



2015

# ACTIVITY REPORT



# TABLE OF CONTENTS

Contents	
Chairman letter .....	3
From the News.....	6
Member Activities .....	7
ERRA's Water Initiative .....	9
New Projects .....	11
Members' Data Collection .....	12
Investment conferences.....	17
Technical meetings .....	18
Training courses .....	20
E-library and publications .....	22
ERRA Regulatory Research Award.....	24
International Cooperation .....	26

Dear Members and Colleagues:

It gives me great pleasure to provide the foreword of ERRA's 2015 Activity Report.

I was elected as Chairman in 2014 after serving as a Vice Chairman and Presidium Member since 2012. During this period I have witnessed the maturity and expansion of our organization. I am very pleased that I could be part of this evolution and to have the honour to lead our community.



If we look at our external environment, we need to state that 2015 was not different from the previous turbulent years: we remained concerned about issues such as energy price volatility, climate framework uncertainty, access to energy, transition to more sustainable energy systems, regional interconnection, innovation etc. Many of these issues were discussed and analysed in detail during our internal meetings and some of these were addressed during the 14th ERRA Energy Investment and Regulation Conference organized in 2015 October in Bucharest, Romania.

2015 is summed up in this report in details, let me just point out those results and programs that stand out from the previous years. 2015 was a very important year from internal institutional perspective. First of all, we had the pleasure of accepting the applications of five new member organisations: The Regulatory and Supervisory Bureau for the Water and Electricity Sector in Emirate of Dubai; Public Utilities regulatory Commission, Ghana; Authority for Electricity Regulation, Oman; National Electric Power Regulatory Authority, Pakistan and the old/new member National Commission for State Energy and Public Utilities Regulation, Ukraine. Answering the growing interest of new members coming from other regions than the core ERRA region, the General Assembly simplified and eased the membership structure of the association. In light of the geographical expansion and the growth of ERRA, the Presidium initiated discussions with the Government of Hungary with regards to the institutional and legal status of the association within Hungary.

We have introduced some new programs – such as the ad hoc member and consultancy projects – with the purpose to better serve our members needs and to more effectively focus on our core activities. We trust that all the newly introduced programs and projects of 2015 assist us in offering increased services to our members.

Our priorities for the coming year remain the same as in previous years: serving our members interest and needs while focusing on delivering our objectives and plans as per ERRA's strategic plan. We will continue expanding our programs and services answering new challenges faced by our member regulators.

Finally, I would like to thank all the staff for their ongoing efforts and achievement. I am also thankful for my fellow Presidium Members for assisting me with navigating this robust organization to the right directions. Special appreciation shall be expressed to all of our member organisations and individual members for being with us in 2015 and supporting our activities through their advice, presence and meaningful participation.

A handwritten signature in blue ink, which appears to read 'Alparslan Bayraktar'.

Alparslan Bayraktar  
Chairman  
Energy Regulators Regional Association (ERRA)

# ENERGY REGULATORS REGIONAL ASSOCIATION (ERRA)

The Energy Regulators Regional Association (ERRA) is a voluntary organization comprised of independent energy regulatory bodies primarily from the Central European and Eurasian region, with Associates from Africa, Asia the Middle East and the USA.

The Association's main objective is to increase exchange of information and experience among its members and to expand access to energy regulatory experience around the world.

The Founding Members identified the purpose of ERRA as follows:

- to improve national energy regulation in member countries;
- to foster development of stable energy regulators with autonomy and authority and to improve cooperation among energy regulators;
- in addition, the Association strives to increase communication and the exchange of information, research and experience among members and increase access to energy regulatory information and experience around the world and promote opportunities for training.

For more information please visit: [www.erranet.org](http://www.erranet.org)

## New Membership Structure

In order to remove barriers from new regions joining ERRA and to allow better participation of member organisations, ERRA introduced a new membership structure as of 2015. According to the amendments of the ERRA Constitution:

- Affiliate status has been eliminated;
- All former affiliate members were offered to assume full or associate status.

## ERRA MEMBER COUNTRIES



# NEW ERRA MEMBERS

## Ghana



Name

Public Utilities Regulatory Commission

Responsibilities

electricity  
water  
natural gas

Population

26,79 million

## Oman



Name

Authority for Electricity Regulation

Responsibilities

electricity and  
related water sector

Population

4,1 million

## Pakistan



Name

National Electric Power Regulatory Authority

Responsibilities

electricity

Population

185,13 million

## UAE/Dubai



Name

Regulatory and Supervision Bureau for Electricity and Water of Dubai

Responsibilities

electricity  
water

Population

9,3 million (UAE)

# FROM THE NEWS

ERRA co-organised with IRENA the **1<sup>st</sup> and 2<sup>nd</sup> Renewable Energy Training Week** in January (Abu Dhabi, UAE) and October (Arusha, Tanzania)

The first ERRA Training on **Introduction to Water Utility Regulation** was held between 16–20 February, 2015 in Budapest, Hungary

ERRA and **ARIAE** (Association of Latin-American Energy Regulators) signed a **Memorandum of Understanding** in May, 2015

On May 25 Mr. Alparslan Bayraktar, Chairman of ERRA was elected as **Chairman of ICER** on the 6th World Forum on Energy Regulation

ERRA presented its first **real-time training webcast**, which was part of this year's Summer School

**New members** of ERRA:

- » Dubai
- » Ghana
- » Oman
- » Pakistan
- » Ukraine

Publications of 2015:

- » **Survey on the Independence** of the ERRA Member Regulatory Authorities
- » Activity Report 2014
- » Benchmark Analysis on **Illegal Electricity Consumption**
- » Benchmark Analysis on **Vulnerable Consumers**

ERRA launched its **intern programme** and introduced the first intern at the Secretariat

The **14<sup>th</sup> Energy Investment and Regulation Conference** of ERRA in Bucharest, Romania featured live audience participation again through an interactive tool allowing more room for Q&A and feedback

ERRA organized a tailor-made educational program for staff members of **British Embassies** on December 8-9 in Budapest

ERRA offered **small-scale ad hoc consultancy** and **ad hoc topical research** projects to its member organizations

In the work of the committees there is a historical evolution of topics that members have chosen to examine. As the energy market restructuring widened, the competition oriented and sustainable solutions got preference in the ERRA countries and the regulators have matured, the focus has expanded beyond basic tenets of regulation to new and emerging topics.

## ERRA CUSTOMERS AND RETAIL MARKETS WORKING GROUP

### Meetings:

- June 29–30, 2015 in Moscow, Russian Federation
- December 7–8, 2015 in Vilnius, Lithuania

### New Members joined the Working Group in 2015:

- Zsuzsanna Ágh, Hungary
- Bolat Sambetov, Kazakhstan
- Ainura Akmatova, Kyrgyz Republic
- Evgeniy Kim, Kyrgyz Republic
- Agnė Paškevičiūtė, Lithuania
- Sevda Yiğiter, Turkey
- Naweed Illahi Shaikh, Pakistan

### Topics discussed:

- Alternative Dispute Settlement and How Contract Disputes are Solved in Each Country
- Benchmark Analysis of Complaint Handling Procedures and Dispute Settlement Practice of ERRA Members
- Correction Factors of Natural Gas Meters in Turkey
- Changing Role and Practice of Regulators during the Liberalization Process
- Consumer Education and Empowering Consumers
- Consumers' Involvement in Decision Making Process also through Customer Protection NGOs
- Different Practices Identifying and Supporting Vulnerable Consumers
- Legal Background and Regulatory Practices Handling Illegal Consumption
- Megapolis Electricity Power Sector Development: Moscow Example

The Working Group elected Romulus TATAR – Expert, Department of Regulation and Monitoring Universal Service Obligations, Romanian Energy Regulatory Authority (ANRE), Romania as Vice-Chairman of the ERRA CRM WG during the meeting in Vilnius.

