

# About ERRA

## Interview with Alparslan Bayraktar - Former ERRA Chairman



Alparslan Bayraktar is a man who seems to have lived and breathed energy and regulation most of his working life. From the moment he graduated with a science degree from Istanbul Technical University, he has been involved with energy and the legal means to control and influence it. His background includes six years as the Commissioner in the Energy Market Regulatory Authority of Turkey (EMRA) and in conjunction with this a three year period as Chairman of the ERRA up until 2016. In 2015 he was elected to the position of Chairman of the International Confederation of Energy Regulators (ICER), taking over from Lord Mogg. A post he held for a year.

Currently, he is the Deputy Undersecretary of the Energy and Natural Resources Ministry in Turkey. A position he is aptly suited to given his time spent teaching energy law and policy at Bilkent Law School. Yes he also has a degree (LLM) in Law and Economics from Bilkent University and a further master's degree in International Relations from Fletcher School at Tufts University.

Nick Carter talks to Alparslan on behalf of the ERRA to get his views and experience of the Association he has been so influential in shaping.

**NC: Firstly, congratulations on your position of Deputy Undersecretary of the Energy and Natural Resources Ministry. It is clear that you are well positioned to employ your experience to great advantage. In this regard, how do you see the impact of the Conference of Parties COP21/22 Agreement reached in Paris in 2015, affecting the global power sector over the next 5 to 10 years?**

AB: After COP21/22 I am confident to say that something is about to really change as parties agreed on realities and corresponding targets. However, especially after the recent signals from the US, one of the countries with the most emissions, **it is fair to say that the long-awaited energy sector transformation is likely to happen slower than expected.** However, I am still optimistic considering the impressive development in the renewable energy penetration so far.

**NC: Do you see such the COP21 Agreement having an impact on regulatory practices in the world and will or should regulatory bodies be more forceful in seeking to encourage the COP21 goals, especially when their individual governments have signed up to various nationally declared targets.**

AB: **I hope that regulators become more engaged with climate change mitigation efforts.**

Actually, they should because the industry they regulate is the main source of emissions worldwide.

Besides, mitigation efforts can be significantly supported if market regulations and mechanisms are shaped accordingly. One simple example would be the synergy gained through the integration of emission trading mechanisms in energy exchanges. Another one can be accounting for a carbon footprint impact when designing tariffs for end users.

**NC: The ERRA continues to grow in terms of scope of activities and influence. What aspects of this growth are you particularly proud to have been associated with?**

AB: Indeed, **the ERRA map is becoming more and more dotted with countries from Africa, the Middle East and recently Asia, with the new comer Bhutan.** I was happy to see that after removing the regional barriers of membership many members of the ERRA immediately took the opportunity of upgrading to full member status. This showed interest in being part of shaping the Association's present and future direction.

I am very proud that regulators from developing economies find ERRA and its activities useful for their increasing needs, especially in relation to expertise and skills required to tackle ever more emerging challenges. Specifically, it is a sincere pleasure for me to see that the ERRA's well-planned agendas for various working groups address the interests of a wide range of countries with different levels of energy market liberalization.

**NC: What subjects or issues do you see as being of the most importance to ERRA Members in the foreseeable future?**

AB: Specifically, I believe that grid and market integration of distributed energy sources and the deployment of smart systems will be of key importance for our members, most of which are from countries with a big development potential. Consequently, increasing energy demand and the need for energy infrastructure investments ensuring efficient operation will be of high importance going forward.

**NC: The Strategic Advisory Board is now well established in the ERRA. How do you feel this will develop and influence the direction the Association will take in the future?**

AB: **The ERRA's well-established culture, values and prized consultation processes ensures that the different interests of our members are addressed in our discussions and working plans.**

In this regard, I believe that the Strategic Advisory Board will enable the ERRA to not only focus on the needs of its members, but also to study the challenges ahead. Hence, our regulators will be well-equipped to handle their existing and expected challenges.

