and two vice-chairs, and supported by another regulator acting as vice-chair. WGs organize their annual agenda based on the principle of subsidiarity.

INSTITUTIONAL

The Institutional Working Group (INS WG) aims to enhance coordination and cooperation among MEDREG members by sharing energy regulators' competences and knowledge.

CONSUMERS

The Consumer WG (CUS WG) works to enhance the protection of household consumers in MEDREG countries. It identifies and promotes best practices in consumer protection of vulnerable customers and quality of service of electricity and gas from the perspective of final consumers.

RENEWABLES

The Environment, Renewable Energy Sources and Energy Efficiency Working Group (RES WG) focuses on the legislative and regulatory mechanisms used to promote renewable electricity generation, energy efficiency, and RES deployment in the Mediterranean area with attention to off-grid solutions and independent power producers (IPPs).

NATURAL GAS

The Natural Gas Working Group (GAS WG) assesses the current status of natural gas and LNG markets in Mediterranean countries, their relevant regulatory frameworks, and possible evolutions.

ELECTRICITY

The Electricity Working Group (ELE WG) is in charge of assessing the current status of electricity markets and regulatory frameworks in MEDREG countries and their possible developments.



February 25, 2020

28th
ELE WG meeting
27th
RES WG meeting

April 21, 2020

28th
INS WG meeting

April 22, 2020

27th
GAS WG meeting

April 23, 2020

The 16th
CUS WG meeting

October 1, 2020

29th
ELE WG meeting

October 19, 2020

17th
CUS WG meeting

October 20, 2020

28th
GAS WG meeting

October 27, 2020

29th
INS WG meeting

November 11, 2020

28th
RES WG meeting

II. About MEDREG SECRETARIAT

The MEDREG Secretariat develops and implements the MEDREG strategy in close coordination with all members, enhancing MEDREG's accountability and institutional cooperation in the Mediterranean energy sector.

The Secretariat is based in Milan and is in charge of the management and development of the Association's activities, guaranteeing continuous support to the President, Vice-Presidents, and all members.



Veronica Lenzi
*Head of the Policy
and Communication Unit*



Hasan Ozkoc
Director



Bardhi Hoxha
*Deputy Director and Head of the Institutional
Affairs and Administration Unit*



Daphné Lacroix
Communication Manager



Valentina Pelosi
*Events and Communication
Officer*



Lamine Zitouni
Electricity Expert



Genta Sinani
*Finance and Human
Resources Officer*



Tinatin Svandze
Office Secretary

II. About MEDREG MEMBERS



Objectives achieved

- Elaboration of regulatory proposals with Southern and Eastern shore countries in line with the MEDREG objectives developed through technical reports and guidelines of good practice, institution building, tailor-made technical assistance, and capacity building activities.
- Organization of regulatory peer review exercises to support development and policy implementation and identify areas for further progress and adjustment.

How was it done?

Analysis

The process of analysis is important to understand the challenges presented to MEDREG and to explore data in meaningful ways to overcome any obstacle. The analysis was approached through periodic assessments of the current status of regulatory frameworks and institutions and their competencies, resources, and expertise, which resulted in the finalized draft of the **Mediterranean Regulatory Outlook**. This document set forth the status of energy regulation in the Mediterranean Region over the past few years. It also presented a complete overview of the regulation of national energy sectors including independent entities as well as governmental bodies.

There have been **notable improvements** compared to the 2016 version of the Outlook, especially in the areas of

- Independence
- Market opening and monitoring
- Unbundling
- Consumer protection

INDEPENDENCE

19 NRAs are distinct and functionally independent from other public and private entities.

In 9 countries the competent Ministry or the Government remains involved in regulatory decision-making.

The number of independent regulators is steadily growing throughout the years.

MARKET OPENING AND MONITORING

85% of the NRAs confirmed that they are responsible for collecting information on market dominance and predatory and anti-competitive behaviour.

The gas market liberalization follows at a slower pace according to the legislative framework in each country. Typically, the law shapes market opening, roadmaps to consumer eligibility, and market design. Nevertheless, there are instances where NRAs are also empowered to propose electricity and gas market design.

UNBUNDLING

The unbundling or separation of market activities is taken on board by many members to create a transparent, cost-based, and competitive energy market.

Infrastructure “neutrality” may be ensured more effectively with a complete separation between market-oriented operators and natural monopolies.

The main role of NRAs in utility unbundling is as follows:

- 12 NRAs mandate changes in accounting practices
- 10 provide guidelines for compliance review and for reporting obligations
- 12 define rules of allocation of costs
- 11 draft guidelines on accounting unbundling

CONSUMER PROTECTION

25 Mediterranean NRAs are responsible for customer protection in their regulated sectors, although the level of responsibility varies in each country.

5 NRAs

reported that they only implement government policies, whereas an equal number of NRAs notified that they define the policies for addressing vulnerable customers' needs. 4 NRAs set the prices for vulnerable customers.

