



Co-funded by the
European Union

High-level Workshop

“The Role of Regional Organisations in Promoting Coherent Regulation to Accelerate the Energy Transition under Security of Supply Concerns.”

30 NOVEMBER 2022 – Cairo, Egypt

Kindly hosted by



Workshop
Report



ABSTRACT

This report is a summary of a workshop that explores the role of regional organizations in promoting coherent regulation to accelerate the energy transition while ensuring the security of supply. Drawing on insights from a workshop that brought together experts from regional organizations, the energy industry, academia, and civil society, the report examines the challenges and opportunities facing regional organizations in designing and implementing regulatory frameworks for sustainable energy systems that can one day tackle the energy transition. Key themes that emerged from the workshop discussions include the need for clear and consistent policy frameworks, stakeholder engagement, innovation and technology, and the potential for regional collaboration.

This event was hosted by the Egyptian Gas Regulatory Authority, **GasReg**. The workshop took place on the 30th of November 2022 in Cairo, Egypt.



ABOUT MEDREG

MEDREG, the Association of Mediterranean Energy Regulators, brings together 27 regulators from 22 countries, spanning the European Union, the Balkans, and the MENA region.

Mediterranean regulators work together to promote greater harmonization of the regional energy markets and legislations, seeking progressive market integration in the Euro-Mediterranean basin. Through constant cooperation and information exchange among the members, MEDREG aims to foster consumer rights, energy efficiency, infrastructure investment and development, based on secure, safe, cost-effective, and environmentally sustainable energy systems. MEDREG acts as a platform providing information exchange and assistance to its members as well as capacity development activities through webinars, training sessions, and workshops. The MEDREG Secretariat is in Milan, Italy. For more information, visit www.medreg-regulators.org

If you have any queries relating to this paper, please contact:

MEDREG Secretariat

E-mail: info@medreg-regulators.org

DISCLAIMER

This publication was produced with financial support from the European Union. The contents are the sole responsibility of MEDREG and do not necessarily reflect the views of the European Union.

TABLE OF CONTENT

Introduction	5
Keynote Speeches	5
Panel 1: The Role of Regional Organisations in Having Compatible Regulations towards Energy Transition	7
Panel 2: The Main Outcomes of COP 27 and their Implications on the Energy Market	10
Panel 3: The Role of Policy Makers and IFIs in promoting Sustainable Financing	13
Conclusion	15

Introduction

The global energy landscape is undergoing a significant transformation, driven by the increasing need for a sustainable and low-carbon energy system to address climate change. This transition presents both opportunities and challenges for energy security, as countries seek to balance the goals of decarbonisation with the need for a reliable and affordable energy supply. In this context, regional organizations have emerged as key players in promoting coherent regulations to accelerate the energy transition while ensuring the security of supply.

This report summarises the outcomes of the high-level workshop on “The Role of Regional Organisations in Promoting Coherent Regulation to Accelerate the Energy Transition under Security of Supply Concerns,” where the main aim was to explore the facilitation of the energy transition during a time when the security of supply appears to be of utmost significance. Through a series of presentations, panel discussions, and interactive sessions, participants explored the challenges faced by regional organizations and regulators in that regard.

Keynote Speeches

Dr. Michalis Mathioulakis– *Strategy Advisor to the President, The Greek Regulatory Authority for Energy (RAE)*



The energy crisis is proof that the role of the regulator in the energy market is of utmost significance. When one looks at the problem, its root cause can be identified as the poor holistic approach to finding a solution.

The energy sector is a multidisciplinary field, where numerous issues may arise at once, including technical, financial, geopolitical, legal issues and others. The diversity within the sector makes the field interesting, even if it renders it puzzling at times. The setback arises when the policymakers address the problem from the perspective that was manifested first. The reality is that with every decision made, there would be difficulties from other perspectives, and this is what happened with the energy crisis.

Policymakers need an independent authority to provide guidance and advice. This is where the regulators and regional organisations can step in since such organisations have an all-rounded approach and can identify efficient solutions using an efficient approach. Regional organisations are the ones that have the knowledge and the capacity to assist regulators in communicating and transmitting the knowledge to the policymakers in the most effective and clearest of ways.

Dr. Hafez El Salmawy – *Former President of MEDREG*



The requirements to have an efficient energy regulator include the following: legal status, independence, competencies, procedures of core regulations, transparency, enforcement, and accountability.

