



Autorità per l'energia elettrica e il gas

STRATEGIC THREE-YEAR PLAN

2009-2011



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PART ONE

1. Introduction

The Authority for Electricity and Gas, in continuing and building on a practice introduced in 2005, has adopted and published its fourth Strategic Plan for the three-year period 2009-2011.

The main goals of the three-year plan and its annual up-date are to adopt an effective and dynamic internal tool for the Authority's general programming and management and provide advance information for all external stakeholders on the direction the Authority's future action will follow; Not only as general strategic objectives, but also as a public presentation of its future agenda, with specific reference to the most significant operational initiatives, their possible timescale and related internal organisational responsibilities and competences.

With this three-year planning instrument, the Authority intends to build on its communication and dialogue and on the consultation process with all stakeholders, where possible according to continually improving standards of transparency and clarity.

In this respect and with these same goals in mind, opportunities for the Authority to take part in discussion, communication and participatory events (for example the annual public hearings, the dissemination of consultation documents, regulatory impact analyses and the publication of Resolutions) are becoming more and more frequent and being used to better effect.

Like the previous Strategic Three-Year Plans, the 2009-2011 Plan is divided into two parts:

- the first, general part, covers the national and international background (with specific reference to the energy and gas markets and developments in the regulatory framework), and the role and activity of the Authority;
- the second part sets out the Authority's principal strategies, along with its individual strategic objectives and connected operational objectives. It also sets out the timescales and internal organisational responsibilities for the actions required to achieve them.

The Three-Year Plan 2009-2011 is clearly part of the annual planning and up-dating process adopted by the Authority; it includes information on measures already adopted and any changes or additions with respect to previous Plans.

2. The Authority's role and activity

The Authority for Electricity and Gas was established through Law 481/1995 of 14 November 1995. It is an independent administrative authority whose remit is to perform regulatory, controlling and monitoring functions in the electricity and gas sectors. The general aims of its activity, as established by its founding law, are:

- to promote competition and efficiency;
- to promote adequate levels of service quality in cost-effective, profitable conditions that take due account of environmental protection;
- to ensure services are available and usable throughout the country;
- to define reliable, transparent tariff systems that are in line with costs and based on pre-determined criteria;
- to promote consumer protection.

A detailed analysis of the Authority's activity shows that it is also, and increasingly, engaged in updating the existing general regulatory framework (including on the basis of developments in the primary national legislation and that of the European Union) and in control, monitoring and supervisory activities; the latter are increasingly necessary to ensure that the regulatory framework is effective and properly observed.

Key features of the Authority's activity continue to be the development of cooperation and liaison with other institutions such as the *Cassa conguaglio per il settore elettrico* (Electricity Sector Compensation Fund – CCSE), the *Guardia di Finanza* (Tax Police), the *Consiglio Nazionale dell'Economia e del Lavoro* (National Council for the Economy and Labour – CNEL), the *Consiglio Nazionale dei Consumatori e degli Utenti* (National Consumers and Users' Council – CNCU), and the other independent Authorities (most notably the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority – AGCM), the *Commissione Nazionale per le Società e la Borsa* (CONSOB) and the *Garante per la Protezione dei Dati Personali* (Guarantor for Privacy). In its work the Authority also draws on the collaboration of the *Avvocatura dello Stato* (State Legal Advisors), *Ente per le Nuove tecnologie, l'Energia e l'Ambiente* (Italian National Agency for New Technologies, Energy and the Environment – ENEA), the *Stazione Sperimentale Combustibili* (Fuel Experimental Station), the *Comitato elettrotecnico italiano* (Italian Electro-Technical Committee – CEI) and the *Comitato italiano gas* (Italian Gas Committee – CIG). It also liaises closely with research institutes and universities, and with experts from other countries' regulatory authorities, often those participating in CEER/ERGEG (European Council of Energy Regulators) and MedReg (Association of Mediterranean Energy Regulators).

The Authority for Electricity and Gas continues to perform the system research activities temporarily assigned to it in the electricity sector.

In carrying out its tasks and especially in formulating and issuing provisions, the Authority has confirmed its focus on and commitment to promoting a regulatory framework whose hallmarks are clarity, transparency and certainty. Its administrative simplification activities will therefore continue, with reference to new provisions, the drafting of *consolidated texts* (which make it easier to find the regulations governing the sector), and the elimination of provisions that are no longer effective.