Strategy in action DESIGNING OPTIONS TO STIMULATE REGIONAL INTEGRATION

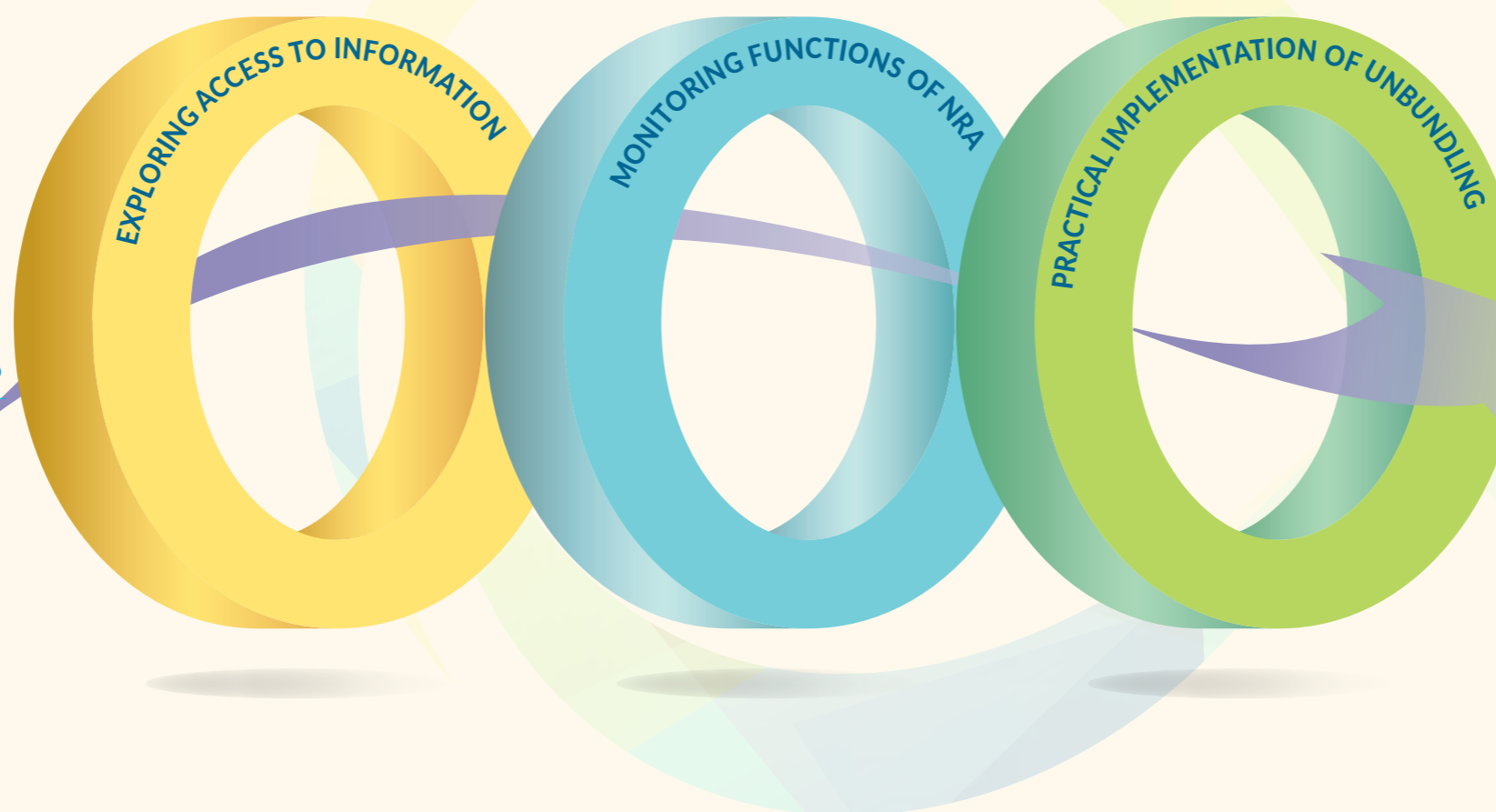
Moreover, as one of the most important requisites of the liberalized energy markets, unbundling requires a new and different analysis of the role of the main players and stakeholders in the electricity industry. MEDREG worked together with EgyptEra on their peer review project titled

“System Operator data information schemes for monitoring and planning purposes.”

This report defines and implements new monitoring and data collection activities to ensure access to a transparent and non-discriminatory basis for any market player in the sector.

It recommends how EgyptERA should separate the activities potentially subject to competition (such as production and supply of energy) from those with which competition is not possible or allowed (such as transmission and distribution). EgyptERA will implement the entire set of market and System Operator monitoring activities from scratch and will introduce an effective process to streamline the information required by the relevant operators. This process will be defined in terms of minimum complexity and according to the gradual approach of implementation.

How can activities potentially subject to competition be separated from those for which competition is not possible or allowed?



This is done through a three-phase implementation strategy taking into account the structure by introducing and consolidating core and optional activities as well as data monitoring throughout the whole process.

Objectives achieved

- Identification of needs for and obstacles to the development of infrastructure at national and cross-border levels
- Development of an assessment methodology for new electricity and gas investments
- Cooperation with Med-TSO to identify the infrastructural gap in electricity transmission networks
- Pursuance of green hydrogen as a viable option for Southern Shore countries to support energy transition.