A regional organisation such as MEDREG should play a key role to contribute to the establishment of a Mediterranean energy market. It would be significant to ensure a resilient institutional and regulatory framework, through independent regulators with clear competencies in each of the Mediterranean countries. It is also mandatory to assist in analysing the optimal conditions for infrastructure investments, which can facilitate a functioning, competitive and transparent energy market. This can be done through intensified regional cooperation and setting up pilot projects. Finally, the regional associations and regulators should take active steps towards consumer protection in the energy market, especially the vulnerable ones.

Numerous projects and activities can be investigated from an international perspective, especially in fields that are of common interest between the countries of the region. Facilitation of hydrogen transmission using existing natural gas pipelines and the development of harmonised energy certification system are among the many micro-projects that can be investigated.

Panel 1: The Role of Regional Organisations in Having Compatible Regulations towards Energy Transition

Moderated by: **Mr. Abdellatif Bardach** – *Vice President of MEDREG, and President of the Moroccan National Electricity Regulatory Authority (ANRE)*

Ms. Nina Grall – *ECRB Section Head, Energy Community*



The energy community is an international organization established in 2005. The Energy Community Regulatory Board (ECRB), an institution of the Energy Community, is the independent regional body of energy regulators in the Energy Community and beyond. ECRB has nine Contracting Parties - Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Georgia, Moldova, Montenegro, Serbia, and Ukraine. ECRB extends the EU internal energy market to the Contracting Parties to create a sustainable pan-European Energy Market.

ECRB activities build on three pillars: providing coordinated regulatory positions to energy policy debates, harmonising regulatory rules across borders and sharing regulatory knowledge and experience.

Among the roles that regional regulatory organisations should hold is to assist countries in the neighbourhood to reform their energy markets in line with laws and principles of best practice, also adopted in the EU.

Regulatory cooperation facilitates investments by aligning rules across borders, allows for effective analysis regarding assessing the need for new infrastructures that can foster the energy transition, and takes a step towards alleviating energy poverty and sheltering vulnerable consumers. Looking at the bigger picture, collaborations with other regulatory bodies across regions, such as the connections made with MEDREG and CEER, would lead to an increase in the usefulness of the process of knowledge and experience sharing.

Dr. Mohamed Mousa Omran – *Chairman, Egyptian Electric Utility & Consumer Protection Regulatory Agency (EgyptERA)*



EgyptERA has played a major role in the energy transition and in liberalising the Egyptian electricity market.

In terms of renewables deployment, in present times, the current installed RES capacity in Egypt is approximately 18% of the peak load. However, in recent years, to promote the rollout of RES technologies, many regulations regarding EV, and net metering has been put in place by the energy regulator. Indeed, according to the country's energy strategy, Egypt is aiming to reach 42% of RES by 2035.

Looking at the big picture, just like the Mediterranean region, the African continent appears to have a huge potential in terms of its natural resources. Not only does the African continent have numerous freshwater reserves and hence the potential to generate hydropower, but it also has the possibility to generate electricity through other renewable energy sources such as solar and wind.

Africa can be considered an extension of the Mediterranean, and hence can one day play a direct role in the European energy market. For this to happen, and given the importance of cooperation, a proper bridge between the south shore of the Mediterranean and the neighbouring African countries should be in place. This is where having a common regulatory framework can be of significance. A guideline should be put in place and applied for the African countries, not only to install new RES capacities but also to facilitate trade within the region. However, the eventual solution should not only have a common regulatory framework but should allocate the proper mechanisms to activate such regulations.

Dr. Jauad El Kharraz – *Executive Director, RCREEE*



RCREEE is an intergovernmental organisation with 17 member states and is considered the technical arm of the League of Arab States. RCREEE reached the position of being a leader in clean energy policy dialogues, strategies, technologies, and capacity development. The international organisation is also the first regional renewable energy and energy efficiency centre globally.

PANEL 1: THE ROLE OF REGIONAL ORGANISATIONS IN HAVING COMPATIBLE REGULATIONS TOWARDS
ENERGY TRANSITION

RCREEE has previously supported and will support the countries of the Arab world in developing the national renewable energy planning reporting and evaluations through the National Renewable Energy Action Plans (NREAPs), ensuring that they are in line with the Arab Renewable Energy Strategy.

The International organisation has worked extensively with the countries of north Africa, and the following conclusions were drawn from the numerous experiences.