As regards the promotion of constant improvement in the regulatory framework, the trial of the regulatory impact analysis (RIA) methodology has been completed. This methodology will be widely implemented and extended to include all general provisions indicated in the Three-Year Plan.

3. International scenario

The last few months of 2008 saw the deepening of a worldwide economic crisis of exceptional scope. The outcome of an accumulation of serious ills, this crisis is considered by many analysts to be the most significant since 1930. The macro-economic context, characterised by low interest rates, abundant liquidity and a quest on all sides for high-returns encouraged lending to subjects with low creditworthiness, the idea being to distribute possible insolvency risks amongst all the actors of the system. The substantive failure of this business model, which can also be ascribed to the peak in oil and raw material prices, paved the way in the United States for an extremely deep crisis in the inter-bank, financial and money markets.

This crisis and the resulting abrupt slow-down in the real economy soon hit and infected European and global economies.

In Italy, these repercussions were caused not so much by a direct involvement of the banks or by the adoption of a US-style business model, but by the necessary participation in financial markets that are now global in scope and the commercial, industrial and social fall-out.

Clear and immediate consequences of the crisis are and continue to be the reining-in of investments, with strong signs of related plans being scaled down, and the decline in consumption; the slow-down in industry, with a fall in sales, orders and output; and the worsening state of the labour market, with rising unemployment levels.

This acutely negative international economic scenario also prompts considerations on the more specific context of the energy markets. Attention has focused on the positive and marked fall in fuel prices (oil in particular), and on a framework of general uncertainty for investments, from the perspective of the financial capacity to sustain them and their current perceived economic expedience. Investments are and remain necessary to up-grade and modernise infrastructure and production plants, which are decisive in increasing the competitiveness of the reference markets and the cost-effectiveness and quality of services for consumers.

As regards oil products, to the price of which Italy's energy system remains very exposed, it seems clear that a market subject to such significant and sudden oscillations is a market with serious problems.

The collapse in the oil price and, probably, a significant reduction in demand for oil, have also led some observers to predict a significant cut in investment in new capacity. This, while not justified in financial terms given the current trend in oil prices, could in the near future lead them to rebound. Lastly, while the reduction in the oil price produces positive effects on the costs of electricity and gas supplies, at the same time the risk remains high of an economic recession whose impact would be felt over the next three years. In this respect it would be timely to see a confirmation of interest in initiatives backed by the negotiating and promotional strength of a single-voice EU, like the ones the Authority has called for.

Such initiatives could determine or lead to long-term oil agreements and contracts (free from speculative influences) on oil and on increasingly secure and reasonably priced supplies of natural gas.

The expected European decisions (EU packages) on sustainable development (energy saving, the role of renewable sources, greenhouse gas emissions) and on the internal electricity and gas market (network unbundling, harmonisation and a strengthening of the roles and independence of national

regulators, the creation of a European Regulators' Agency, and network codes and coordination) will also have a significant impact on European and national energy systems.

4. National scenario

Like the international scenario, the situation in Italy was strongly influenced at the macro-level by the repercussions of the economic crisis and oil price trends.

Energy markets have recently seen a higher number of offerings and offerers, in the electricity sector in particular (progress in the gas sector has, however, been entirely unsatisfactory). This is also evidenced by the significant switching rates observed for the market most open to competition, the electricity market, and by the still excessive dominance of former incumbent ENI in the natural gas market.

For the development and completion of the electricity market the opportunity provided by the opening of the *derivatives* markets is also worthy of note.

In short, marked a-symmetries still remain between the electricity and gas sectors in terms of market efficiency and competitiveness, which in the latter case is still at the embryonic stage.

Against this background, the envisaged development of regulatory provisions affecting the development of the markets and the tasks or functions of the Authority should have an important influence.

Electricity market

The electricity sector now includes numerous large producers, a development that has reduced the incidence of the main operator, ENEL, to less than a third of total production. The resulting level of competitiveness is already a source of satisfaction and is showing further positive progress.

The increase in the number of producers operating on the market has been accompanied, in recent years, by a parallel increase in electricity generating capacity; capacity that now makes it possible to achieve good margins of cover and working reserve.

Production costs depend on the mix of sources used and the efficiency of the stock of power stations. The mix is still largely based on hydrocarbons (over 60% of total production), with a total absence of nuclear, a low use of coal and limited input from cost-effective renewables.

The efficiency of Italy's power stations has seen a progressive and significant improvement in recent years.