# MEMBER ACTIVITIES

## ERRA LICENSING/COMPETITION COMMITTEE

### Meetings:

- January 26-27, 2015 in Skopje, Macedonia
- June 19, 2015 in Budapest, Hungary
- October 7, 2015 in Bucharest, Romania

### New Members joined the Working Group in 2015:

- Tatiana Vieru, Moldova
- Abdulwahab AlHinai, Oman
- Imtiaz Hussain Baloch, Pakistan
- Elie Matar, United Arab Emirates

### Topics discussed:

- Analysis of EU requirement on the registration of market participants in the context of national licensing/ authorization regimes
- Functioning wholesale and retail electricity markets
- Implementation of 4M Market Coupling: Context, Status and Further Steps
- Innovative projects to make clean, renewable sources more easily integrated to the electricity system
- License conditions for electricity and gas supply
- Long term supply and demand analysis and capacity assessments
- Market Building issues in Macedonia and in the SEE Region
- Mutual recognition of licenses and simplification of wholesale traders licensing procedure
- Regulatory monitoring of network companies and suppliers
- Rules and procedures of TSO network connection
- Supplier switching process: Methodology, regulation, problems and best practices. Measuring customer switching rate.
- TSO unbundling and certification process – regulatory aspects of the relevant requirements of the Third EU Energy Package

## ERRA TARIFF/PRICING COMMITTEE

### Meetings:

- February 2-3, 2015 in Chisinau, Moldova
- June 19, 2015 in Budapest, Hungary
- October 7, 2015 in Bucharest, Romania

### New Members joined the Working Group in 2015:

- Kanan Mamishov, Azerbaijan
- Zarina Botbayeva, Kazakhstan
- Bolor-Erdene Basbayar, Mongolia
- Hassan Taqi, Oman
- Sajid Akram, Pakistan
- James Grinnell, United Arab Emirates

### Topics discussed:

- Case study on the last resort tariffs
- Conditions of rTPA
- Incentive price regulation
- Obligatory purchase price' setting of combined heat and power generators
- Potential market designs for concentrated gas markets
- Regulatory aspects of the introduction of EU Gas Network Codes with special focus on tariff setting/ pricing method consequences

# ERRA'S WATER INITIATIVE

There is a growing tendency among ERRA member energy regulators to assume water regulatory tasks: while in 2008 only 35% of member organizations were responsible for water regulation **to date more than 50% of full members cover water regulation.**

Water regulatory topics are often overlapping with energy regulatory tasks, especially in the field of tariffication and licensing such as subsidies to low income consumers, incentive tariff system, improving cost recovery etc. The regulatory experience accumulated in the field of energy can result in improving water sector regulation and improving cost recovery of the industry. ERRA can play the prime role of bridging these two network services in the interest of all the stakeholders in these sectors with the aim to disseminate available regulatory practices and to contribute to the capacity development of water regulatory staff.

ERRA started the process of accommodating water issues in its activities in 2014. Understanding that the programs were well attended and appreciated by ERRA Member water utility regulators, ERRA did not only continue to offer events for water professionals in 2015, but increased its activity in this field, by:

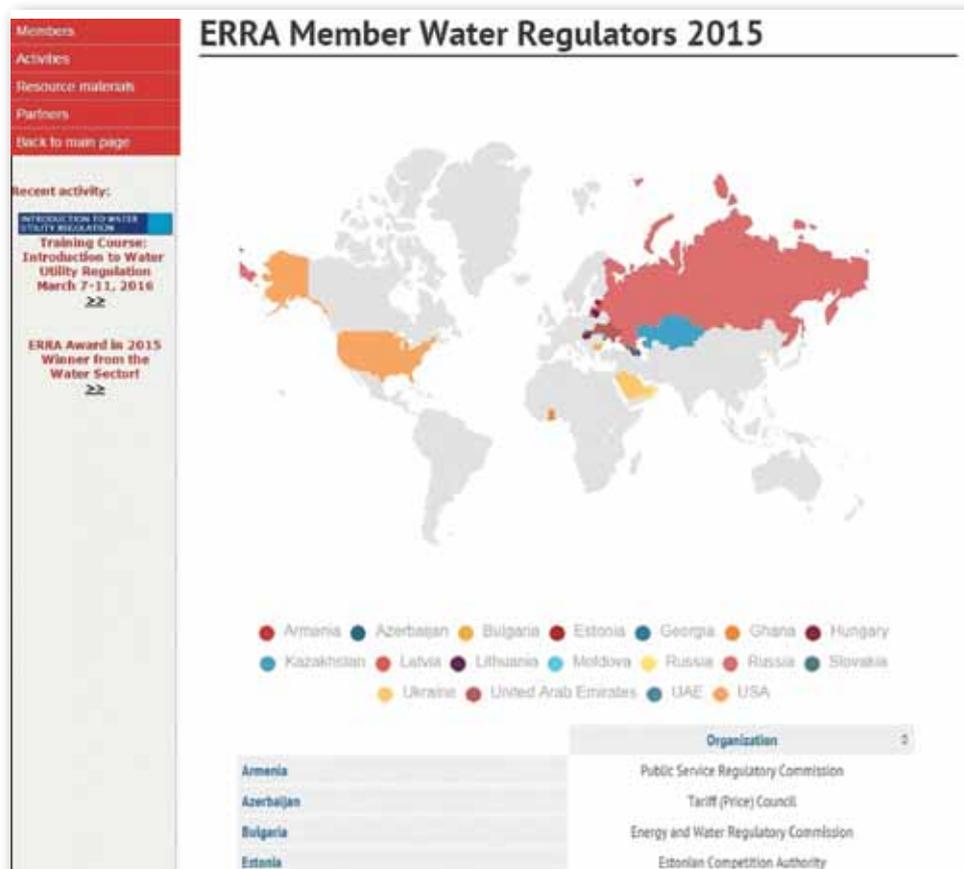
- introducing a **new training program** called Introduction to Water Utility Regulation,
- a dedicated **website**,
- a topical **workshop**
- and the research fields of the ERRA Regulatory Research Award **have been extended with water utility regulation.**

## Dedicated webpage

<http://www.erranet.org/Water>

ERRA has implemented a number of activities centered around water regulation, built up a communication and partnership network and started collecting useful resource materials, In order to summarize our achievements and to create a platform dedicated to ERRA's Water Initiative, we have launched a new section in the ERRA website with the following information:

- List of ERRA Member Water Regulators
- Past and future activities

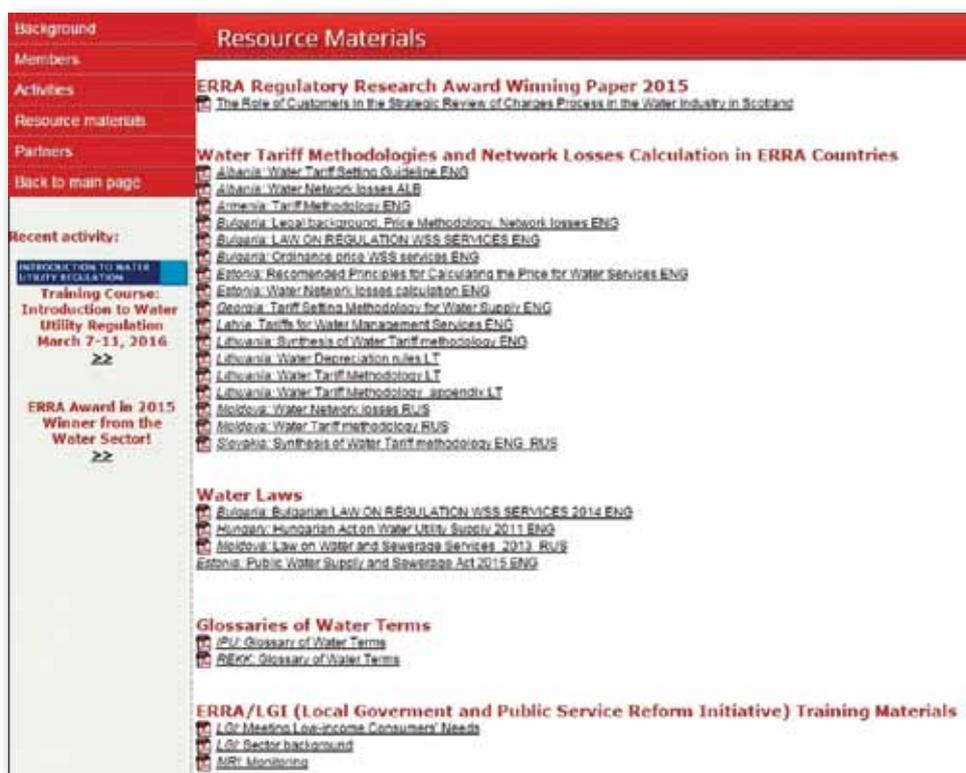


# ERRA'S WATER INITIATIVE

- Resource materials:
  - Including **Tariff Methodologies and Network Loss Calculations** for WSS from ERRA Countries and Glossaries of water terms!



