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IGU

Strategy Committee, Study Group3: Best Practices on Governance and Regulation

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Enagás, S.A.

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FUELING THE FUTURE

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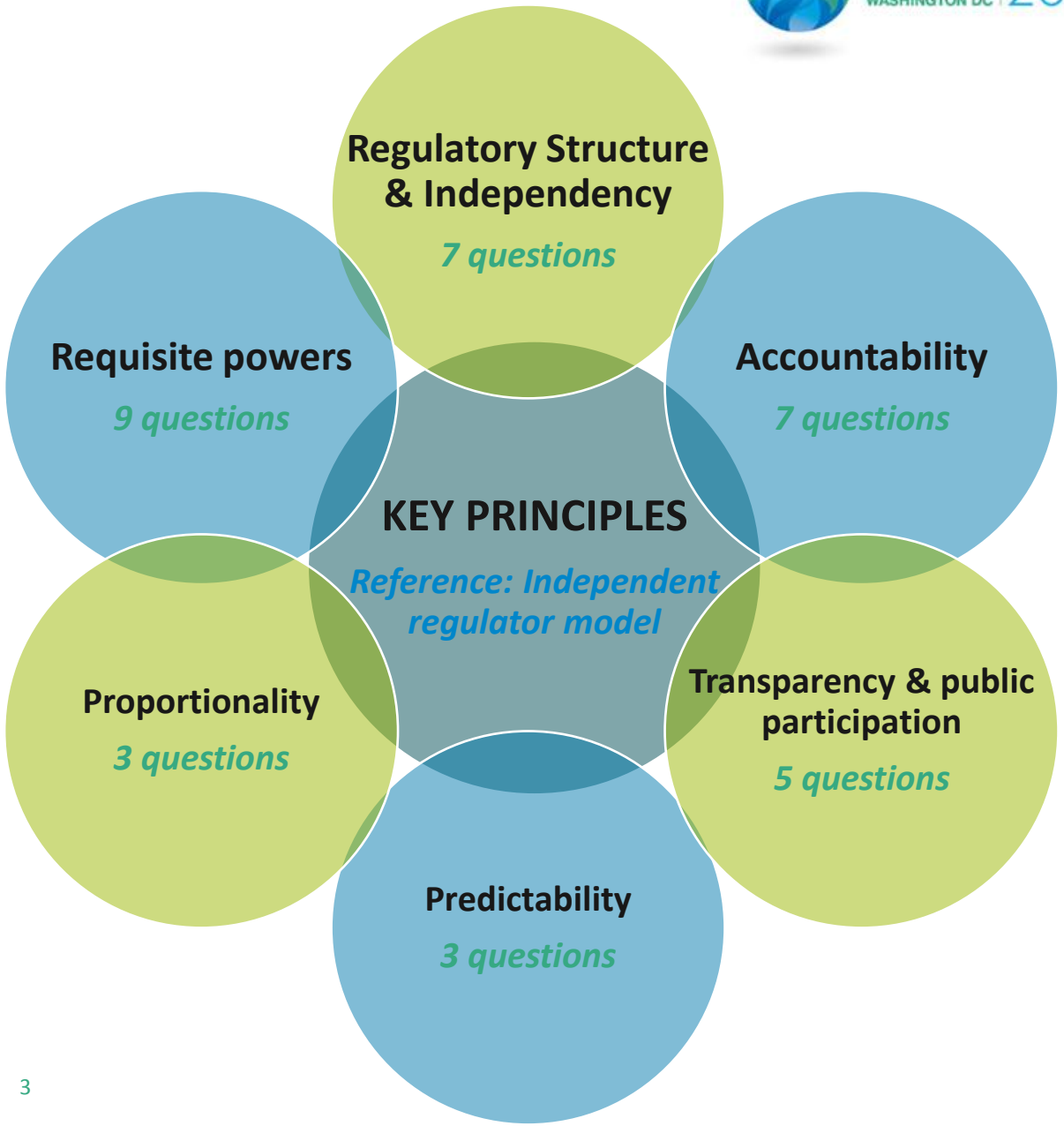
Background

- ✓ Focus shifted from regulation to governance
  - ✓ coming higher on the political agenda
  - ✓ critical for regulatory effectiveness
- ✓ Governance: “institutional and legal design of the regulatory system and is the framework within and by which decisions are made”
  - ✓ Governance is defined by the laws, processes, and procedures that determine the enterprises, actions, and parameters that are regulated, the agencies of the state that make regulatory decisions, and the resources and information available to them.

Approach & principles

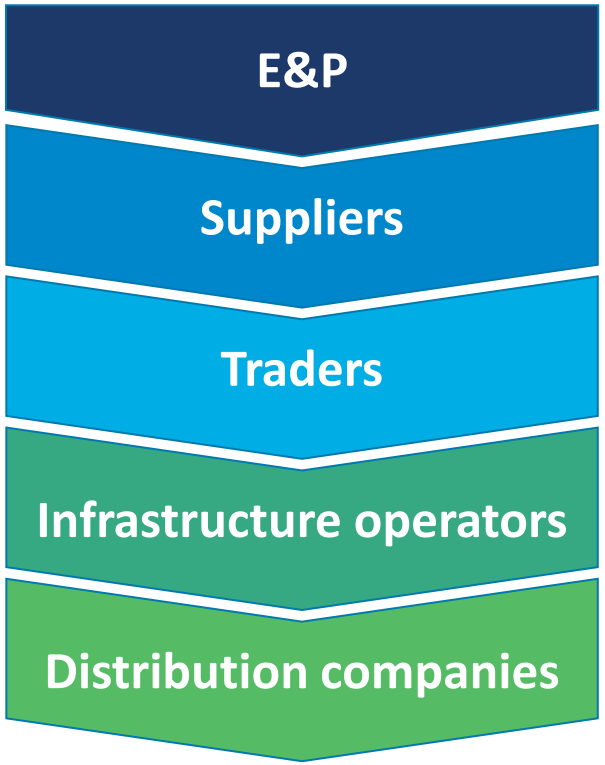
- ✓ **Preparation and validation of a questionnaire**
  - ✓ Initial circulation among IGU members
  - ✓ If possible, involving other stakeholders as well
  - ✓ 34 questions grouped in 6 categories; trade off between simplicity and meaningfulness