Unfortunately, infrastructure deficiencies (national and cross-border transmission lines) and significant congestions still remain. It will be vital to promote efforts to eliminate these congestions by developing the national grid and interconnections with neighbouring countries to enable more supplies at more competitive prices, greater market competitiveness and a better use of power reserves. To help solve these infrastructure problems more quickly, the Authority has introduced and will develop regulatory incentive mechanisms that reward, in general, each new investment leading to progress in the infrastructure and system as a whole. This refers particularly to the segments of the supply chain involving the regulated services (transport, distribution and metering) characterised by situations of natural or technical monopoly.

The tariffs for these services have in any case have been capped continually without negative consequences on service quality, which has actually improved significantly.

On the demand side, three main categories of actors operate on the wholesale electricity market: sales companies belonging to integrated operators, wholesalers and large-scale customers. The biggest wholesaler in this market, whose share of purchasing amounts to about 30% of demand, continues to be the Single Buyer, the public company whose remit is to satisfy the energy demand of customers using the *enhanced protection service*. The efficiency of the Single Buyer is therefore decisive for the quarterly adjustments the Authority makes to the benchmark economic conditions. The retail market has already been completely liberalised for over a year-and-a-half. The figures for customer migration to the free market are comforting: more than 2 million have opted for a new supplier. The resulting switching percentage (above 6%) is in line with that of markets historically more advanced in the liberalisation process (e.g. the United Kingdom).

With the free market now launched and the captive market eliminated, the Authority has developed the *enhanced protection service* and the *safeguard service*. The latter, as a service of last resort, is reserved for customers at risk of losing their supply (for example if their supplier becomes insolvent). It is awarded through a competitive procedure and has been active since 1 May 2008. The enhanced protection service is provided (under economic conditions determined by the Authority) to final customers – households and small businesses – that have not yet ventured into the free market.

The Authority's regulatory activity with respect to the retail market follows two main strategies:

- i) to eliminate all possible barriers that still influence customers' free choice, by fostering a competitive environment where operators are as far as possible on an equal footing;
- ii) to provide instruments or promote solutions so that consumers' choices will be increasingly free, informed and economically expedient.

New opportunities are being developed thanks to the increasingly widespread use of electronic meters. These will enable customers to make choices that are increasingly beneficial to their consumption profiles, with prices differentiated on an hourly basis and an increasingly rational use of energy.

Gas market

The gas wholesale market is much less competitive than the electricity market. Dominant operator ENI controls about 70% of national supplies, resulting from domestic production and imports (including border transfers). Of the remaining 30%, the two main competitors cover about 11% and 7%. We can therefore consider competition levels in this market to be wholly unsatisfactory. Indeed, the price is determined by the dominant operator, while the other operators, with similar or higher price levels, only have access to infrastructure (input, transport and storage) that again is largely controlled by ENI.

Domestic gas production, following a trend that has been confirmed over the years, is falling sharply; imports are therefore playing an increasingly decisive role. In this context, the incidence of oil price variations on the market is clear, at least until oil and gas prices are uncoupled to some degree and spot contracts and diversification of supply have a stronger impact.

On the demand side, the wholesale gas market is characterised by scarce supply and a low degree of competition. The scope for prices negotiation is therefore low.

Moreover, shortcomings and delays in up-grading the infrastructure mean that the wholesale market is still far from a virtuous one where supply can pro-actively support the rising trend in demand and ensure an overall improvement in system security. The entry into service (envisaged for the 2009-10 season) of the LNG terminal at Rovigo and the up-grades on the TAG (gas pipeline from Austria) and the TTPC (pipeline from Algeria) are not enough in themselves to bring true competi-

tion. To tackle the shortcomings in the gas sector at the structural level, initiatives to achieve three goals are still necessary: storage capacity that comfortably exceeds specific demand; greater capacity in the transport network; and considerable improvements in import infrastructure (gas pipelines and regassification plants, not least to foster diversification of supply).

Further problems arise from the lack of independent infrastructure (for imports, transport and national storage) and the fact that dispatching is conducted by a third party operator. These shortcomings also act as a disincentive to investment by new operators/competitors and make it impossible to set up a truly impartial, organised market (gas exchange, dispatching and third-party transport).

In the gas sector, as in the electricity sector, the Authority's regulation of services operating under a technical or natural monopoly is characterised by incentive mechanisms for new investments, tariff capping and a significant improvement in service quality and security.