- Water Laws of Member Organizations
- **Glossaries of Water Regulatory Terms**
- Publications from other sources: UN, World Bank, OECD, AfDB



## 3<sup>RD</sup> ERRA WORKSHOP ON WATER REGULATION, SOFIA, BULGARIA, 13 NOVEMBER 2015

The main topics of the Workshop were the following:

- Methodologies for tariff setting and determining and calculating network losses
- New connections to the network in water supply sector; information on the principles/methodology/procedures
- Market structure and operational model issues

The Workshop was attended by 22 water utility regulators from 9 countries: Albania, Armenia, Bulgaria, Croatia, Georgia, Hungary, Latvia, Mongolia and Oman and a representative of the World Bank.

To find solution to newly emerging tasks, energy regulators often need to refer to international experiences, in particular to the experience of fellow members. In order to accelerate cooperation and dialogue among member organisation, ERRA offered to fund bilateral projects among members, these are called: Ad Hoc Member Projects.

## AD HOC MEMBER PROJECTS

ERRA introduced ad hoc member-to-member projects with the aim to promote bilateral assistance, cooperation, exchange of information and best practices among members. When applying for funds, members had the choice to select the format of joint projects, twinning projects or expert exchange/internship projects.



## AD HOC CONSULTANCY PROJECTS

In order to expand the in-house consultancy, research and advisory capacity of our organization, ERRA started to offer small-scale ad hoc consultancy and ad hoc topical research projects to its member organisations. Small scale ad hoc consultancy projects should tackle one particular or specific regulatory issue of the member organization applying for the program.

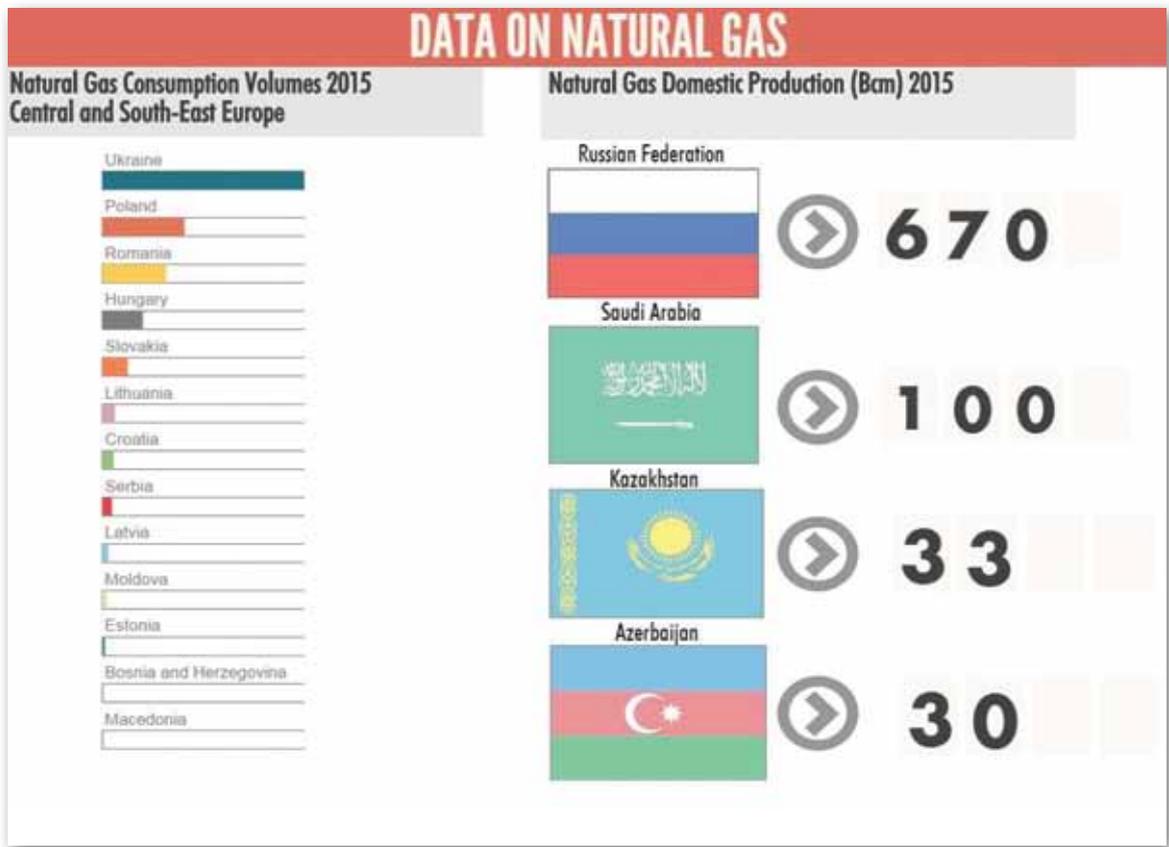
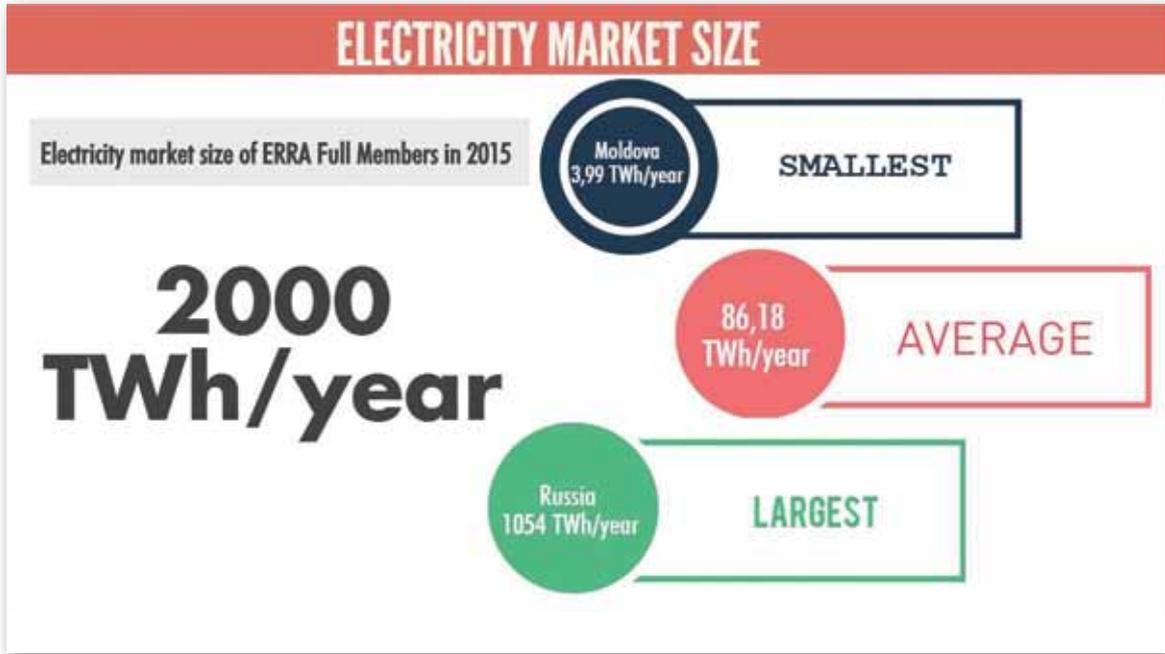
## INTERNS

The ERRA Secretariat started to offer intern positions to students interested in utility regulation. ERRA interns are supposed to be graduate students with the ability to produce benchmarking and other analytical type of publications for the purposes of the Association.