- Each country could adopt many methods to reduce risks that suit their specific context; feed-in tariffs, subsidy removal, auctions, carbon pricing and transition fund are among the examples.
- The deployment of RES in North Africa would benefit from integrated generation and network planning, allowing the optimal placement of resources across the network and reaping the benefits from reliability, economic and environmental perspectives.
- The position of North African countries provides plenty of technical opportunities for greater interconnection, not just within these individual countries, but also with neighbouring regions such as Southern Europe and neighbouring power pools in West Africa (West African Power Pool) and East Africa (East African Power Pool).
- While accelerating the energy transition, the ambitions of the nationally determined contributions (NDC) should be raised, and the short-term challenges must be identified.

Panel 2: The Main Outcomes of COP 27 and their Implications on the Energy Market

Moderated by: **Eng. Karem Mahmoud** – *Vice President of MEDREG, and CEO of the Egyptian Gas Regulatory Authority (GasReg)*

Mr. Angelo Ferrante – *Secretary General, Med-TSO*



During COP27 there was some criticism for not doing much in terms of limiting climate-damaging emissions, however, the motivation to head in the direction of the energy transition is still alive.

However, knowing that the energy transition is a mandatory process to achieve sustainable growth, significant investments would have to be made, especially in renewable energy capacities and grids. Furthermore, energy efficiency should be considered as a primary instrument towards reaching carbon neutrality, especially from an electrification perspective. Direct use of electricity appears to be the most effective.

Knowing that electrifying the whole energy system can be a viable solution, the grid appears to be the backbone for decarbonising the economy, while also being the driving force for TSOs and other energy stakeholders. Saying this, TSOs have a major role in decarbonising the energy system.

In that regard, TSOs tend to face some strategic challenges:

- As transmission operators (TO), they are responsible for the design, construction, and maintenance of electrical infrastructures. From that perspective, there are challenges from both a technological and operational standpoint.
- Meanwhile, as system operators (SO), they are responsible not only for planning and operating the electricity grid but also for managing the electricity system as the director of the energy transition. That would mean that as an SO, they have challenges in terms of the management of the electrical system through guaranteeing real-time observability and controllability, as well as being a responsible driver of the energy transition by enabling the development of RES, promoting the creation of RES storage systems, and directing the evolution of the market.

Mr. Pedro Verdelho – *Chairman of the Board, The Portuguese Energy Services Regulatory Authority (ERSE)*



The main conclusions of COP27 can be summarized as follows:

- Unprecedented loss and damage fund to support countries that are particularly vulnerable to the adverse effects of climate change.
- Paris Agreement remains intact.
- Progress was achieved across the board at climate change talks and the 1.5°C goal is still in sight.
- Multilateral development banks and international financial institutions to reform practices and priorities to ensure simplified access to climate finance.
- Developed nations were urged to follow the lead of those Parties who made substantial financial commitments.

However, the EU is tackling an unprecedented energy crisis. Several emergency measures have been put in place to tackle this crisis, to a point that an internal electricity market reform is being investigated. Among the measures that have been placed include demand reduction targets, storage filling obligations, wholesale price caps, an extension of regulated prices, a new LNG benchmark, joint purchasing platforms and many others.

From this, the EU is more motivated towards decarbonizing the energy market. To achieve such a goal, the EU countries will continue implementing the EU Clean Energy Package, show more ambition and invest in research to find technologies and solutions that can promote energy efficiency, and diversify energy sources so that one day, dependence on fossil fuels can be abolished.

Ms. Rita El Guindy – *Investor Relations Director, Fertiglobe*



Fertiglobe, headquartered in Abu Dhabi, is a global leader in nitrogen fertilizer export and a unique ammonia platform based on 2021 ammonia and urea combined export production capacity in mtpa. It is noteworthy to mention that Fertiglobe is among the early movers in the direction of attaining clean ammonia.

Ammonia is in an excellent position to ride the waves of hydrogen development. Indeed, ammonia uses more than 40% of grey hydrogen produced today; ammonia will be a building block in the emerging hydrogen economy and would act as its best carrier.