In the retail market, and although Italy was one of the first countries to liberalise demand, the dominant operator still directly covers nearly 45% of the final market. The remaining sales companies are very fragmented, and linked to an equally fragmented distribution system. This situation, where operators act mainly to strengthen their own positions and in most cases belong to the same group of distribution companies, creates a further difficulty in developing competition in, and enabling new operators to enter, the market, and consumers to exercise their *switching* rights. An increase in system efficiency (including by redefining the territorial catchment areas of the sector, the definition of which has already been substantively reviewed by decree law 112/2008) could bring benefits in terms of price, quality and security.

5. National legislative context

The following provisions are particularly topical and important: Bill AS 1195 containing "Provisions for the development and internationalisation of enterprises, including in energy matters"; Decree Law 112 of 25 June 2008 containing "Provisions for economic development, simplification, competitiveness, the stabilisation of the public finances and fiscal equalisation", confirmed as Law 133 of 6 August 2008; and Decree Law 185 of 29 November 2008 containing "Urgent measures in support of households, employment, and enterprise and to redefine the national strategic framework with a view to addressing the crisis".

Bill AS 1195 contains a number of positive provisions favouring the development of the electricity and gas markets. Particularly significant are: the provisions concerning new construction permits and the operation of liquefied natural gas regassification terminals and related works; the new provisions on liquid and gas hydrocarbon exploration permits and permits to dig exploratory wells; new contracts for the transfer of virtual production capacity, such as new instruments to promote competition and as a result contain electricity prices and tariffs.

Further reflection and analysis are required, however, in the case of: the attribution to the Single Buyer and the Electricity System Operator of the functions carried out by the Electricity Equalisation Fund; the formulation proposed to cover the costs of the new gas meters; the re-attribution to the Ministry for Economic Development of the power to determine the avoided fuel cost for plants receiving incentives under the CIP 6/92 provisions; and the timescale and implementation conditions for the new gas exchange and the role of the Single Buyer as extended to the gas sector.

Art. 81 of Decree Law 112/2008, confirmed as Law 133/2008, established an IRES (company tax) surcharge of 5.5% on energy sector operators with revenue of over 25 million euros in the previous tax period. The same decree gave the Authority for Electricity and Gas the task of overseeing the ban on transferring the costs of this surcharge to consumer prices and also envisaged a report to Parliament by the Authority on the outcome of these supervisory activities. The Authority intends to exercise these supervisory functions and has already adopted provisions to this effect. The methodology used envisages diversified levels of analysis, with indicators that enable preliminary screening to be carried out. More detailed levels of analysis are reserved for operators that, as indicated by the results of the first-level assessments, are more likely to have failed to observe the ban on transferring the surcharge. Significant new developments also arose from the "Anti-Crisis" decree law, no. 185 of 29 November 2008, through which the Government intends to tackle the problem of high energy prices in Italy. For example, a timely review of the electricity market and dispatching models, through which a series of objectives established at their launch have been achieved, will now be necessary to achieve more advanced levels of efficiency. For these, new regulatory provisions will also be required. Of significant importance in the development of renewable sources is the inter-ministerial decree of 18 December 2008 implementing the provisions contained in the Finance Law (Budget) of 2008. Amongst other things, this decree opens the way for a review of the green certificates mechanism; introduces the all-inclusive fixed tariff system for small plants using renewables (up to 1 MW); and extends the on-the-spot trading mechanism to plants of up to 200 kW (the previous limit was 20 kW). As regards these incentive mechanisms, the Authority is required in particular to establish conditions for the delivery of all-inclusive fixed tariffs and on-the-spot trading, and to verify that the provisions of the decree are being observed. The Authority will implement the above provisions in continuity with the process it embarked on some time ago of fostering the integration in the market of incentivised electricity produced from renewable sources. In so doing it will devote special attention to the efficiency of this integration process, and to the burdens on consumers resulting from the incentive mechanisms. On energy saving, Legislative Decree 115 of 30 May 2008 implemented Directive 2006/32/EC on efficiency in final uses of energy, and introduced significant new features. The general goal of this provision is to help achieve greater security of energy supply and protection of the environment (e.g. by reducing greenhouse gas emissions) through a general improvement in final energy use. Most notably, in addition to setting up a national energy efficiency agency as part of Enea, Enea itself has been given technical regulatory and management competences (evaluation and certification of savings achieved). The Authority continues to have general and economic regulatory competences, such as those concerning the determination of the relative tariff contribution, the operation of the markets, monitoring of the results, and penalties in cases of proven non-compliance or failure to achieve the objectives.