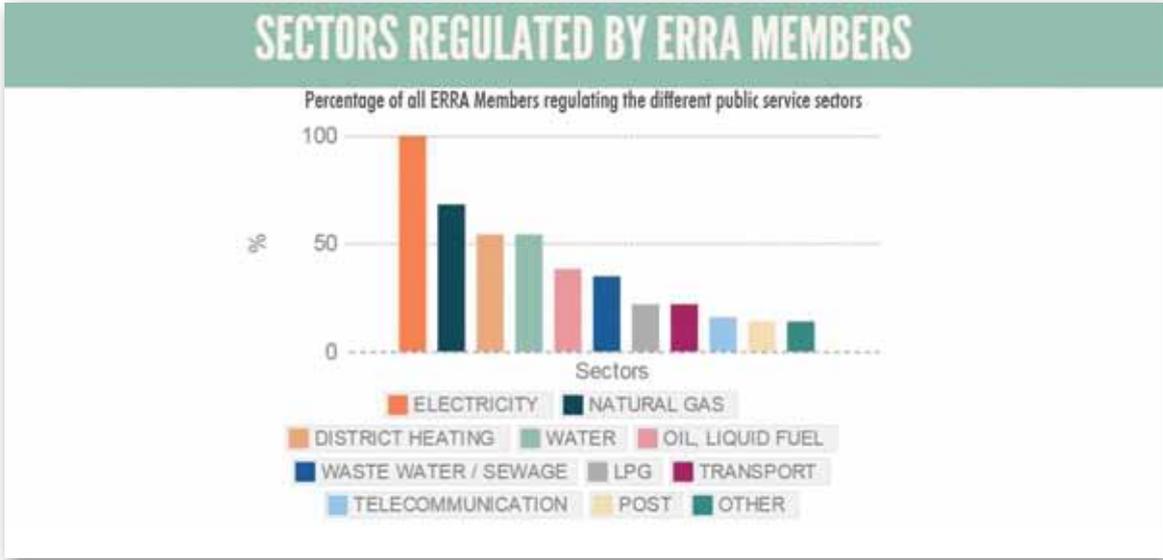
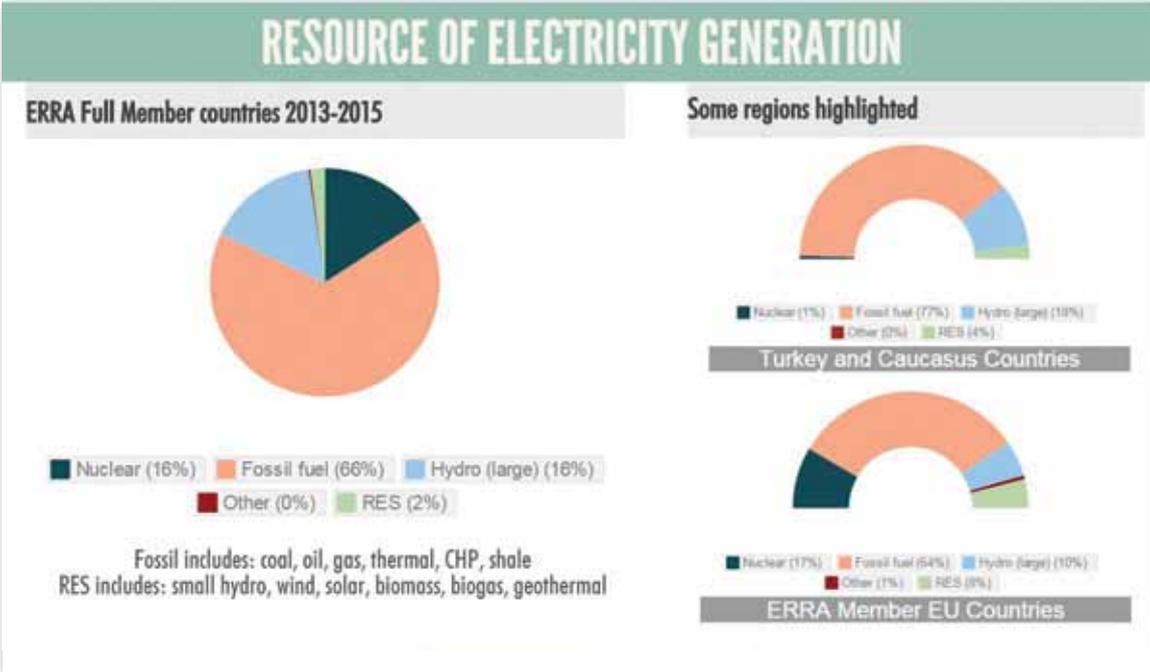


# MEMBERS' DATA COLLECTION

ERRA strives to collect various information and statistical data from its member organisations on an annual basis. The prime data project of ERRA is the collection of electricity and natural gas tariff information on a biannual basis. The project serves as an excellent benchmarking tool for members and it can illustrate current trends in various regions covered by the Association.



# MEMBERS' DATA COLLECTION

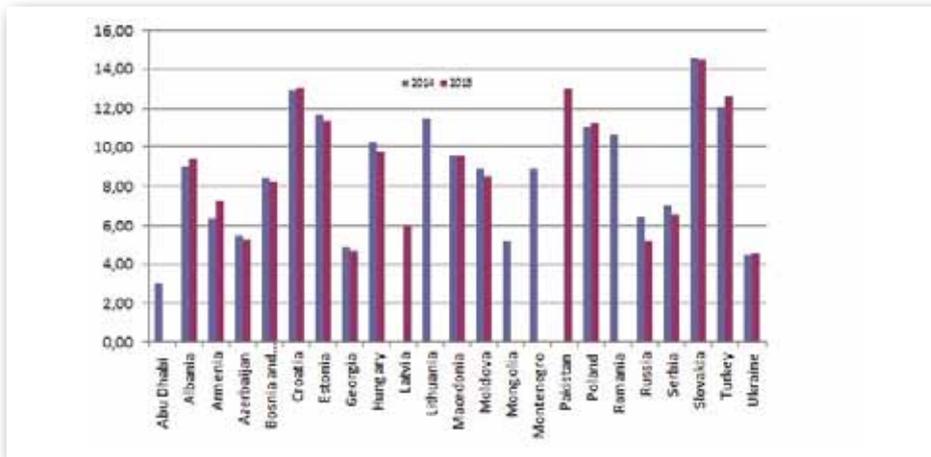


# MEMBERS' DATA COLLECTION

ERRA continued to collect tariff data of member countries for 2015. The first 2 quarters of 2015 are completed and the last two quarters data of 2015 are still in process. In the below charts you will find the 2014 average and the first 2 quarters average of 2015 for selected countries. In the below charts after-tax prices are used and all local currencies were converted to Euro; so the results are interpreted in Euro base currency.