Regions

USA & Canada	Europe	Russia & Central Asia	Asia
Latin America	Africa	Middle East	Oceania

Segments



Consultants

Service providers

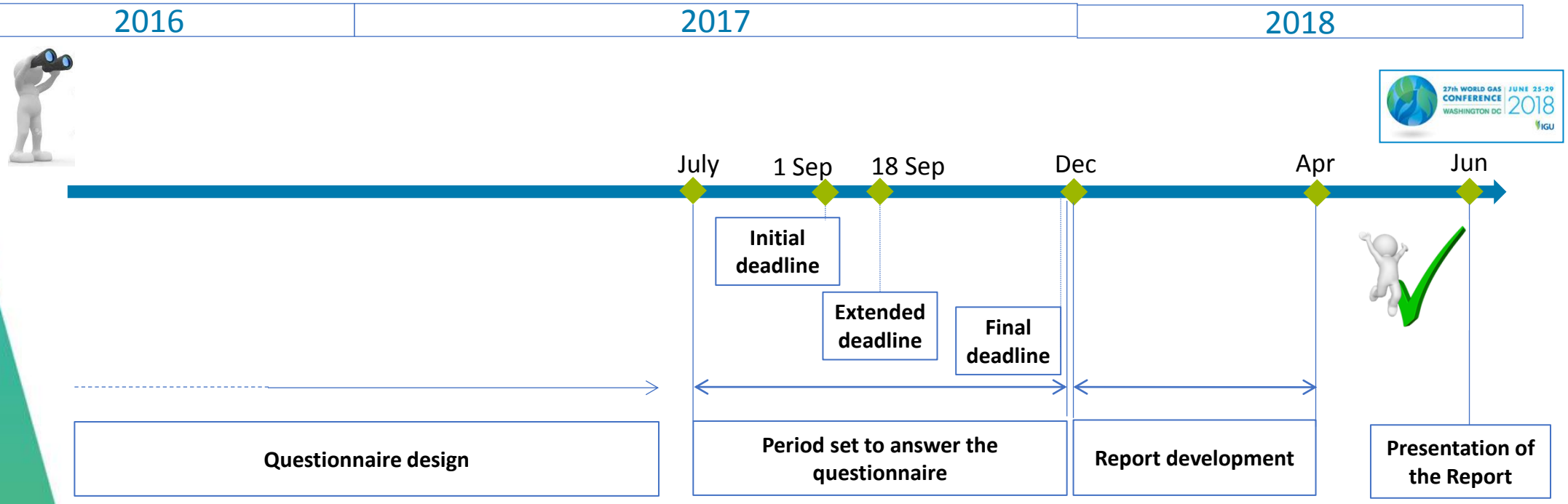
Other

Regulators

Government/ministries

Added late in the process, no time to go through internal procedures

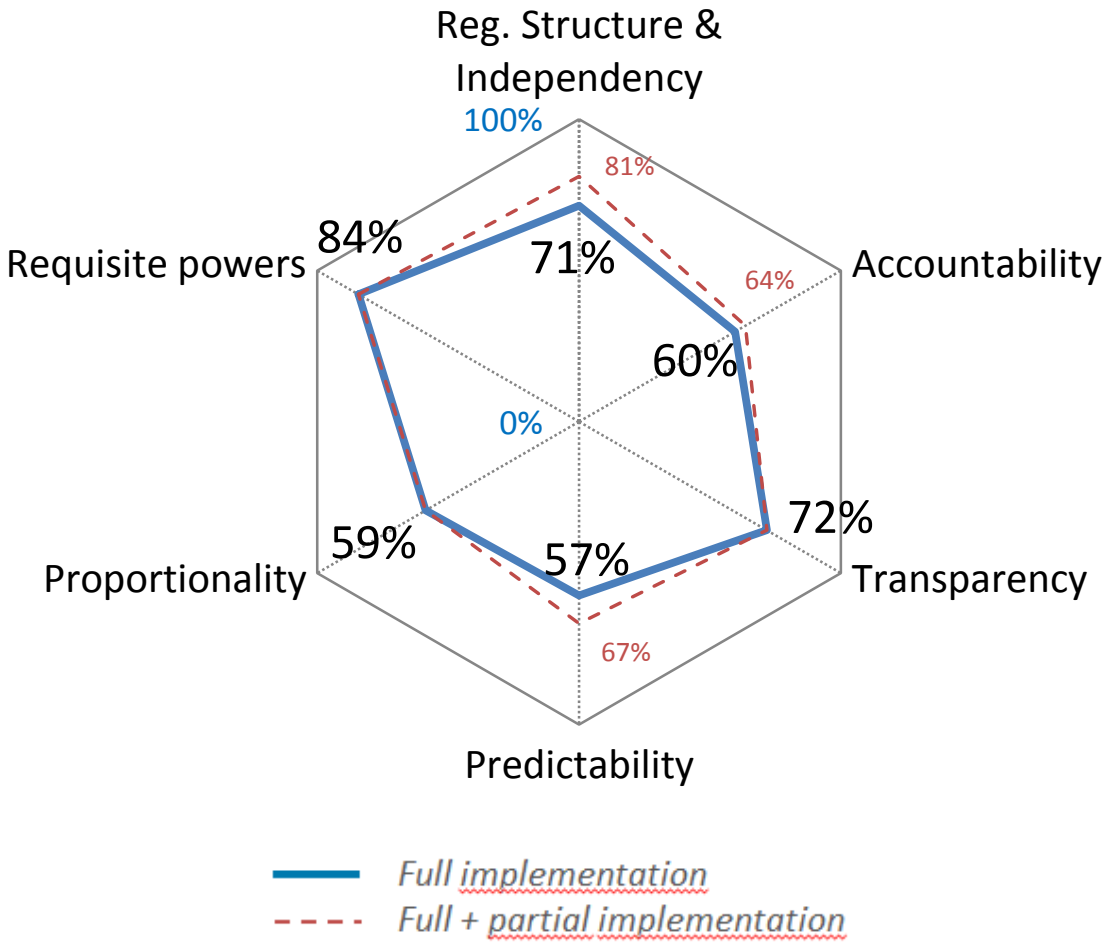
Timeline


2016
2017
2018
July
1 Sep
18 Sep
Dec
Apr
Jun
Initial deadline
Extended deadline
Final deadline
Questionnaire design
Period set to answer the questionnaire
Report development
Presentation of the Report