How was it done?

Continuation

The continuation of the activities of MEDREG during 2020 has been a task that every member has worked hard to keep accomplishing the objectives despite the difficult situation posed by the pandemic. In this sense, the GAS WG drafted the report **“Design mechanisms for gas markets able to foster energy transition”**. The document focuses particularly on the current use of natural gas and its infrastructure and how it may be used in the future as a transitory fuel toward the decarbonization of energy markets. The report identifies several issues related with the advent of hydrogen that regulators will have to explore to ensure a fair evolution of the gas industry. Covid-19 obviously had a huge impact on the industry, the economy, and gas consumption. The fall in prices was global and the dynamics of gas demand could have consequences on the risk of investments already realized as well as future ones.

2050 possible scenarios in the gas sector

Europe dealing with over 30 new gas pipeline and regasification projects that run the risk of being under-utilized, due to the European challenge of reaching “carbon neutrality” by 2050.

The owners of gas infrastructure may try the green hydrogen chain and invest in production in Africa using renewable sources because they are aware of the prospects of a residual gas demand in just thirty years.

The gas report highlights that regulators should

Reconsider the interdependency of the Mediterranean gas infrastructure and trade flows in light of the breakthrough development in hydrogen technology.

Take into account new technologies available and the importance of using gas as a vector toward a more sustainable future.

Development

Additionally, in order to fulfil MEDREG’s purposes, the ELE WG members worked on the report **“Regional integration: Sub-regional regulatory convergence”** to evaluate the current status of electricity market integration at the sub-regional level in the North African and Eastern Mediterranean subregions. The document focuses on developing potential areas of regulatory convergence that could be used as leverage in accelerating the process of integration **and interoperability of systems**. The report addresses the role of National Regulatory Authorities (NRAs) in supporting regulatory convergence in a short time in the two sub-regional clusters. Furthermore, it analyzes the drivers for sub-regional integration in the long term, including a reference to the integration potential between the sub-regional power markets and the level of investment in infrastructure required for this process.

Recommendations for the electricity sector

The creation of regional bodies composed of regulators, transmission system operators (TSOs), and, when relevant, stakeholders.

A three-level regional organization arranged on the model of the EU’s regional initiatives structured around regional coordination committees (RCC), regional implementation groups (RIG), and regional stakeholder groups (RSG).

The RIG should frame the cooperation between regulators and TSOs, while the RCC would gather regulators and the RSG would serve consulting market players.

The MEDREG Electricity Group also collaborated with the Palestinian Electricity Regulatory Council (PERC) on the report titled **“Least-Cost Distribution Network Tariff Design in Theory and Implementation in the Palestinian Electricity System.”** The study focuses on defining the guidelines and standard methodologies to evaluate infrastructure investment planning as well as on the identification of the primary technical requirements for investment in infrastructure. Finally, the document analyzes the electricity system of the Palestinian territories and evaluated the possible structure of a novel multi-part tariff structure that can account for these costs under the new dynamics in place in the Palestinian electricity system. The report also builds on the scenario analysis performed by the WB report “Securing Energy for Development in West Bank and Gaza” (2017) and included more recent data provided by the PERC to evaluate the impact of a possible capacity component in the tariff structure.

MEDREG has lent continuous support to the Egyptian Gas Regulatory Authority throughout the peer-to-peer sharing of experience and good practices with GASREG. This has the objective of reinforcing the technical and regulatory capacity as leverage for the development of its gas market. In this framework, MEDREG organized a study visit of the Egyptian gas regulator GASREG to the French regulator CRE on the **“Development and Implementation of TPA rules and activities for the gas sector.”** Over 30 participants attended the study visit where they considered the main characteristics and aspects of the application of Third-Party Access (TPA) in the national French gas sector and, more broadly, in the European context.

The report shows that

Important aspects to keep in mind

- 1 Import dependency and the weakness of the existing networks require quick intervention of additional installed generation and interconnection capacity in order to achieve development.
- 2 The projections in terms of new customers and additional power sales suggest that the distribution tariff needs to be revised both in terms of level and structure.
- 3 Financial sustainability seems to be a priority for the long-term efficiency of the energy system in Palestine, keeping in mind the complex social consideration underlying the tariff restructuring.

- 1 CRE speakers agreed that the main purpose of the unbundling rules is to ensure independence and neutrality for gas operators and to allow third-party access (TPA) to networks for efficiency.
- 2 The need for unbundling lies in the notion that if a single company operates a transmission network and generates or sells energy at the same time, it may have an incentive to obstruct competitors' access to infrastructure required to retain their historical market shares.
- 3 The development and implementation of TPA rules enhance fair competition in the market.

Strategy in action

DESIGN FRAMEWORKS TO IMPROVE AND INCREASE EFFICIENCY, COMPETITION, AND TRANSPARENCY OF ELECTRICITY AND GAS SUPPLY INDUSTRIES AND PROMOTE RES

Objectives achieved

- Development of recommendations related to RES and energy efficiency
- Availability and access to information are improved for all market players/stakeholders
- Implementation of a capacity-building activity related to auctions for RES capacity

How was it done?