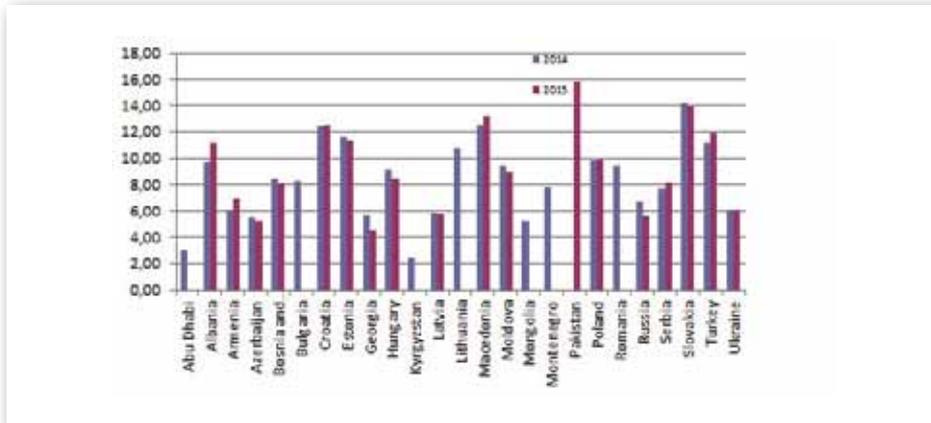
## TARIFF DATABASE SUMMARY FOR 2014

### AVERAGE ELECTRICITY END USER PRICES IN EURCENT/KWH



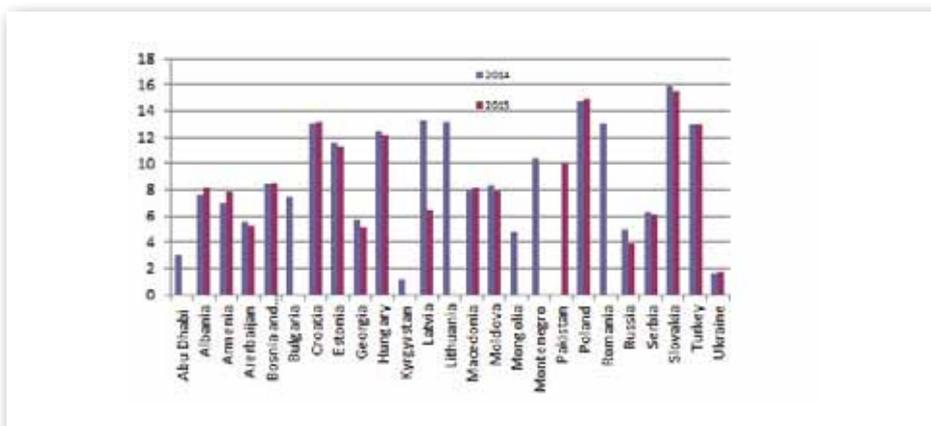
For electricity end-user prices the sharpest decrease from 2014 yearly average to 2015 first 2 quarter average was in the Russian Federation with 19%. The sharpest increase from 2014 yearly average to 2015 first 2 quarters average was in Armenia with 14%.

### AVERAGE ELECTRICITY NON-RESIDENTIAL PRICES IN EURCENT/KWH



For non-residential electricity prices the most significant decrease from 2014 yearly average to 2015 first 2 quarter average was in Georgia with 20%. The most significant increase was in Albania and Armenia with 14%.

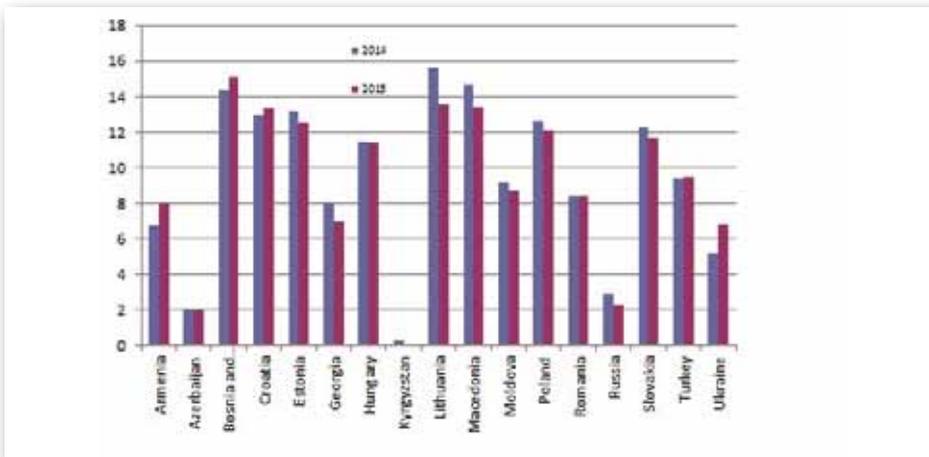
### AVERAGE ELECTRICITY RESIDENTIAL PRICES IN EURCENT/KWH



In the case of residential electricity prices the sharpest decrease from 2014 yearly average to 2015 first 2 quarter average was in Latvia with 51%. The sharpest increase was experienced in Armenia as 13%.

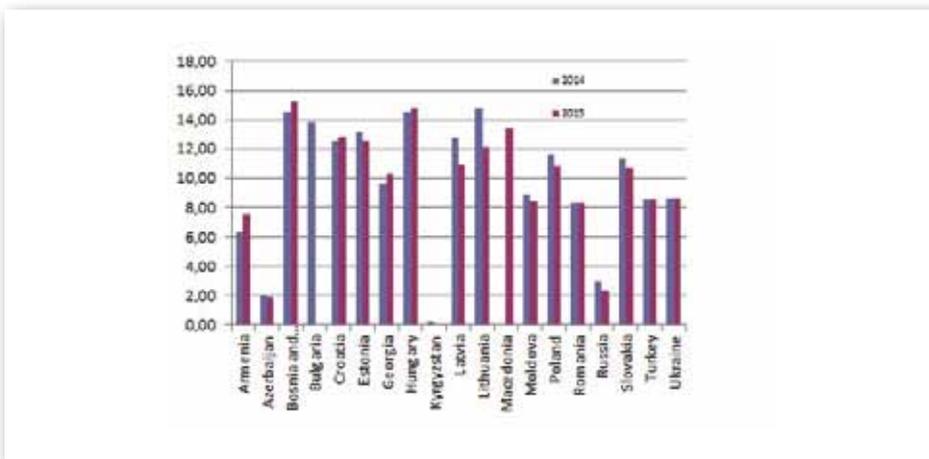
# MEMBERS' DATA COLLECTION

## AVERAGE NATURAL GAS END USER PRICES IN EUR/GJ



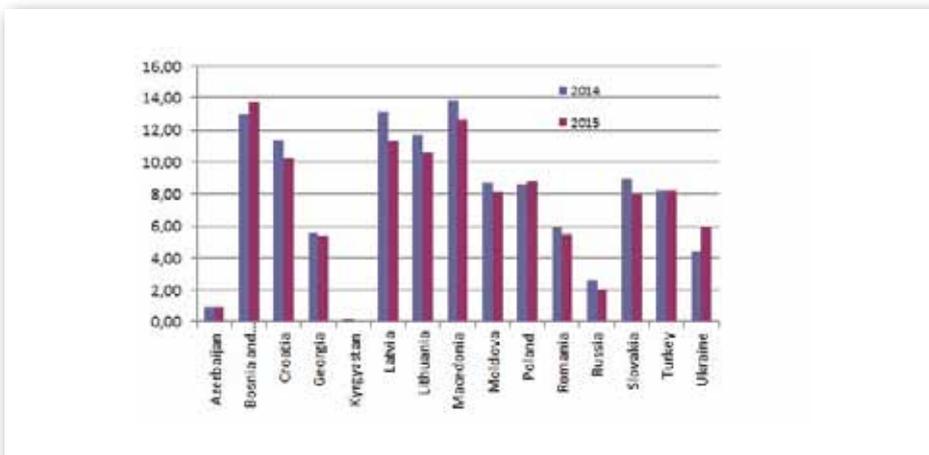
Natural gas end-user prices decreased in the Russian Federation with 21% while the most remarkable increase took place in Ukraine (31%).

## AVERAGE NATURAL GAS NON RESIDENTIAL PRICES IN EUR/GJ



For natural gas non residential prices the most significant again was in the Russian Federation (21%) and the most significant increase was seen in Armenia (19%).

## AVERAGE NATURAL GAS WHOLESALE PRICES IN EUR/GJ



In the case of natural gas wholesale prices the most remarkable decrease was in the Russian Federation with 21% and the most remarkable was in Ukraine with 32%.