Results

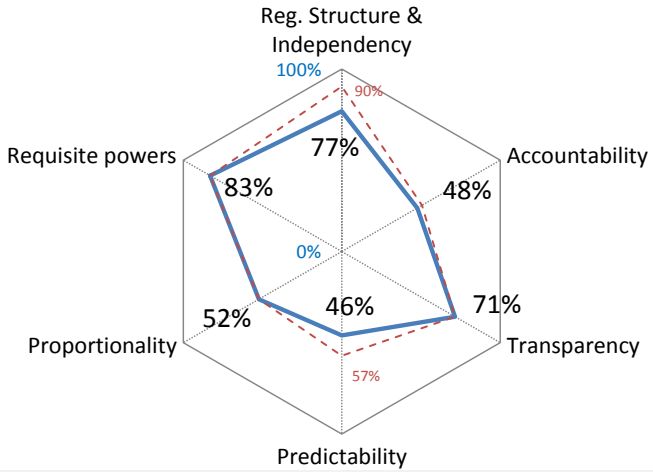
- ✓ **43 responses** received, but only **31 considered in the analysis**
  - ✓ Some responses did not allow to verify the source
  - ✓ Some potential participants registered, but did not go through the questions

Overall results

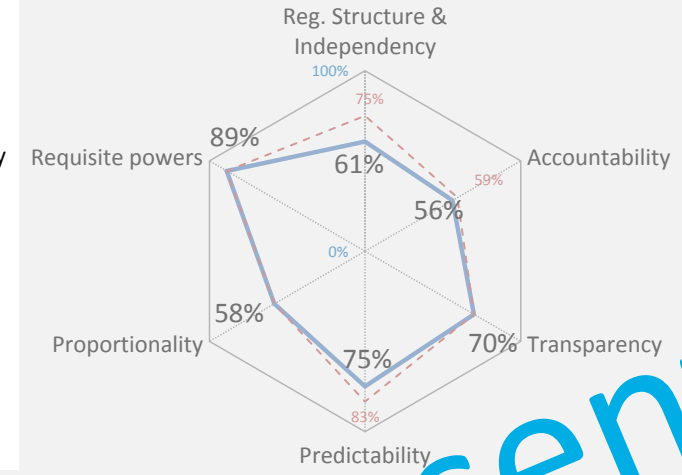


Results by region

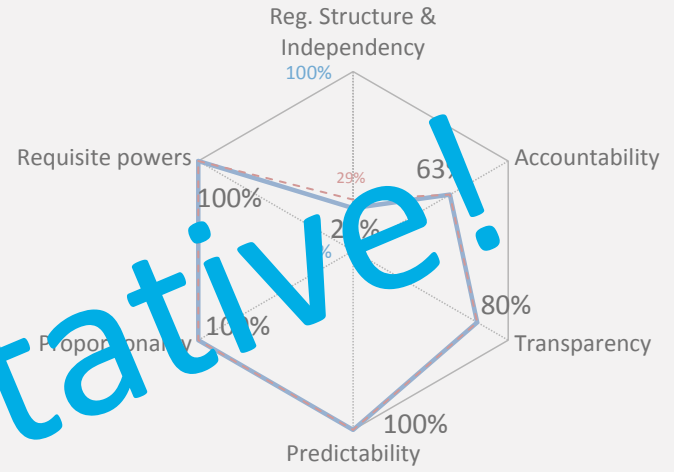