Adaptation

A new power system era means challenges and opportunities, so MEDREG learnt to adapt to the transformations of the regulations and the technology available in the Mediterranean. In this sense, the RES WG prepared a report on the **New Available Regulatory Options for the Integration of RES**. The document considered flexibility issues and technological change and explored the way to adapt to it through the recent development of renewables (RES) and the current modifications to support policies. These policies helped increase renewable energy shares in the energy mix, which imposed new challenges upon the power system.

Recommendations and remarks on how NRAs can be ready for the energy transition

- Focus on customers and enable them to choose
- Availability and transparency of data
- TSO and DSO preparation for new roles
- Evaluation of infrastructure investment in the long-distance transmission grids
- Upgrade the electricity market model
- Upgrade the grid access tariffs structure
- Smart grids
- Integrative approach to sector regulation

Innovation

In their quest to design frameworks to improve efficiency, competition and transparency in the electricity and gas supply industries, MEDREG members undertook innovative approaches to international practices related to accountability within all stages of renewable energy auctions and bids. This was done through an **experts' exchange on "Transparency and accountability in renewable energy auctions"** held online from 27 to 29 July with 36 participants. The objective of the experts' exchange was to introduce Lebanese stakeholders to identify their predominant features while assessing their strengths, weaknesses, opportunities and threats, and formulating recommendations on how to improve all of them. The review analyzed the Lebanese auction procedure in each of its phases deepening on how the process could be reshaped and innovated to apply it to the Lebanese context.

Upcoming steps

The LCEC team will use these lessons learned and implement them to develop renewable energy auctions and bids.

The LCEC will share these lessons with the Minister of Energy and Water to transfer everything that has been learned and then have this implemented in upcoming proceedings.

There will be an important growth in the role of all of the electricity regulatory authority and the other players involved in electricity markets, which are getting more liberalized as new rules are being created.

Strategy in action

DESIGNING A COMMON APPROACH TO CONSUMER PROTECTION PRINCIPLES CONSIDERING THE SITUATION OF VULNERABLE CONSUMERS

Objectives achieved

- Regulators developed a set of provisions for dispute handling
- Regulators defined vulnerable customers in their regulations and law and identified a strategy to engage with domestic customers

How was it done?

Improvement

In 2020, MEDREG dedicated their efforts to a great extent to improve the protection of household consumers in MEDREG countries. Particularly, the CUS WG analyzed the treatment of vulnerable consumers across the region through the update of its 2016 **Treatment of Vulnerable Consumers in Mediterranean Countries**. The report encourages MEDREG members to improve vulnerable consumer protection and to make feasible, sustainable, and adequately responsive measures according to the economic and social situation of their own country. Improvements in the overall situation across MEDREG countries have been noticed currently.

Moreover, considering the new challenges the energy markets are facing due to COVID-19, it is important to pay attention to the flexibility of the system protecting vulnerable consumers, which should not only respond to the needs of existing vulnerable consumers, permanent or temporary but also the needs of new or future consumers.

MEDREG also discussed elements related to consumer issues and power losses during a workshop organized with CEER and ECRB, focusing on the role of energy regulators in identifying the types of losses and contributing to their mitigation.



It is recommended that the countries lacking the accurate measures should





Strategy in action

DESIGNING A COMMON APPROACH TO CONSUMER PROTECTION PRINCIPLES CONSIDERING THE SITUATION OF VULNERABLE CONSUMERS

Additionally, the preparation of the **Peer Review for the Jordanian Energy Regulator EMRC on the “Improve the Quality of Consumer Service”** was completed by the drafting team composed of CUS WG members and the Secretariat. The report reviews the Jordanian current practices on four main aspects of the quality of consumer service. These indicators include the regulation of new consumers’ connection to the grid, the categories and management of complaint handling procedures, the performance standards and best international practices for billing, and the evaluation of performance indicators and their calculation for power interruptions.

The chapter considers the specific examples from the four case studies that EMRC could implement in its quest for improving its quality of customer services. The four countries are at a different point in their regulatory evolution.

Italy and France represent completely unbundled distribution and supply value chains and differing regulatory tariff and access regimes. They both offer an insight into how individual best practice elements of the four themes could be deployed in Jordan.

Malta offers insights on how network reliability performance indicators (SAIDI/SAIFI) once defined can help drive improvements in network performance.

Egypt and Jordan face two similar issues; these concern the growing electricity demand and the increasing growth in MV/LV level connected to RE capacities leading to further pressure on their “new connections.”

III. Strategy in action

BUILDING REGULATORY CAPACITY IN THE REGION

Objectives achieved

- Implementation of capacity-building programs involving all Southern\ Eastern shore countries and MEDREG Working Groups
- Effectively developed a network of Energy and Regulatory Experts and Academic centers that can provide capacity-building support

How was it done?

Preparation

MEDREG worked on preparing the relevant stakeholders to achieve regulatory capacity in the region. This was done, for the first time in MEDREG's history, through two online training programs. The first one was celebrated between June 29th and July 1st "**Unbundling and TPA in gas and electricity markets. Economic principles, design and effective implementation**" and over 30 participants of MEDREG regulators attended. The course combined theory with practical case studies presented directly by the decision-makers involved, including energy regulators, academics, and professionals.