PANEL 2: THE MAIN OUTCOMES OF COP 27 AND THEIR IMPLICATIONS ON THE ENERGY MARKET

Fertiglobe is targeting the marine fuelling market. Shipping accounts for more than 3% of greenhouse gas emissions. Ammonia, used as a marine fuel, is one of the most practical alternatives to Heavy Fuel Oil (HFO), potentially reducing GHG by 50% should the ammonia being used be blue ammonia. In that regard, currently, major ship and engine manufacturers are exploring the use of ammonia as the shipping fuel of the future. The existing footprint creates a strategic potential for bunkering station stopovers, with limited investment for ammonia fuelled ship engines.

Fertiglobe's Egyptian facility is the first Green Ammonia production site to receive ISCC Plus Certification which is a significant milestone for the group. During COP27, the project started commissioning the first phase of the green hydrogen plant, which would eventually make it Africa's first integrated green hydrogen plant.

Panel 3: The Role of Policy Makers and IFIs in promoting Sustainable Financing

Moderated by: **Mr. Hasan Ozkoc** – *MEDREG Secretariat Director*

Mr. Sami Radoui – *Energy Project Officer, AFD Egypt*



AFD (Agence Française de Développement) started its activities in Egypt at a time when energy supply was a major concern. To ensure a sustainable energy provision, the country had to leverage its important Natural Gas reserves, thus relying on AFD for its deployment.

AFD supported Egypt's massive investments in renewable energies through sovereign loans. The targeted objectives were to diversify the electricity mix and to eventually have a decarbonised market.

As the energy market tends to privatize, AFD went from investing in production assets to strengthening the energy ecosystem, and hence the reinforcement of the electricity network, to support the deployment of new energy capacities. In addition, AFD has also supported long-term reform efforts where the organisation encourages sound and coherent reforms, such as providing development policy loans to enhance the governance of the Energy Sector, rationalising energy consumption, and improving energy supply.

Among the success stories is AFD's support to GasReg where the main aim was to assist in the liberalisation of the gas sector. On that basis, the independent gas regulator was created and given the role of the implementation of network codes and transmission tariffs, the allocation of licenses and their monitoring. As far as work with GasReg, AFD is currently supporting the gas regulator's operationalisation.

Ms. Marwa Mostafa – *Operations Officer, IFC*



IFC (International Finance Corporation) is a part of the world bank group that seeks to find solutions in private sector development. IFC focuses on finding a solution through three arms, the financial institution group (FIG), Manufacturing Agribusiness and Services (MAS), and Infrastructure and Natural Resources (INFRA).

IFC intervenes on multiple levels as follows:

PANEL 3: THE ROLE OF POLICY MAKERS AND IFIS IN PROMOTING SUSTAINABLE FINANCING

- **Early-stage Development:** Creating proprietary projects and investment opportunities by developing a sustainable pipeline of bankable transactions. In that regard, IFC works closely across the World Bank Group to help develop policies, regulations, and frameworks for private sector investments.
- **Investment:** Searching for and analysing the different financial products and tailoring them to the client's needs. Such financial solutions can come in the form of loans, equity, trade, and commodity financing, derivatives and structures financing, blended financing, and others.
- **Advice:** Providing innovative solutions combining IFC's expertise and tools. The said solutions help create new markets, unlock investment opportunities, strengthen clients' performance, and impact, and improve environmental, social, and corporate governance.
- **Mobilisation:** Mobilising and managing capital for investment through syndications

Conclusion

The workshop on "The Role of Regional Organisations in Promoting Coherent Regulation to Accelerate the Energy Transition under Security of Supply Concerns" provided a valuable platform for experts to share insights, experiences, and best practices on how regional international organizations can promote coherent regulation to accelerate the energy transition while ensuring the security of supply. The workshop highlighted the importance of regional collaboration and cooperation in designing and implementing regulatory frameworks that promote sustainable energy systems.

Key themes that emerged from the workshop discussions included the need for clear and consistent policy frameworks, the importance of stakeholder engagement and public participation, the role of innovation and technology in driving the transition towards low-carbon energy systems, and the potential for regional organizations to learn from each other and share best practices.

Moving forward, it is essential that regional organizations continue to play an active role in promoting coherent regulation and accelerating the energy transition towards a more sustainable future. This will require a concerted effort from all stakeholders, including governments, industry, academia, and civil society, to work together towards common goals and objectives.

*Empowering Mediterranean regulators
for a common energy future*

Follow us on



www.medreg-regulators.org

Via Lazzaretto, 3. 20124 Milano - Italy

info@medreg-regulators.org

+39 340 293 80 23



Co-funded by the
European Union