Europe



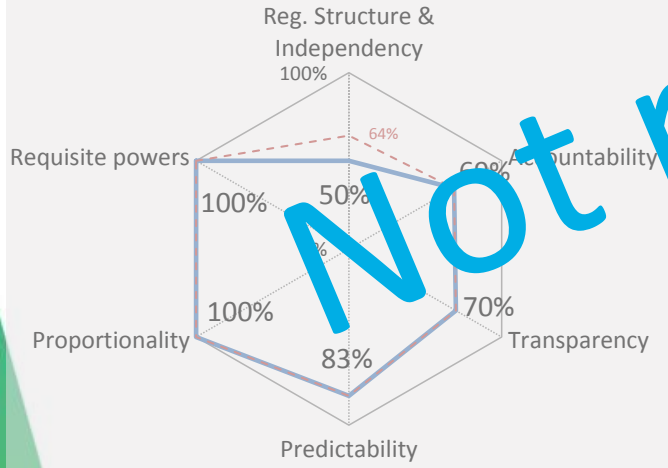
Latin America



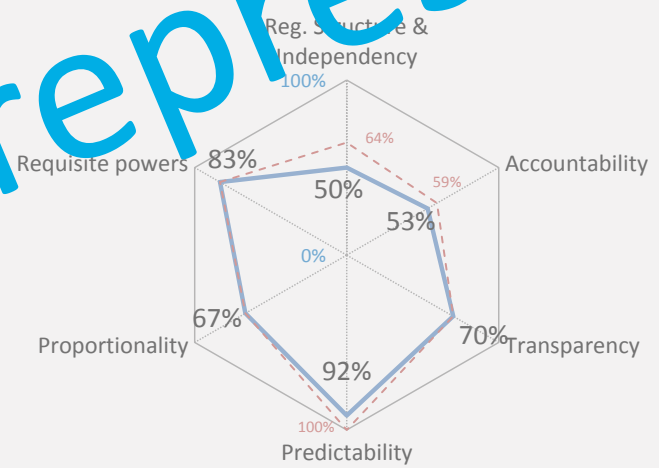
Middle East



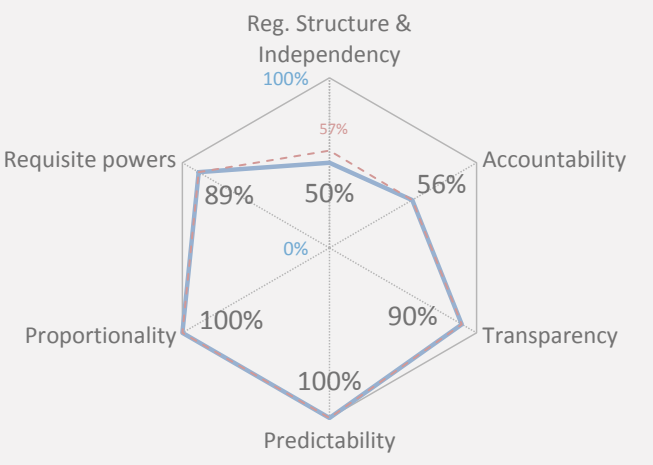
Asia



Africa



Oceania

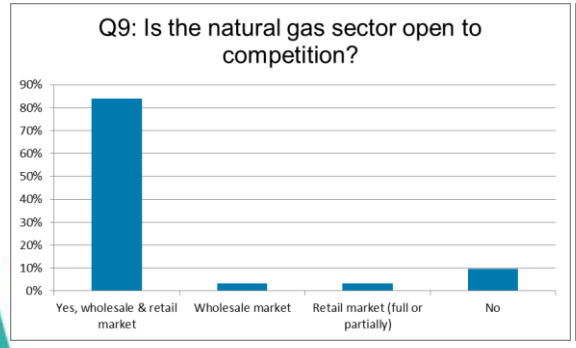


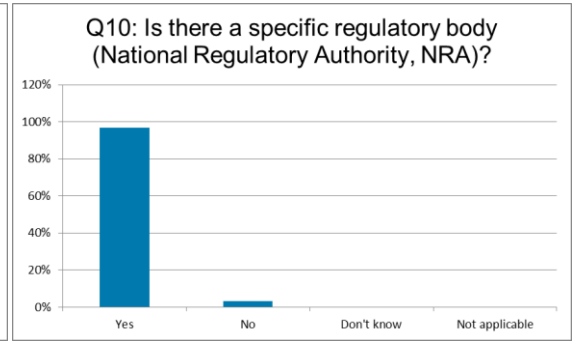
Not representative!

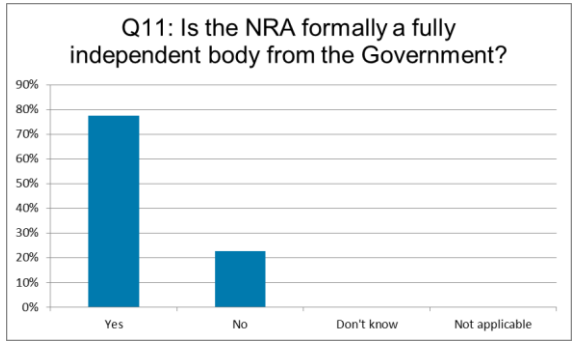
Full implementation
Full + partial implementation