Main aspects discussed in the training

Exploration of how TPA and unbundling regimes contribute to effective competition in the energy markets and how energy regulators are involved in the process.

Analysis of the effects of the transition from monopolistic to competitive power markets and the impact of evolution of transmission network on the market structure.

Examination of the principle regulating tariff setting and TPA rules to networks as well as the functioning of gas infrastructure facilities under unbundling regimes.

The second training program was held online between 1st and 3rd December 2020 and dealt with the **Role and Scope of Energy Regulation**. During the training, the members discussed the key principles of energy regulation, the objectives that regulatory authorities address, as well as their core powers and competences. To do so, the course presented the fundamentals of energy economics both in the gas and electricity markets and related them to the different duties and tools of regulators.

Key takeaways

Implementation of principles of regulation and energy economics to provide a comprehensive understanding of the mission and duties of a regulator in the context of changing energy markets.

Unravelling the complex relationship between the regulation and management of energy markets.

Objectives achieved

- Support for the identification and implementation of any sub-regional pilot projects for market and systems integration.
- Identification, with UfM and Med-TSO, of critical infrastructure and mechanisms for the development of effective regional markets.

How was it done?

Convergence

In the context of improving regional regulatory convergence, MEDREG has been contributing to the Union for the Mediterranean (UfM) on their Regional Electricity Market (REM), Gas and Renewable Energy, and Energy Efficiency (REEE) energy Platforms. MEDREG participated in their capacity-building workshop on “Small scale LNG applications in the Mediterranean Region” by presenting the Turkish case-study. MEDREG also took part and contributed to the **Annual Meeting of the Union for the Mediterranean Energy Platforms** held in Barcelona. The main topics of discussion involved the energy-climate nexus, the results achieved in the work programs of the three Platforms on Gas, the Regional Electricity Market, and Renewable Energy and Energy Efficiency, and the content for the next UfM Ministerial Declaration on Environment and Climate Change.

MEDREG and Med-TSO also joined forces when they converged in organising a webinar on **"Cross-border cost allocation for electricity projects in the Mediterranean"** in October. Cross-border Cost Allocation (CBCA) is a financial tool used to facilitate the implementation of the Projects of Common Interest. It represents a subsequent step toward the Cost-Benefit Analysis (CBA) of interconnection projects between countries. While the CBA is aimed to assess, identify, and quantify the positive trade-off of interconnection development for the involved systems, the CBCA addresses the remaining challenge of how to distribute the costs and risks of this development.

As several ambitious interconnection projects emerged in the Mediterranean region, it became increasingly relevant to assess the development of a CBCA methodology that can accommodate the interests and characteristics of the region.



III. Strategy in action

COMMUNICATION OUTPUTS

Objectives achieved

- Promotion of MEDREG’s messages in each member country. ensuring active participation of its Members.
- Reinforcement and consolidation of internal collaboration and relations among MEDREG members and enhancement of the Association’s external relations and accountability. • Dissemination and amplification of MEDREG’s activities regionally to raise awareness about the organization.
- Ensuring a constant flow of information to improve the knowledge of MEDREG at the national level and • Intensifying regional cooperation and stakeholders’ engagement.

How was it done?

Digitalization

On June 15 2020, MEDREG launched its **Facebook page**. The decision was made to respond to the request expressed by Members’ Communication Officers (COs), motivated by the fact that South-Mediterranean countries are extensively using Facebook as the primary social media for professional exchange and information. The new platform therefore intended to amplify the organization’s reach across the Mediterranean shore and beyond, providing information about the latest activities, publications, news, and future events. It also facilitates cooperation between MEDREG and other energy stakeholders in the Mediterranean region by keeping both informed.