# MEMBERS' DATA COLLECTION

## INFORMATION REQUESTS TO MEMBERS

Members of the committees occasionally turn to each other with ad hoc technical questions on various best practices of regulation. Below is a snapshot of questions asked by the Licensing/Competition Committee members and water regulators:

### Regulation of Electric Vehicle Charging Station

### Reporting forms to obtain yearly/monthly information from distribution and transmission licensees (DSO and TSO) and suppliers



### Questionnaire on the preparation and approval of the Transmission network connection agreement template (standard conditions)



### Financial and economic conditions for the issuance of a license for electricity trade on the free market

### Request for acts regulating the implementation of the certification procedure for gas transmission system operators; and the licensing procedure of LNG facility services (requirements from the applicant for a license, release of license conditions) - in connection with harmonizing the Ukrainian legislation with the European directives



### New connections to the network in water supply sector - principles/methodology/procedures



# INVESTMENT CONFERENCES

## LOCATION OF ERRA INVESTMENT CONFERENCES (2002–2016)



The 14th Energy Investment and Regulation Conference was another successful high level event organised by ERRA between 5–6 October 2015 in Bucharest hosted by the Romanian Energy Regulatory Authority.

**During the 4 carefully designed plenary sessions delegates could hear thought-provoking ideas and hands-on information on the:**

- Status of the Energy Industry in Romania
- Lessons Learned During the Liberalization Process
- Current Developments in the Natural Gas Market
- Energy Law and Energy Finance

## MAIN MESSAGES OF THE SESSIONS INCLUDED:

- “Megatrends” and geopolitics are not under the control of governments and regulators, and it is important to focus on stable, predictable and credible legal and regulatory framework.
- Panelists listed some lessons in the form of priorities, like well-prepared market design, market monitoring framework and transparency requirements prior to liberalization.
- Independency should be primary responsibility of regulators – not to wait to be granted but fight for it.
- Regulators need to focus on market based support mechanisms for a sustainable renewables penetration.
- The aim of the newly introduced EU Gas Target Model is to have functioning wholesale gas markets and stipulating further market integration for the benefit of consumers.
- The US LNG export in the European region is real, for which the markets have to have open access regime, available infrastructure, clear policy and supportive regulation.
- Regulators have a key role in addressing the legal and financial questions in energy markets by providing predictability and creating sound investment climate.

## FIRE STARTERS OF THE CONFERENCE

This year’s conference introduced a new element in the ERRA Conference agenda: the special speaker role of ‘Fire Starters’. Their responsibility was to set the scene for the overall topic of their session by introducing the main perspectives of the topic by providing thought-provoking questions. This unique feature allowed to create an engaging atmosphere by motivating the panels within their session for an intensive and meaningful discussion.

### THE CONFERENCE IN NUMBERS:

**194** participants  
**4** sessions  
**47** speakers  
over **200** Tweets

**33** countries  
**10** live polls

# TECHNICAL MEETINGS

ERRA's members engage in high level technical discussions in committees, working groups and other internal meetings. These exchanges result in meaningful suggestions for altering regulatory practices, impacting national and regional energy markets. It is through this interaction and development of trust among regulators that solutions are jointly explored that may be implemented in diverse legal systems.

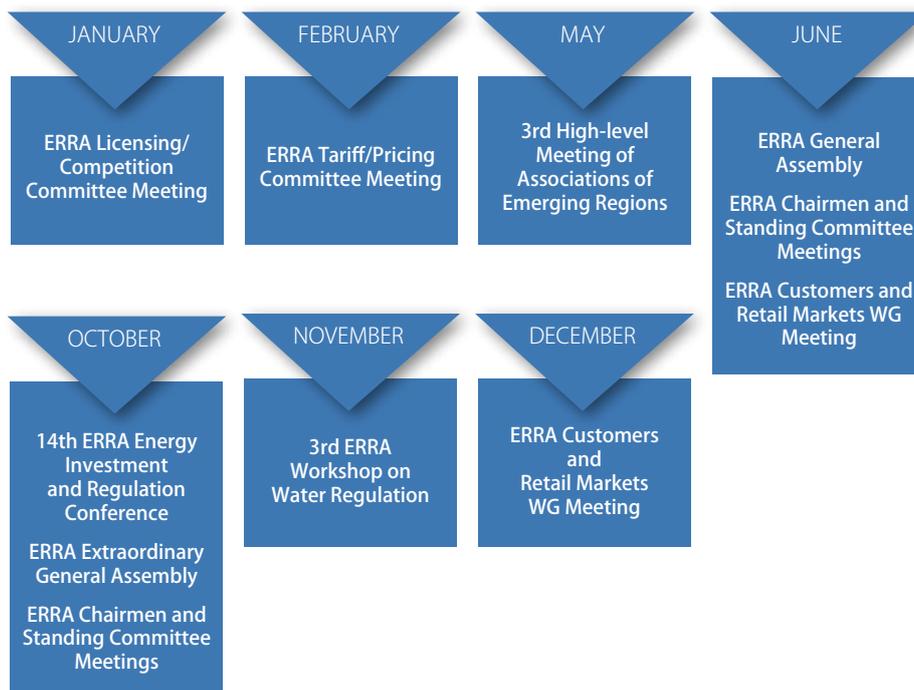
The variations in legal systems and the different energy sources, market structures and operational models in member countries means the exchange of ideas is essential, even if they do not implement a uniform standard.

Ad hoc workshops center around certain topics of energy regulation and participation is not restricted to registered members of the technical committees and working groups.

*"When I come to ERRA meetings I expect the very best in speakers, topics and the dialogue afterwards"*

Ms. Colette Honorable,  
Former President of NARUC

Total number of participants: **428**  
Total number of speakers: **99**  
Total number of topics: **64**



A key pillar to implementing effective energy regulation is the ongoing education of energy commissioners and their staff. Professional development in energy regulation requires a working knowledge of regulatory economics, good understanding of policy impacts and the ability to navigate national policy processes. Among others it requires effective agency management of the legal and organizational processes necessary for adequate due process protection in regulatory activities.

Over the past years, ERRA has developed a range of course offerings, from introductory courses to advanced regulatory techniques. The majority of ERRA's course instructors are current or former regulators, creating a strong link between applied knowledge and the theoretical concepts that guide regulation.

ERRA educates participants through a variety of methods, including group exercises, mock simulations, participant case studies, on-site visits and self-testing; providing them a foundation to adapt regulatory procedures to their own national legal and regulatory frameworks. The diversity of students on these courses is a reflection of the high demand for relevant education.

## COURSES IMPLEMENTED IN 2015

- ERRA-IRENA Renewable Energy Training Week (January, Abu Dhabi)
- Introduction to Water Utility Regulation (February, Hungary)
- Energy Regulation in Emerging Countries (April, Turkey)
- Price Regulation and Tariffs (May, Hungary)
- Summer School: Introduction to Energy Regulation (July, Hungary)
- IRENA-ERRA 1st Africa Renewable Energy Training Week (October, Tanzania)
- Principles of Electricity Markets (November, Hungary)
- ERRA Workshop for Staff Members of British Embassies involved in the Central European Network (CEN) (December, Hungary)

*"All participants rated the course as excellent, that will make a huge difference to doing their job better. Overall we thought the aim of the course was met and even exceeded as we have gained a knowledge that put us on par with contacts at line ministry, industry or the regulator."*

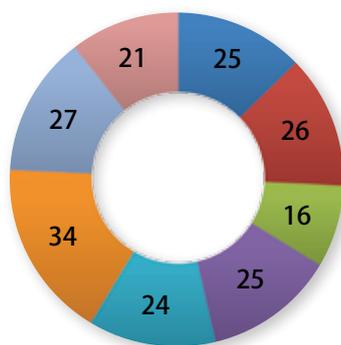
Kriszti Kocsis, Senior Policy Officer, British Embassy-quoting participants of the ERRA Workshop for Staff Members of British Embassies involved in the Central European Network (CEN)



ERRA Certified Energy Regulator (CER) is supposed to acknowledge those ERRA training participants who have successfully participated in minimum three training programs organized by ERRA.