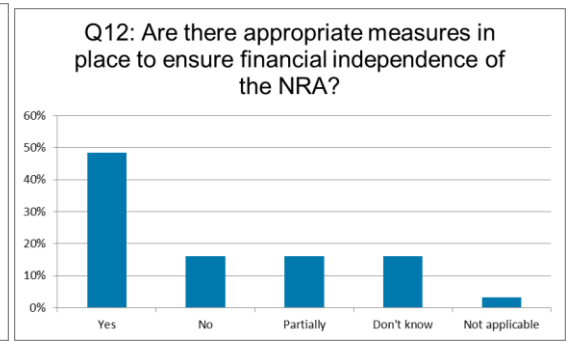
Detailed results

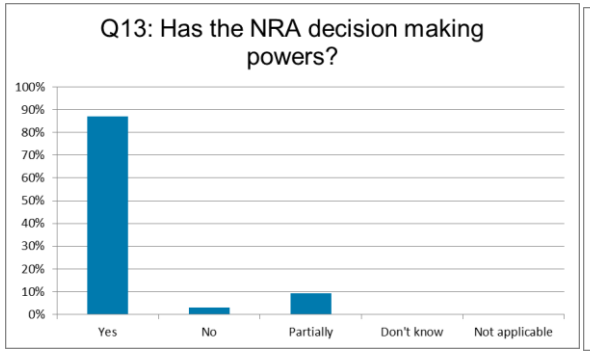
Regulatory structure and independency

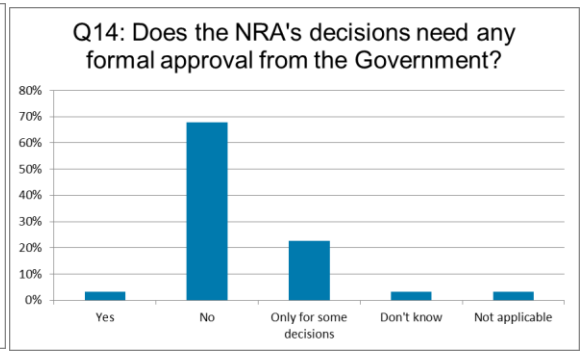


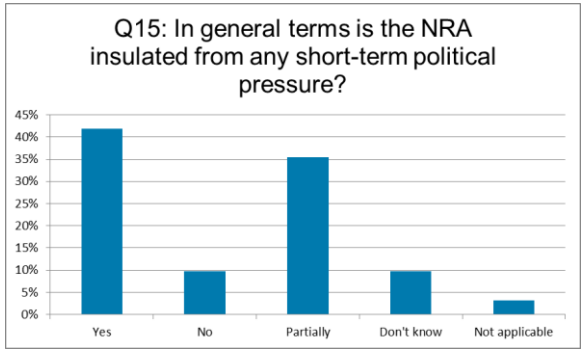






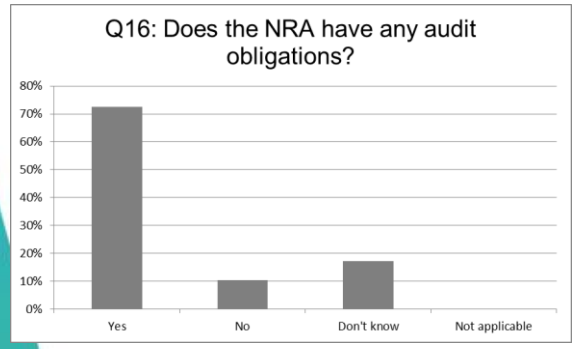


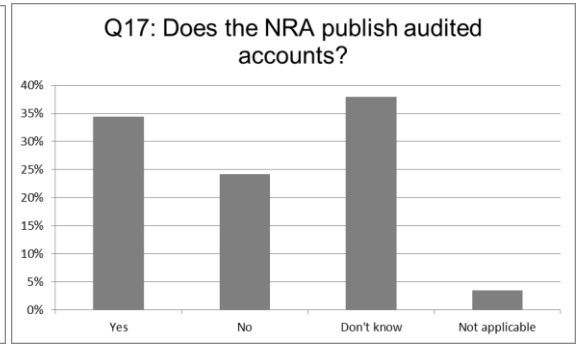


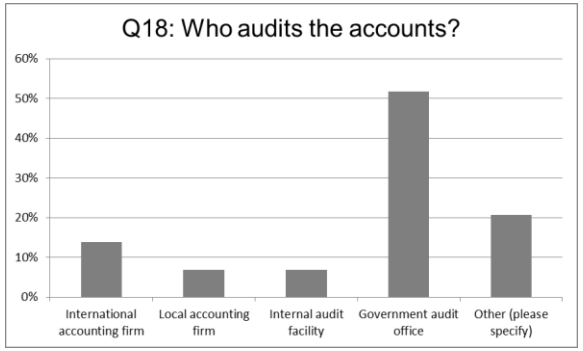


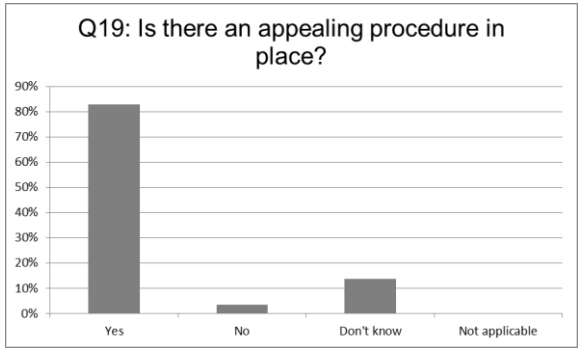