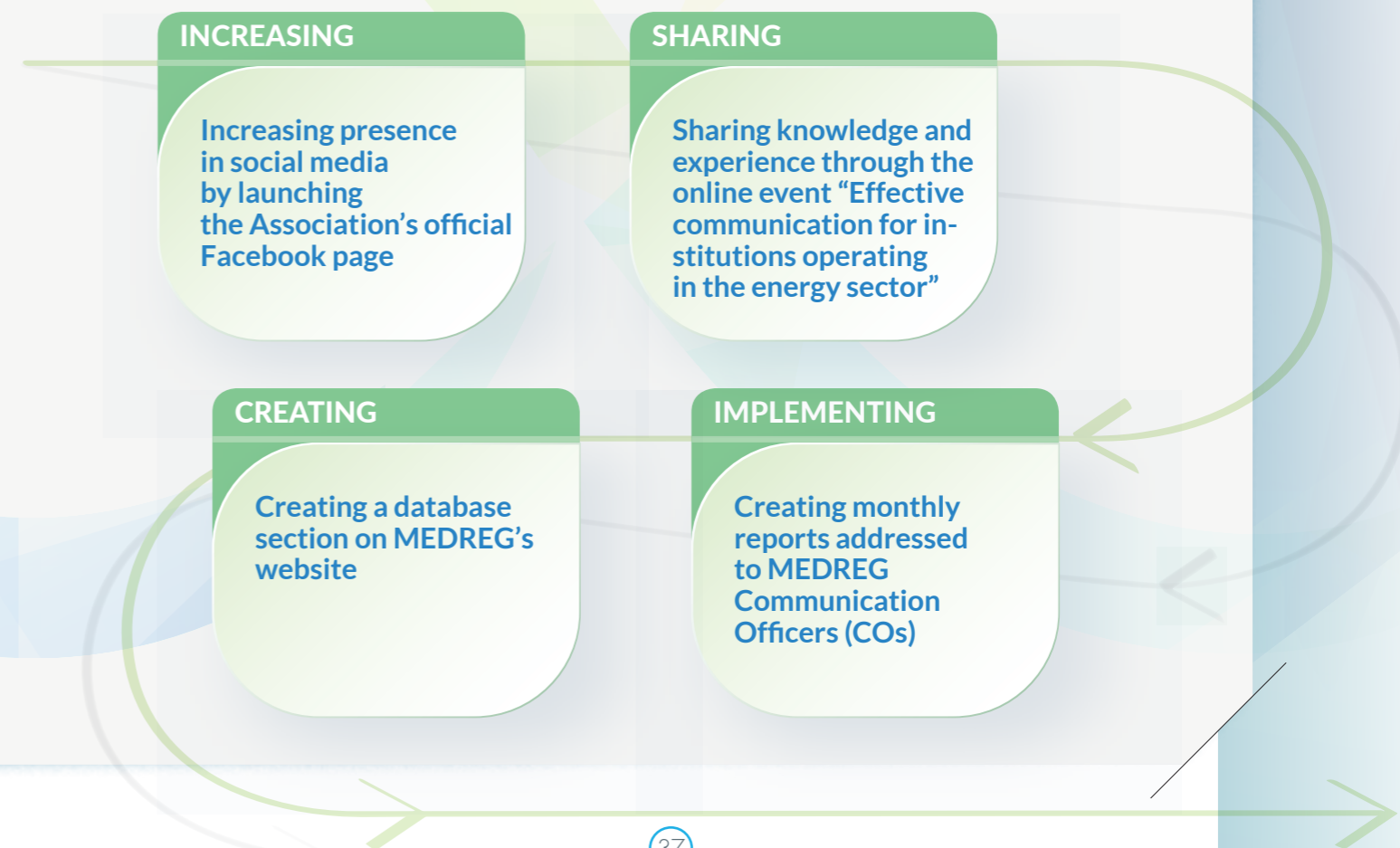
MEDREG held online training in collaboration with Vision Communication Consultancy titled **“Effective communication for institutions operating in the energy sector”** on October 5th. The training provided communication and public relations skills for the COs network and was addressed to junior-to-middle officers from the communication department and international affairs department of the regulators. It was the first MEDREG training open to stakeholders. The participants learned how to communicate effectively in the public sector and in an institutional environment through the best techniques to adapt all information to organizational objectives. They also applied the best practices to create a strategy to achieve an ideal business environment. The training approached three main subjects: effective writing and internal communication, social media engage-

ment and writing, and media speaking skills. The training approach was highly engaging, making use of written exercises, role plays, and practical cases.

Moreover, during the second semester of 2020, the Secretariat started issuing the **monthly report** addressed to MEDREG Communication Officers (COs). The newsletters were intended to keep COs informed about the overall activities of the Association, focusing on communications ones. The main objective was to maintain a regular channel of communication and get feedback, increase MEDREG’s activity visibility and outreach, and stimulate Members’ interaction and action.

Additionally, a reorganization of questionnaires and reports submitted by MEDREG Working Groups was undertaken through the creation of a **new dedicated section on MEDREG’s website** called **Database**. Its objective is to **allow Members to search deliverables by criteria** and have all the publications available on a specific topic through an interactive and easy-to-use tool.

Roadmap of MEDREG’s digitalization process



IV. The way forward MEDREG ANNUAL TRAININGS

Taking into account the insightful outcome of the activities conducted in 2020, MEDREG is confident that in the following years, the association and its members will be able to further the implementation of a clear, stable, and harmonized regulatory energy framework in the Mediterranean.

MEDREG will continue to work in order to promote a holistic attitude, combining market liberalization with investments, environmental protection, and capacity development activities. As seen in 2020, in the following years, it will be necessary to have a regional approach to improve the stability and transparency of rules related to the energy sector on which investments are strongly dependent.

MEDREG will work closely with Mediterranean energy agencies and Ministries responsible for regulation to jointly discuss and design a common legal framework for energy regulation. This will be based on equal representation of participants and a bottom-up approach.

2021
Training on Digitalization of Energy markets and New Role of Customers - Regulatory implications

2021
Training on Climate obligations, Environmental standards, and Regulation

2022
Training on Infrastructure Investments, Network Remuneration, and Tariffs

2022
Bi-Annual - Basic Training on Regulatory Principles and Energy Economics

IV. The way forward DELIVERABLES

INS WG Institutional Working Group



2021

Study on the interlink between Good Regulatory principles and the energy transformation challenge

This study will develop a solid governance model by assessing the future characteristics of the energy markets (smart and agile) against the core institutional elements of each regulator. It will identify the requirement for quick adaptation and further improvement.

