

FLORENCE SCHOOL OF REGULATION

Annual Conference

Liberalisation and Security of Supply: A Challenge for Regulation

Florence, 12 May 2006
Villa La Pietra - Via Bolognese, 120

The Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy" invites us all to pay the highest attention to some worrying developments: increasing dependence and prices, insufficient investment on interconnectors and reserves, prospects of climate change. It states that the newly established European energy markets are not yet perfectly competitive, which sounds like an understatement if we look at the wave of concentrations under way.

It goes on adding that only when such markets exist will the citizens and enterprises of Europe benefit from security of supply and decreasing prices. This is a strong statement which could be taken as a basis for policy decisions. But there are signs that large companies and national governments are not convinced by it, and pursue an alternative way towards security and welfare for customers, based on increasing dimensions of companies, preservation and indeed creation of national champions, persisting political activism with respect of markets and tariffs.

The search for greater security of energy supply requires diversification of the fuel mix. Will the market deliver it, or are policies necessary, and are such policies inevitably conflicting with liberalisation or could they be designed in such a way as to exploit the dynamism of a competitive market and reach better results than can be achieved by following the simpler, and superficially more appealing, path of dirigisme?

The issue impacts upon regulation, and different answers shape different regulatory strategies.

Our Annual Conference is a timely opportunity for a frank discussion on the interactions between security of energy supply, energy liberalisation and regulation of energy markets. It may provide some clarifications and suggestions, and so contribute to the debate on a new energy strategy for Europe, triggered by the Green Paper, stimulated by political decision makers, fuelled by energy companies and closely followed by European energy consumers and citizens.

PROGRAMME

- 08:15 – 08:30 *Registration and welcome coffee*
- 08:30 – 08:45 **Welcome Address**
Yves Mény, *President EUI*
Helen Wallace, *Director Robert Schuman Centre for Advanced Studies*
Pippo Ranci, *Director Florence School of Regulation*
- 08:45 – 09:15 **The Internal Energy Market According to the Green Paper**
Andris Piebalgs, *EU Commissioner for Energy*
- 09:15 – 10:45 **Session I**
The Context: Scenarios of Energy Markets, European Dependence, Prices and Competitiveness
Chair: **Helen Wallace**
Introductory Remarks by **Jorge Vasconcelos**, chairman ERSE and former president CEER
Comments by academics who have discussed the issue in the previous day's Regulatory Round Table
General discussion
- 10:45 – 11:00 *Coffee break*
- 11:00 – 11:15 **Regulator or Regulators – A Dilemma or the Wrong Question?**
Sir John Mogg, Chairman Gas and Electricity Markets Authority and President CEER
- 11:15 – 13:00 **Session II**
Providing Security of Supply: Market Versus Policies
Introductory presentations by: **Carlo Andrea Bollino**, Chairman GRTN; **Lex Huurdeman**, Manager Regulatory Affairs, Shell Exploration and Production; **Fernando Lasheras**, Director, Iberdrola; **Gunnar Lundberg**, Vice President Regulatory Affairs, Vattenfall AB;
General discussion
- 13:00 – 14:15 Lunch
- 14:15 – 14:45 **Liberalisation, Regulation and Security of Energy Supply: An American View**
Hon. **Diane Munns**, President NARUC
- 14:45 – 16:00 **Session III**
Regulation and Market Design for Security of Supply
Introductory remarks by **Ignacio Pérez-Arriaga**, Professor of Electrical Engineering at Comillas University
Presentations by: **Asta Sihvonen-Punkka**, Director Energy Market Authority, Finland; **Carlo Crea**, Secretary General, Italian Regulatory Authority for Electricity and Gas; **István Pataki**, Vice-President, Hungarian Energy Office
Comments by regulators
General discussion
- 16:00 – 16:30 **Conclusions**
Pippo Ranci