Detailed results

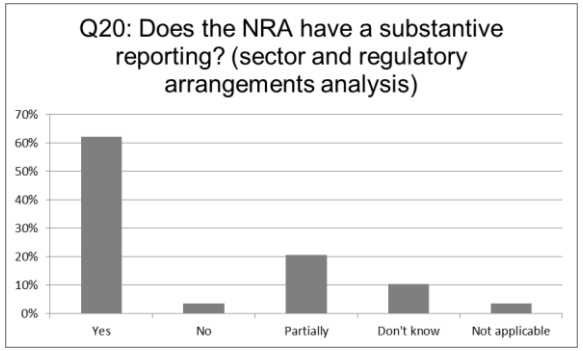
Accountability

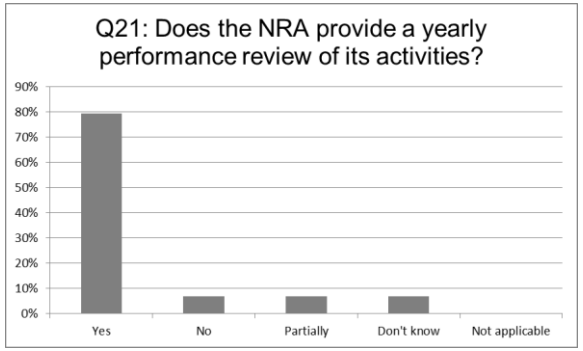


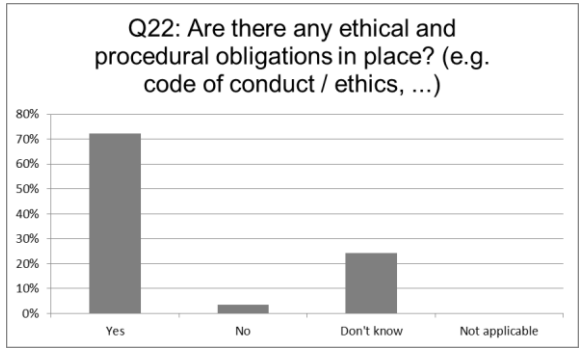






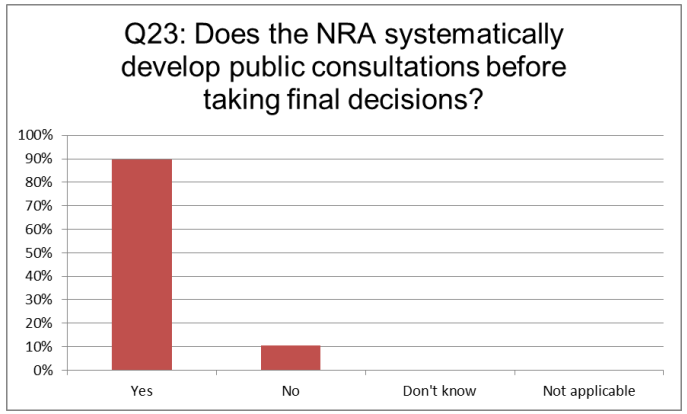


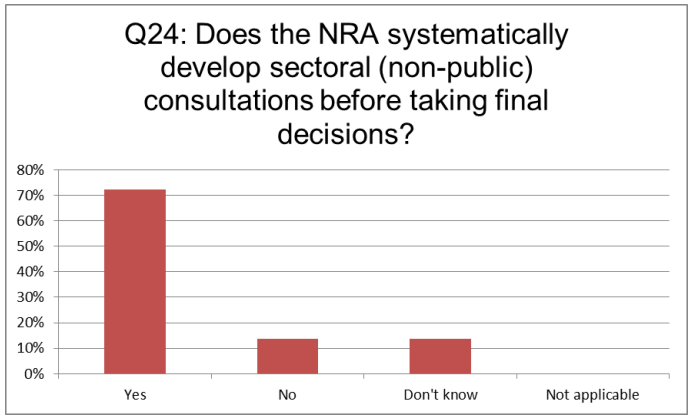


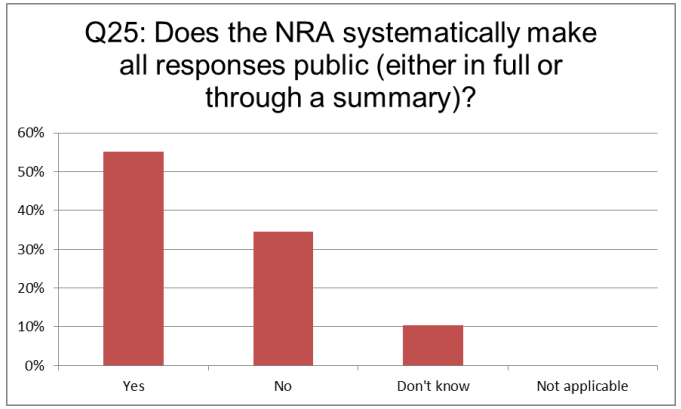


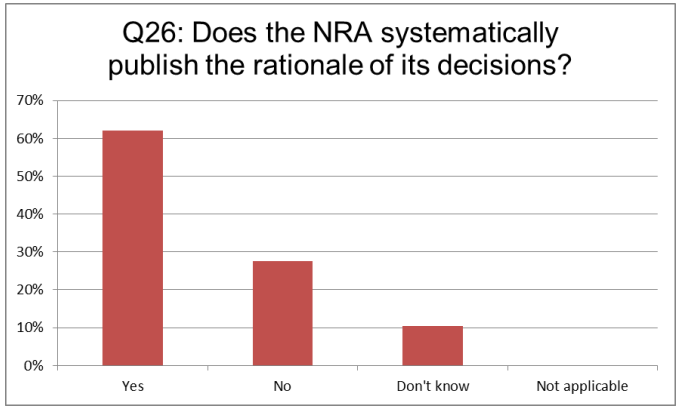
Detailed results

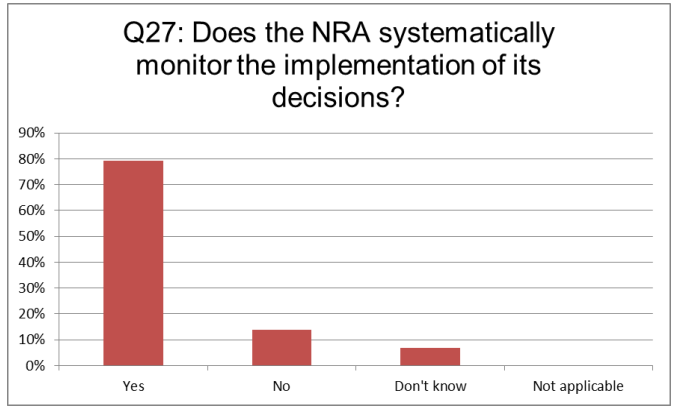