2022

Model rules against conflict of interest

This report will seek to provide some key points and case studies from energy regulators that could help Mediterranean regulators develop and implement ways to manage conflicts of interest.

2022

Regulatory Outlook update

Update of the 2020 Regulatory Outlook

2022

Workshop on the Regulatory Outlook

A workshop will present the main results emerging from the Regulatory Outlook and discuss it with interested stakeholders and institutional partners

ELE WG Electricity Working Group



2021

Security of supply

This report will give a view on quality and security of supply in the different countries including the availability of networks and critical infrastructures. This report will be prepared under the framework of the cooperation agreement with CEER and ECRB. MEDREG will contribute to the questionnaire on a voluntary basis.

GAS WG Natural Gas Working Group



2021

Analysis of gas infrastructure to improve flexibility and interoperability of energy systems

This study will evaluate the gas infrastructure and its requirements to improve flexibility and interoperability if countries show emission reduction targets and a climate change vision/green deal and other energy sources (i.e. Hydrogen, biogas)

2022

Cross-border coordination for interconnection capacity development

This study will define the evolution of the interconnections in the region based on different scenarios of fuel mixes to support a transition toward greener energy.

2022

Workshop on cross-border coordination for interconnection capacity development

A workshop will illustrate the main evidence emerging from the activity above and discuss the policy implications with interested stakeholders and Institutional partners.

RES WG Renewables Working Group



2021

Energy efficiency programs

A report to identify the role and competences of the Regulators in MED Region concerning energy efficiency measures will be created. Relevant data will be gathered through a questionnaire, also looking at the green mobility policies developed in the region.

2022

Future role of renewables gases

A report defining basic regulatory principles and common visions on renewable gas will be created.

IV. The way forward DELIVERABLES

CUS WG Consumers Working Group



2021

Trilateral Workshop on Handling Technical and Non-Technical Losses of Electricity

This workshop, which was supposed to take place in 2020, will develop the most recent competences and findings that MEDREG, together with its fellow Associations CEER and ECRB, has developed on the topic on electricity losses.

2021

Report on the role digitalization and impact on consumer Issues

This report will explore how digitalization will support the development of smarter energy. Digital solutions will help consumers better manage their consumption as well as its unintended consequences, which need to be clearly explored.

2022

Update on technical and non-technical losses report

This study builds on the study concluded at the end of 2019 and the follow-up workshop to be organized during 2020.

2022

Workshop on regulators' support to consumer protection (gas & electricity)

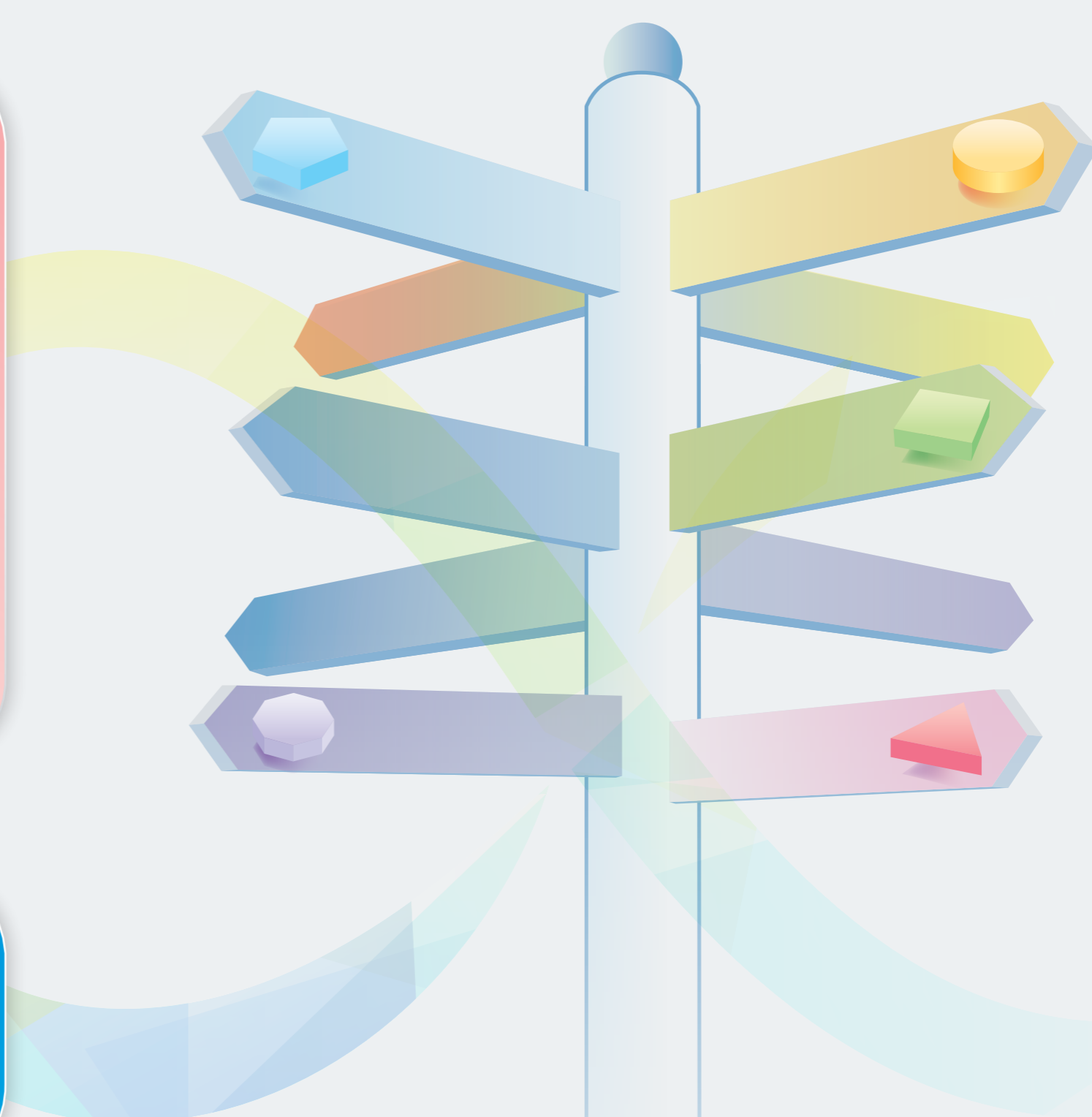
This event will be organized with a national or regional consumer association (e.g. BEUC) and will discuss this critical dimension.