**NC: You have worked with the ERRA over many years and of course were Chairman for three of those years. What are your best memories and what lessons would you like to share with us?**

AB: My best memories belong to the times when I saw there was a great interest in our training offerings, meaning that our expertise and willingness to share were really creating an added value for the regulatory community. Hence, we were encouraged to do more and go beyond our borders defined by our members' geographical locations. For instance, we started to provide training programmes on demand, as we did for African countries under various contracts with IRENA. The main lesson from such programmes was a verification that our shared experience created added value for the broader energy community. This was especially true for developing countries and proved to be of benefit and meaningful to their situation. Another big success, for me in ERRA, relates to the Hungarian Parliament accepting the ERRA as an inter-institutional organization and granting its existence and operations in Hungary under a specially designed

law. This achievement was the result of common efforts by the Hungarian Regulator, the ERRA Presidium and Secretariat. It shows **ERRA's growing prestige and recognition of its importance.**

**NC: Having been a member of the ERRA myself, I know it is a great organisation which helps to promote energy and water regulation way beyond the shores of Europe. As it continues to grow, how would you like to influence this growth and what direction do you think the Association should take?**

AB: As we all know, the energy industry, which plays a key role in the global economy, is challenged by different factors. In this regard, I believe that regulators carry a huge responsibility on their shoulders as they are the ones setting the rules of the energy markets which are expected to facilitate economic development. Therefore, I would be very pleased to see if regulators get more engaged with social and economic goals, and hence better address the requirements of working energy policies.

**NC: As I live in the UAE it is great to see more and more ERRA Members coming from this Region, especially as the region seeks to introduce more regulatory practices in the future. Do you feel the ERRA should be more focused towards other regions so as to promote regulation in all its forms?**

AB: I certainly believe that **ERRA should be present anywhere it can create added value**, because it is an organization dedicated to improving the quality of utility regulation towards serving social welfare needs. This is not a social responsibility, but its main reason of existence. That is basically why the ERRA's member base is geographically more diverse than any other similar organization: its membership portfolio stretches from the US to Bhutan. This may sound ambitious, but our members regulate different industries like energy, water and telecommunication, and the ERRA can help in each of these industries in accordance with its mission.

**NC: The activities of the ERRA cover the regulation of water, district heating and power. Do you feel they should expand their activities into district cooling and also perhaps gas?**

AB: Our working groups do not target a single industrial segment in general and if we are working on a subject

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often these cross over to many different utilities for example licensing or consumer issues cover all utilities. On the other hand, historically, the story has been mostly around the power industry, but gradually our work areas are becoming more diverse, like district cooling. It would be fair to say that the ERRA's activity topics will be much wider in the future.

**NC: We are both part of the power sector and recognise that of all the utility sectors in the world this one is on the very cusp of changing beyond recognition. How do you see the ERRA's role in supporting such things as electric vehicles, smart grids, or off-grid applications and embedded generation or is this just part of the regulatory landscape to be dealt with as it arrives?**

AB: As mentioned before, distributed energy sources and smart systems will be much more common than they are today, and hence our members will be spending more time on these topics in the future. Also, I believe that regulators should play a facilitating role for economic development and transformation and in this context, the ERRA is well positioned to embrace opportunities provided by electric vehicles, storage systems, smart grids, etc. This requires having a solid understanding about technical challenges and changing business models introduced in parallel with the mass deployment of such technologies. Consequently, this

understanding needs to evolve into increasing capacity building activities for our members. In a nutshell, the ERRA should be proactive.

**NC: How will your future work in Turkey be influenced by your work with the ERRA and the ICER and what advice would you like to give to existing Members on how they could maximise their membership of the Association?**

AB: I believe that my previous experience in energy regulation is invaluable. During this time, I gained a deep knowledge about the energy industry's components and learned how to construct a balance between the interests of policy makers, investors and consumers. In addition, I observed the importance and benefits of co-operation at a national and international level.

Therefore, I hope to utilize my regulatory experience wearing the hat of a policy maker and increase the existing coordination between the policy and decision makers and seek ways to foster international co-operation. In this regard, **my primary advice to existing members would be to work closely and continue to share knowledge and experience, be it about a success or a failure.**



### Interview was made by Nick Carter

Nick Carter is a Director with Baringa Partners LLP, a highly knowledgeable management consultancy with a large energy practice based in London and more recently Abu Dhabi, UAE where Nick is based. He has lived in the Middle East for nearly 20 years and was part of the water and power restructuring team which brought a large degree of privatisation to the Abu Dhabi utilities Sector. He has served as the MD of Abu Dhabi distribution company and his last Government post was that of Director General for regulation. He was educated at University College London and is a Fellow of the Institution of Engineering Technology.