Transparency and public consultation





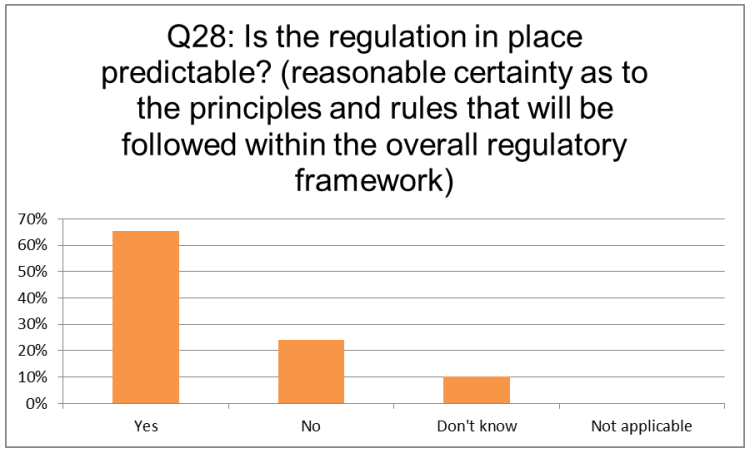


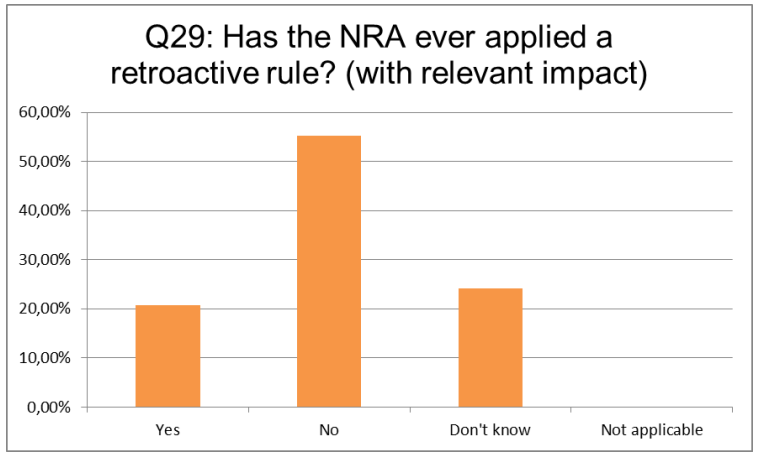


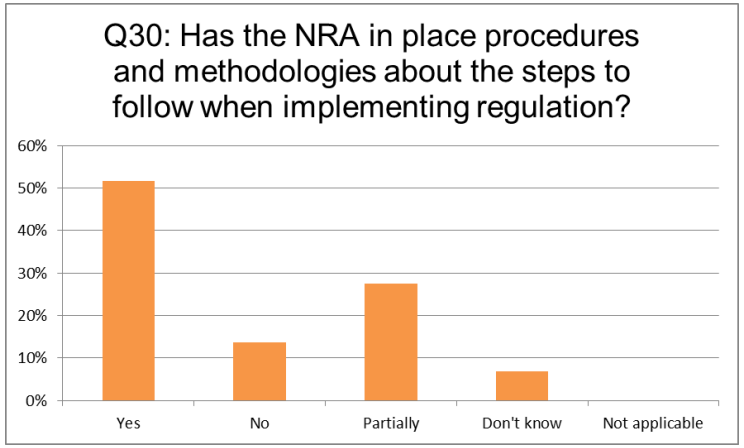


Detailed results

Predictability







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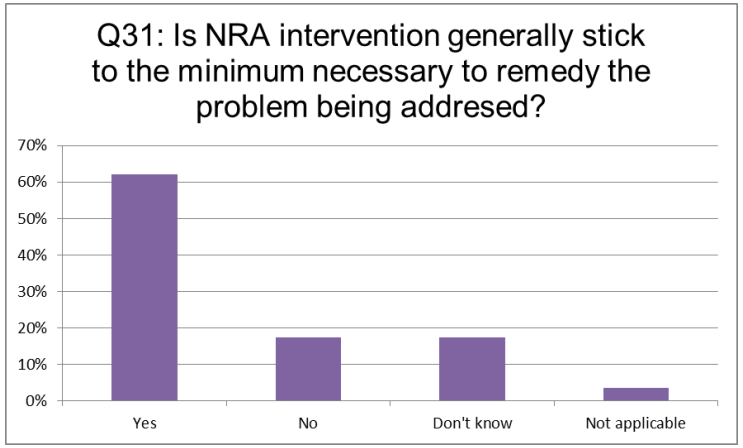
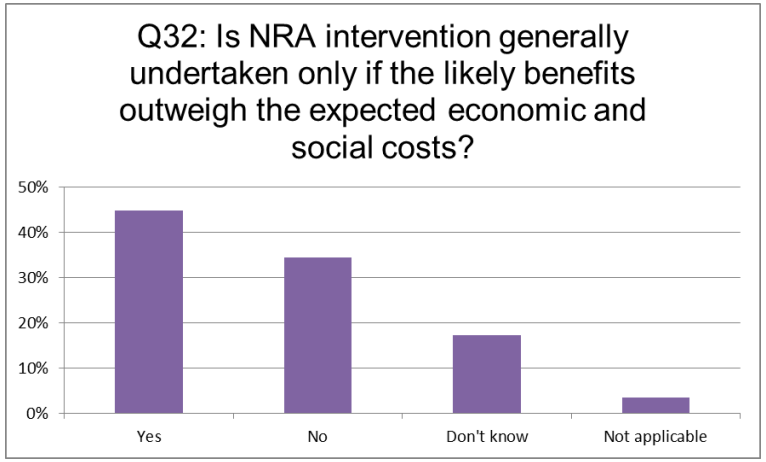
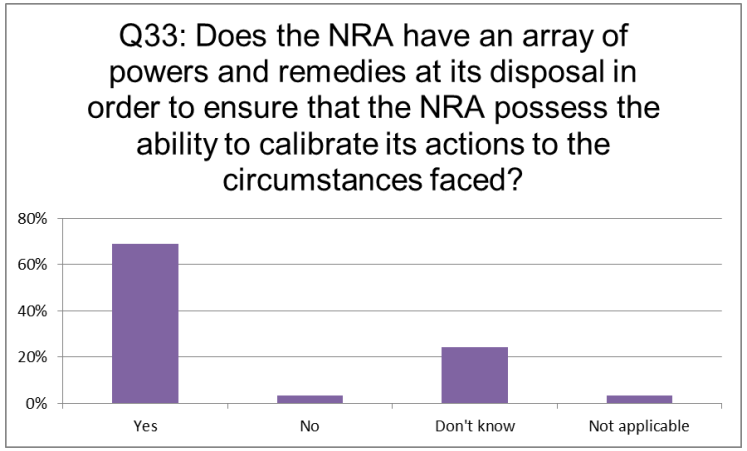
Detailed results