UFM MEDREG Secretariat, ELE WG & GAS WG

Deliverable

2021
2022

MEDREG provides technical input to the implementation of the Energy Platforms work program on regulatory issues.



IV. The way forward

ACTIVITIES: TECHNICAL SUPPORT TO MEMBERS

INS WG Institutional Working Group



2021	EMRC (Jordaan)	Design and implementation of regulation for gas sector	In coordination with the GAS WG, a report focusing on the best available practice in the Euro Mediterranean area that deals with the regulation of the gas market and consequent gradual opening of the gas sector in Jordan will be prepared.
2022	EgyptEra (Egypt)	Ex-ante regulatory indicators and definition of market design phases	This study will focus on the efficient definition of Key Performance Indicators (KPI) to monitor and assess the evolution of the implementation of market design phases

ELE WG Electricity Working Group



2021	PUA (Israel)	Congestion management and transmission rights	This study is organized to identify the main regulatory principles and best practice to assess congestion management and allocation of transmission rights
2022	EgyptEra (Egypt)	Ex-ante regulatory indicators and definition of market design phases	This study will focus on the efficient definition of Key Performance Indicators (KPI) to monitor and assess the evolution of the implementation of market design phases.

GAS WG Natural Gas Working Group



2021	GASREG (Egypt)	Third party access rules and activities: case studies on decisions taken	This is the second leg of the study visit of GASREG to the French regulator CRE to complement the first part held in 2020. This second part will focus on case studies of TPA decisions taken by CRE.
2021	EMRC (Jordan)	Design and implementation of regulation for gas sector	This report focuses on the best available practice in the Euro Mediterranean area that deals with the regulation of the gas market and consequent gradual opening of the gas sector in Jordan
2022	ARH (Algeria)	Optimization of the natural gas transportation network and determination of NG wholesale price	This involves study visits to 2 NRAs (1 European and 1 non-European) to illustrate the best practices developed to define, remunerate, and monitor natural gas transmission network.
2022	GASREG (Egypt)	Unbundling and third-party access rules and activities: methodologies of non-EU countries	This is a study visit to a non-EU country to obtain good practices on TPA and unbundling from a different perspective than can complement the European one.

IV. The way forward

ACTIVITIES: TECHNICAL SUPPORT TO MEMBERS

RES WG Renewables Working Group



2021

Pooling ANRE (Morocco) LCEC (Lebanon) EMRC (Jordan)

Analyze mechanisms to promote low carbon innovation and market design principles to support energy transition

This is a workshop to discuss different mechanisms in use in the Mediterranean countries and effective market design to promote RES penetration and low carbon transition in a cost-effective way.

2022

PUA (Israel)

Energy storage & demand management

This entails study visits to two regulators (one European and one Non-European) to gather information on the most effective way to define the legal framework for energy storage and demand management.

CUS WG Consumers Working Group



2021

CREG (Algeria)

Quality of service monitoring tools and methodology for the regulated electricity and gas distribution activity

There will be a visit dedicated to identifying the main tools to improve the quality of service provided to consumers.

UFM

MEDREG Secretariat, ELE WG & GAS WG

Activity

2021

Cross-border coordination for interconnection capacity development will be carried out. Fostering market integration via new investments requires a strong cross-border coordination in terms of project design and long-term planning. This activity will focus on cross-border procedures to implement between regulators for a successful investment process. It will be carried out with Med-TSO.

2022

Cross Link Between the UfM Energy Platforms will be established. This will be carried out with Med-TSO.

EDITORIAL PROJECT AND CONTENT
MEDREG Secretariat & Vision Communication:
www.vision-communication.org

DESIGN PROJECT AND PRODUCTION
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