The total number of CER diploms issued until December 2015: **26**

## ERRA TRAINING STATISTICS (IN 2015)

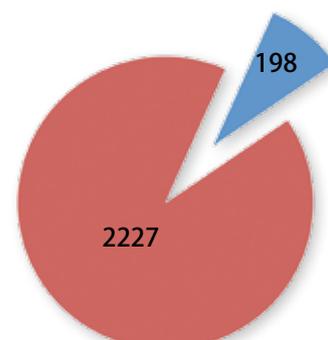


- IRENA Renewable Energy Training Week
- Introduction to Water Utility Regulation
- Energy Regulation in Emerging Countries
- Price Regulation and Tariffs
- Summer School: Introduction to Energy Regulation
- IRENA-ERRA 1st Africa Renewable Energy Training Week
- Principles of Electricity Markets
- ERRA Workshop for Staff Members of British Embassies involved in the Central European Network (CEN)

Total number of participants: **198**

## ERRA TRAINING STATISTICS (2002-2015)

- Number of Participants of the ERRA Trainings (2015)
- Number of Participants of the ERRA Trainings (2002-2015)



# TRAINING COURSES

## 2015'S INNOVATIONS:

### WATER REGULATORY TRAINING COURSE

## INTRODUCTION TO WATER UTILITY REGULATION

NEW

### When and where?

16-20 February 2015, Budapest, Hungary

### Topics:

- Water Utility Economics
- Principles and Institutions of Water Utility Regulation
- Tariff Setting
- Performance Benchmarking
- New Developments and Emerging Issues in Water Utility Regulation

### Participants from:

Cape Verde, Denmark, Georgia, Ghana, Hungary, Latvia, Lithuania, Macedonia, Moldova, Russia, Saudi Arabia, Ukraine, United Arab Emirates

### Instructors:

- **BAPTISTA, Jaime** ERSAR, Portugal
- **BLACK, David** OFWAT, United Kingdom
- **BAYRAKTAR, Alparslan** Chairman of ERRA
- **ISKENDEROV, Roman** RAWW, Russia
- **KADERJÁK, Péter** REKK, Hungary
- **KIS, András** REKK, Hungary
- **MICHAUD, David** World Bank
- **SZALÓKI, Szilvia** HEA, Hungary
- **SZABÓ, Iván** Attorney-at-Law, Hungary
- **ZETLAND, David** Leiden University College, The Netherlands

### Evaluation of the program by participants:



### Participants learnt the best new practices about:



## TRAINING WEBCASTS:

ERRA organized two webcasts during 2015. The first webcast broadcasted an introductory presentation of the ERRA Summer School, while the second webcast showed a more complex presentation of the Principles of Electricity Markets training course. The aim of the webcasts was to attract viewers who could not take part in the training courses and give a hint on ERRA training courses for those who are planning to join in the future.

# E-LIBRARY AND PUBLICATIONS

**PUBLICATION HIGHLIGHTS IN 2015:**

	<b>MEMBER PROFILES:</b> Key data on the energy industry of ERRA Member countries
	<b>The Role of Customers in the Strategic Review of Charges Process in the Water Industry in Scotland</b> Winner of the ERRA Award 2015 by Adam Ralston - Laurie Macfarlane
	<b>Benchmark Analysis:</b> Independence of the Member Regulatory Authorities Edited by: dr. Gábor SZÖRENYI – General Secretary, ERRA
	<b>Benchmark Analysis: Different Practices in Identifying, Categorizing and Supporting Vulnerable Consumers in ERRA Member Countries</b> by the ERRA Customers and Retail Markets Working Group
	<b>Benchmark Analysis: Legal Background and Regulatory Practices Handling Illegal Electricity Consumption in ERRA Member Countries</b> by the ERRA Customers and Retail Markets Working Group

**AVAILABLE AT:** <http://www.erranet.org/Library>

The ERRA website is central to the distribution of materials and interaction among members. The use of the website is essential for bringing the geographically distant membership together to provide them new information and resources developed.

Total number of publications available in the ERRA E-Library: **6.134**

Number of publications uploaded in 2015: **360**

Some publications from partner organisations:

- *The World Bank*: State of the Sector 2015
- *United Nations*: Facing the Challenges of the Water Sector – Case Studies and Indicators
- *AFUR*: Framework for Utility Regulation in Africa
- *The World Bank*: Design and Sustainability of Renewable Energy Incentives

## 2015 PUBLICATIONS

**Based on the results of the ERRA Regulatory Research Award 2015 the following Papers were published on the ERRA website:**

- Adam Ralston – Laurie Macfarlane: “The Role of Customers in the Strategic Review of Charges Process in the Water Industry in Scotland” (Winner Paper)
- Barrie Murray: “System Security & Plant Margin with Intermittent Renewable Generation” (Acknowledged Paper)
- Juliusz Kowalczyk: “Quasi-regulatory Behaviour of the Transmission System Operator – Minimise or Legitimise?” (Acknowledged Paper)

<http://www.erranet.org/OtherActivities/Award#12>

The ERRA Customers and Retail Markets Working Group prepared two valuable benchmarking reports:

**Benchmark Analysis: Legal Background and Regulatory Practices Handling Illegal Electricity Consumption in ERRA Member Countries** (published in August 2015).

The aim of the Benchmark Analysis is to collect different legal procedures and statutory power of the regulators handling illegal consumption. Analysing typical behaviour of license holders to discover and eliminate of such consumption.

For data collection a questionnaire was prepared and distributed among Working Group Members, 17 Members provided information for the analysis.

The document contains the logical scheme of identification, corrective measures and consequences of illegal electricity consumption.

**Author:** Romulus Tatar – Expert, Romanian Energy Regulatory Authority (ANRE).

[http://erranet.org/Committee-WG/Customers\\_WG/Papers](http://erranet.org/Committee-WG/Customers_WG/Papers)

**Benchmark Analysis: Different Practices in Identifying, Categorizing and Supporting Vulnerable Consumers in ERRA Member Countries** (published in September 2015).

The aim of the Benchmark Analysis is to collect and analyse the different definitions describing the category of vulnerable consumers with a special focus on different supporting methods (financial and non-financial support schemes) among ERRA countries.

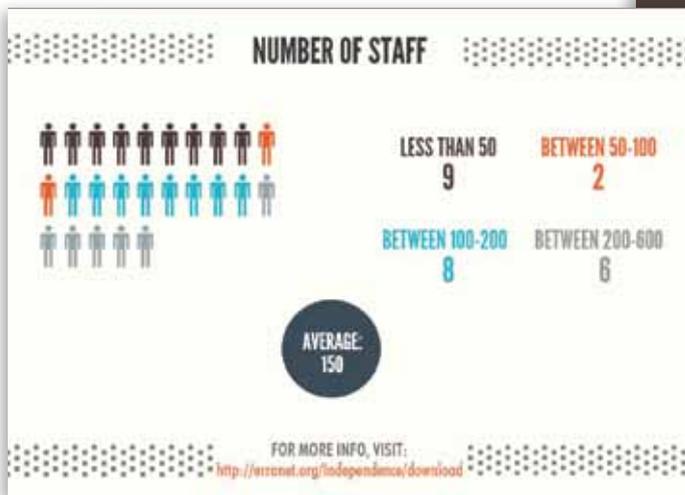
For data collection a questionnaire was prepared and distributed among Working Group Members, 14 Members provided information for the analysis.