Proportionality

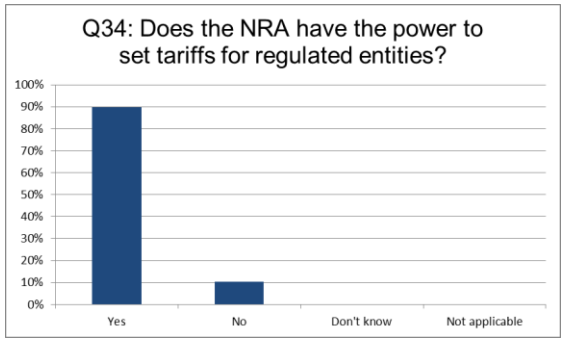


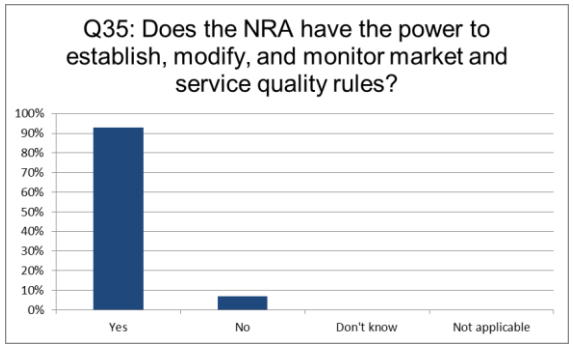


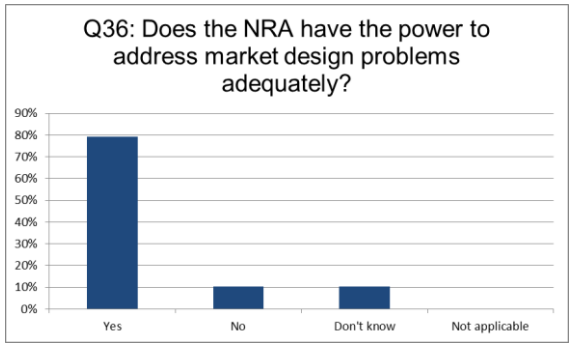


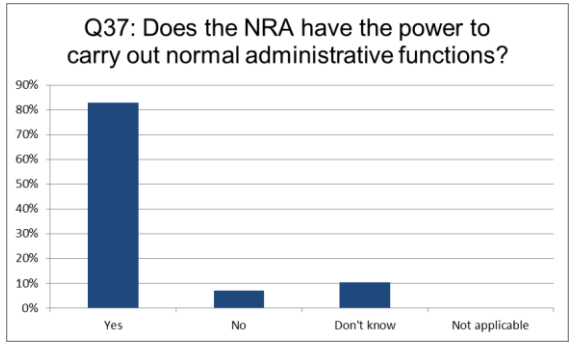
Detailed results

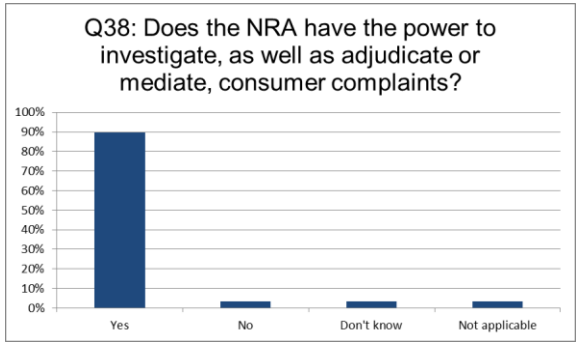
Requisite powers

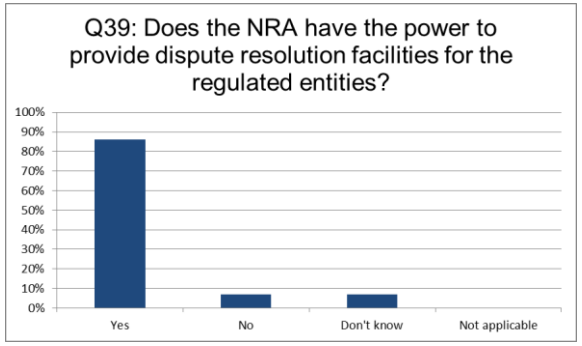


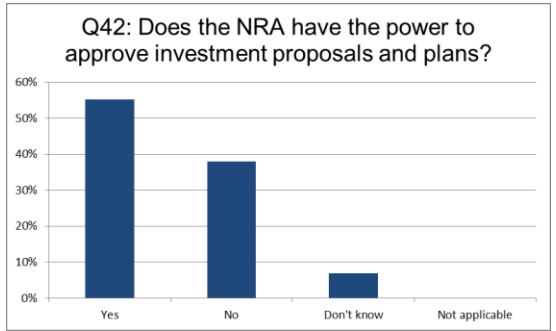


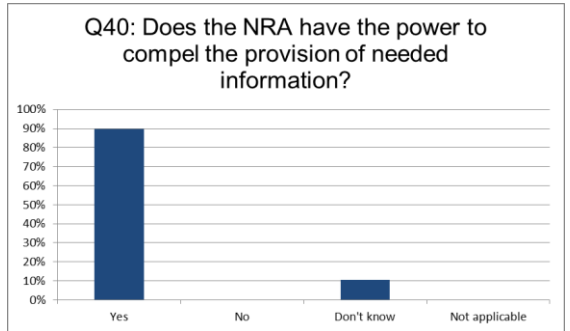


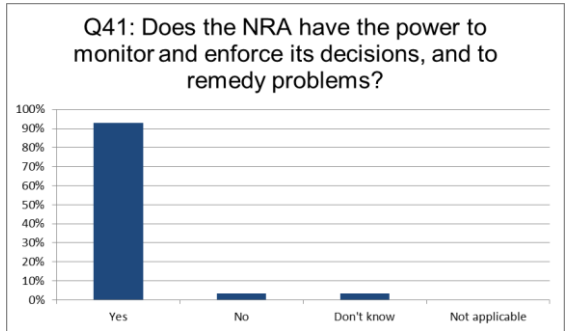












Conclusions

- ✓ Results more positive than initially expected; present an **ideal world** were most of regulators:
  - ✓ are **established**;
  - ✓ are **independent** from government and stakeholders;
  - ✓ have **effective and relevant regulatory powers**, and;
  - ✓ exercise powers with **accountability, transparency, predictability and proportionality**.
- ✓ Requisite powers, and regulatory structure and independence, are the strongest areas, followed by transparency. These areas are to a large extent determined by the regulations in force.
- ✓ Proportionality and Predictability, which have more to do with the effective implementation and practices of regulators, rather than with good practices reflected in the regulation, seem to be the weakest ones.
- ✓ These results seem to indicate that **on paper regulatory frameworks are well designed and comprehensive, but when it comes to practice, there is still some way to go**.
- ✓ …but results **essentially reflect the situation in Europe**, with a limited number of inputs. Results outside Europe are not representative.
- ✓ It would be interesting to repeat the exercise, involving more stakeholders, including regulators and authorities

Thank you!