

Energy regulators should have the proper regulatory independence and sufficient personnel to make an effective contribution towards a fully integrated European energy market

Ljubljana, 2 June, 2016

The Agency for the Cooperation of Energy Regulators (ACER) published today a Recommendation to the European Parliament, the Council and the European Commission underlining the importance of preserving the independence of national regulatory authorities (NRAs) and of ACER itself. European energy regulators call on the European Commission to monitor the effective implementation of the provisions in the Third Energy Package safeguarding NRAs' independence and on all EU institutions to ensure that NRAs and the Agency are adequately resourced to fulfil their mandate.

With this [Recommendation](#), the Agency aims to provide an input into the European Commission's forthcoming legislative proposals on a new energy market design. The Agency's Board of Regulators (BoR) engaged actively in the development of this Recommendation and its NRA membership unanimously supported it.

Specifically, the Agency recommends that:

- the European Commission continues actively to monitor the implementation of the requirements of the Third Energy Package regarding the powers and autonomy of NRAs and, where required, takes action to ensure compliance with its provisions.
- NRAs' budgets are determined in a manner that ensures adequate resources to allow NRAs to meet their legal obligations at both national and European level.
- the procedures for the nomination, appointment and renewal of NRAs' senior management (such as commissioners or board members) are transparent, fair, and guarantee the ability of those regulators to act independently.
- The Agency itself is adequately resourced to fulfil its statutory mandate, including through cost-reflective fees for resource-intensive services provided by the Agency, such as the registration of Registered Reporting Mechanisms under the EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT).

The [Recommendation](#) emphasises that reinforcing the autonomy of NRAs must be accompanied by appropriate checks and balances at national level.

ACER Director, **Alberto Pototschnig** stated that:

"Adequate resources and autonomy are essential if NRAs and the Agency are to carry out their tasks effectively, thus ensuring the completion of a well-functioning Internal Energy Market and that EU energy consumers fully benefit from market liberalisation. The Recommendation we published today complements our earlier proposals – most recently in our response to the Commission's consultation on a new energy market design – for strengthening the governance and regulatory framework of the Internal Energy Market."

Information on the number of staff national regulators commit to delivering work within the Agency was also published today.

- Collectively NRAs allocate the equivalent of more than 200 full-time staff to carrying out work in the Agency's working groups and the Board of Regulators.
- All NRAs – including the smallest – commit considerable resources to cooperation within ACER, with a disproportionate strain on the small- and medium-sized NRAs.
- However, despite significant effort by all NRAs, their participation in the Agency's work is still uneven. Greater involvement by all NRAs would benefit the Agency and its activities, but many NRAs simply lack sufficient overall resources to take on a more active role.
- Inadequate resourcing of NRAs puts at risk the effective delivery of the regulatory policies that underpin the Internal Energy Market - and ultimately the benefits of the IEM to consumers.

Lord Mogg, Chair of the ACER Board of Regulators, stressed that the information collected for this exercise strongly supports the Recommendation in relation to the need to ensure that the resources allocated to NRAs are sufficient to meet both their national and European duties.

“Proper resourcing is key to effective regulation at national and EU level. Those NRAs with limited resources cannot play a more active role in the Agency's work and this threatens the pan-EU effort to deliver an integrated energy market. For all NRAs, the central importance of independence and, as this analysis shows, of sufficient resources remain of continuing concern and have an undoubtedly detrimental impact at national and EU level.”

You can find out more in Taking stock of NRAs' human resources: [Summary of findings](#).

ENDS

Notes for Editors

- (1) ACER [Recommendation](#) on ensuring the independence of the Agency for the Cooperation of Energy Regulators and of National Regulatory Authorities
- (2) Taking stock of NRAs' human resources: [Summary of findings](#)

Background

Both documents announced here emerged from a wider analysis carried out by the Agency to identify ways to ensure that the cooperative arrangements for NRAs within ACER are suitable to meet future challenges and can adapt to the evolving role of the Agency. Not least to make sure that the Agency and NRAs are making effective use of their resources.

This work was initiated in a Summit of the Board of Regulators and the ACER Director, which took place in September 2015.

The Summit was held as a follow up to the “Bridge to 2025” initiative¹ and ahead of the forthcoming legislative proposals of the European Commission on a new energy market design, to develop specific mechanisms further to enhance cooperation with and between NRAs.

¹ ACER Recommendation No 05/2014, *Conclusion Paper of 'Energy Regulation: the Bridge to 2025' on the regulatory response to the future challenges emerging from developments in the internal energy market*, 19.09.2014

Following the Summit, work has been pursued on a number of fronts. It took into account views expressed by the European institutions, recognising that future regulatory arrangements should be based on greater independence and sufficient resources for both the Agency and NRAs². It also built on and complemented the Agency's own previous proposals³.

The context, purpose and outcomes of the Summit and subsequent work are described in more detail in the '*Reinforcing regulatory cooperation to deliver the internal energy market: Executive Summary*', which is available on ACER's website [here](#).

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² COM(2015) 80 FINAL, *EC Communication on "A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy"*, 25.2.2015

COM(2015) 340 FINAL, *"Launching the public consultation process on a new energy market design"*, 15.7.2015
European Court of Auditors, Special Report, *"Improving the security of energy supply by developing the internal energy market: more efforts needed"*, 2015.

³ *"Joint ACER-CEER response to the European Commission's Consultation on a new Energy Market Design"*, 07.10.2015