**Author:** Romulus Tatar – Expert, Romanian Energy Regulatory Authority (ANRE)

**Edited by:** Zsuzsanna Ágh – Legal Advisor, Hungarian Energy and Public Utility Regulatory Authority (HEA)

[http://erranet.org/Committee-WG/Customers\\_WG/Papers](http://erranet.org/Committee-WG/Customers_WG/Papers)

The ERRA Secretariat launched a survey on the **Independence of its Member Regulatory Authorities** which comprises 26 member regulators and mainly covers the political, financial and legal aspects of independence as well as transparency issues. The report summarizes the information received and includes the calculated elements of Gilardi indices measuring formal independence of member regulators. The Benchmark Analysis was finalised in June 2015 and is available through the ERRA Library or by using the following link: <http://erranet.org/Independence/download>  
**Edited by:** dr. Gábor Szörényi – General Secretary, ERRA



# ERRA REGULATORY RESEARCH AWARD



The ERRA Regulatory Research Award was established in 2014 in order to encourage, reward and expand energy regulatory research and analysis and contribute to improve regulatory practices among ERRA energy regulators.

During the 14th ERRA Energy Investment and Regulation Conference the **ERRA Regulatory Research Award 2015** was ceremonially handed over to the **Winners – Laurie Macfarlane and Adam Ralston from the Water Industry Commission for Scotland** for their **Winning Paper: „The Role of Customers in the Strategic Review of Charges Process in the Water Industry in Scotland“**.

The Winner Paper and other Acknowledged Papers can be downloaded from the ERRA website: <http://www.erranet.org/OtherActivities/Award#12>

## **Executive Summary**

This paper summarises recent experience in the water industry in Scotland following changes to the regulatory framework to significantly enhance the role of customers in the regulatory process.

The paper illustrates how lessons learned from innovative approaches to customer engagement in other countries were adapted to provide a mechanism for customer engagement, including establishing a new customer body for water in Scotland (the Customer Forum) to engage directly with the regulated utility on areas of price setting and service improvements for the 2015-21 Strategic Review of Charges.

The paper concludes that the Customer Forum significantly improved outcomes for customers, including ensuring price increases below the rate of inflation as well as stability of prices and ongoing improvements in service levels.

The Customer Forum also helped to enhance the robustness of the service performance measures for Scottish Water, including a new focus on customer experience. As these new measures are implemented there will be the opportunity to assess their effectiveness and for the Customer Forum to continue to adapt the monitoring mechanism to ensure they are delivering maximum benefits for customers.

## **Implication for Regulators:**

- The Scottish water regulatory experience might be relevant for other areas of regulation like electricity and gas in both the private and public sector;
- The experience shows that empowering customers can deliver positive outcomes for customers and the environment where there is a willingness from the company and regulator;
- It could be considered as a case study for ERRA members who are seeking to strengthen customer participation in regulatory decisions and increase transparency.

# ERRA REGULATORY RESEARCH AWARD

## ADVISORY COMMITTEE OF THE ERRA REGULATORY RESEARCH AWARD 2015

- Robert ARCHER – former USAID Senior Energy Advisor, USA – Chair of RAA C
- Jaime Melo BAPTISTA – former President, Water and Waste Services Regulation Authority, Portugal
- Florin GUGU – Head of Regulatory and Institutional Affairs, ENEL Servicii, Romania
- John GULLIVER – Partner, Pierce Atwood LLP, USA
- Vidmantas JANKAUSKAS – Professor, Vilnius Technical University, Lithuania
- Péter KADERJÁK – Director of REKK (Regional Centre for Energy Policy Research), Hungary
- Fatih KÖLMEK – Energy Expert and Advisor to the Commissioner, Energy Market Regulatory Authority, Turkey
- Maxim MULYUKIN – former Head of International Cooperation and External Relations Development Department, Federal Tariff Service, Russian Federation
- Konstantin PETROV – Director Market and Policy, DNV-GL Energy & Sustainability, Germany
- Gábor SZÖRÉNYI – General Secretary, ERRA
- Zlatko ZMIJAREVIC – Department for the Electric Power System and Quality of Service - Electricity Division, Croatian Energy Regulatory Agency, Croatia



ERRA Award 2015 Giving Ceremony

## SUBMISSION IS OPEN FOR THE ERRA REGULATORY RESEARCH AWARD 2016!

### Proposed Research Fields

- electricity system regulation
- gas system regulation
- district heating regulation
- regulatory governance

For more information please refer to the Call for Paper and Submission form available through the following link:  
<http://erranet.org/OtherActivities/Award>

**We encourage candidates to submit publications for the ERRA Regulatory Research Award 2016 by May 31, 2016!**

# INTERNATIONAL COOPERATION

ERRA strives to put special attention to international cooperation and to partnership with institutions of common interest. Close ties between ERRA and the **National Association of Regulatory Utility Commissioners (NARUC)** and the **Council of European Energy Regulators (CEER)** reflect a key to the successful sharing of experiences and enables ERRA member regulators to learn regulatory procedures from well-established markets.

ERRA maintained its membership in the **International Confederation of Energy Regulators (ICER)** and Mr. Alparslan Bayraktar, Chairman of ERRA **was elected as Chairman of ICER** on the **6th World Forum on Energy Regulation** in May, 2015. ERRA took an active role on the Steering Committee of ICER in developing the **6th World Forum on Energy Regulation** organized in Istanbul, during which ERRA and the **Association of Latin-American Energy Regulators (ARIAE)** signed a **Memorandum of Understanding** in order to enhance the transfer of knowledge and experience between the two organisations.



ERRA is proud to be a lead initiator of the **High-level Meetings of Associations of Emerging Regions**. In conjunction with the 6th World Forum on Energy Regulation the **3rd High-level Meeting of Regional Associations of Emerging Markets** was held in Istanbul. The meeting was attended by all the regional associations covering developing countries and it was able to contribute to the exchange of experience of regional associations. In addition, in April 2015 ERRA organized the **4th training course on Energy Regulation in Emerging Countries** with the purpose to assist regulators coming from developing countries in their special needs, burning issues and priorities.

Cooperation is important with not only partner associations and organisations but also with **individual member regulators**. In this spirit the ERRA Chairman strives to be available for introductory meetings with newly appointed chairmen and presidents of member organisations in order to exchange ideas about the purpose of cooperation and to learn the needs and expectations of member organisations. In addition, members of the ERRA Presidium tend to contact their regulatory peers from member organisations in order to update them on the most recent activities of the Association and also to learn their priorities and focal points in regulation.

Cooperation with the **Energy Community** was ongoing in 2015 and ERRA was able to benefit from the accumulated experiences of the Customers/Retail Markets Working Group of the Energy Community, when operating its own similar Working Group. ERRA and the Energy Community launched a joint project and as a result a Benchmarking Analysis was **on the Independence ERRA Members' Regulatory Authorities** in June 2015.

ERRA continued to strengthen the strategic cooperation with **the International Renewable Energy Agency (IRENA)** throughout the year and co-organized IRENA's 1st and 2nd Renewable Energy Training Week in Abu Dhabi and Tanzania. The program aimed to accelerate the deployment of renewable power connected to power grids and to promote effective regulatory regimes for integrated resource planning and capacity building.

Another milestone in ERRA's international relations was the organization of a **tailor-made educational program prepared for staff members of British Embassies** responsible for energy and climate change issues involved in the Central European Network (CEN) and the wider European network. The training workshop was hosted by the British Embassy in Budapest and mainly focused on fundamentals of energy regulation providing essential knowledge to understand the workings and structure of energy markets and the relevant EU policy framework.

In order to support ERRA's initiatives in water utility regulation, the Association continued the cooperation with the **World Bank** and with the **International Water Association (IWA)**. These working contacts allow ERRA to rely on the long standing expertise of these organisations when it comes to internal meetings and/or educational programs.



## ERRA IN NUMBERS

43 Million km<sup>2</sup>

1.1 Billion citizens

4 500 working staff

6 500 TWh/year electricity market size

*Data refer to all ERRA Members*

**ERRA Secretariat**  
Tel.: 36 1 477 0456  
Fax: 36 1 477 0455  
E-mail: [secretariat@erranet.org](mailto:secretariat@erranet.org)  
[www.erranet.org](http://www.erranet.org)