6. Principal strategy lines

The liberalisation processes that have been under way for over a decade in the electricity and gas sectors have today produced markets in which the competition rules are fairly well-defined and established.

However, they still do not show signs of having attained adequate levels of real competitiveness. The results achieved in terms of liberalising demand should, therefore, be matched as soon as possible with much more advanced levels of competition on the supply side. This in keeping with increasingly more effective protection for consumers.

The strategy followed by the Authority's regulatory activity needs to follow the following direction:

- i) devoting its efforts and activity not just to actions of a wide and general scope (adjustments and up-dates, reorganisation and simplification included) but also to initiatives designed to overcome specific problems as identified on an on-going basis through careful monitoring;
- ii) continuing with regulatory initiatives that incentivise investments in infrastructure development and continuing service quality and security improvements.

The Authority's activity should also and increasingly concern its control, monitoring and supervisory functions to ensure that the rules already defined are properly effective and at the same time leave ample scope for opportunities to develop operators' competitive capacity and consumers' interests in a fair manner.

The Authority should also provide in every way possible for closer collaboration with all the country's institutions and more active participation in European and international bodies fostering increasingly harmonised and integrated sectoral regulation that is also beneficial to operators and consumers in Italy and the EU.

PART TWO

Objectives

The Authority's activity will be structured around the following hierarchy of objectives:

- **General Objectives:** objectives with a long timeframe and wide sectoral scope, deriving from the mandate set out in the Authority's founding law or from general national or Community law;
- **Strategic Objectives:** objectives through which the Authority intends to achieve its *general objectives*;
- **Operational Objectives:** detailed objectives for each *general and strategic objective*. They are each set out in a detailed "worksheet" and, if necessary, *further details* or *notes* on specific features that also include the means of achieving the objectives.

The worksheets also indicate (in bold) the **Department responsible** for each action, and the **Departments supporting them**. The acronyms used for the Authority's internal units are: **SGEN**, Secretary General's Department; **DCOM**, Communication and Events Department; **DCQS**, Quality and Consumer Affairs Department; **DMEG**, Markets Department; **DLGL**, Legislation and Legal Counsel Department; **DPAF**, Human Resources, Administration and Finance Department; **DSSD**, Strategy, Research and Documentation Department; **DTRF**, Tariffs Department; and **DVGC**, Vigilance and Control Department.

The seven **General Objectives (A-G)** and consequent **Strategic Objectives (A1, A2, ...)** are also set out, through the **Operational Objectives** and related Worksheets, using the following index:

- A) **To promote the development of competitive markets**
 - A1 To develop and harmonise the electricity and gas markets
 - A2 To promote adequate supply and limit the market power of dominant operators
 - A3 To promote the formation of trans-national electricity and gas markets
 - A4 To ensure transparent, non-discriminatory access to regulated infrastructure
- B) **To support and promote the efficiency and cost effectiveness of infrastructure services**
 - B1 To promote fit-for-purpose, efficient and secure infrastructure
 - B2 To guarantee cost-effective network services
 - B3 To promote efficient metering activities
- C) **To protect energy service customers**
 - C1 To manage the complete opening of the markets on the demand side
 - C2 To guarantee the universal service and protect specific categories of customers
 - C3 To develop service quality and security levels
- D) **To promote the rational use of energy and contribute to environmental protection**
 - D1 To support and disseminate energy efficiency in final uses
 - D2 To contribute to decisions and choices for sustainable development

- E) **To ensure that regulatory provisions are simplified and implemented**
 - E1 To oversee the correct application of regulatory provisions by the regulated operators
 - E2 To oversee the ban on transferring the IRES company tax surcharge under Law 133/2008
 - E3 To ensure and facilitate the implementation of regulatory provisions

- F) **To strengthen dialogue with system stakeholders**
 - F1 To develop relations with other institutions
 - F2 To reinforce the instruments for consultation and dialogue with operators and consumers
 - F3 To complete the implementation of the Regulatory Impact Analysis (RIA)
 - F4 To build on communication and relations with the media

- G) **To increase the Authority's operational efficiency**
 - G1 To support the development of human resources
 - G2 To improve organisational and financial efficiency.

A. To promote the development of competitive markets

A1. To develop and harmonise the electricity and gas markets

The development and harmonisation of the electricity and gas markets requires constant monitoring, verification and regulatory "maintenance" activity. Actions designed to achieve the optimal functioning of the markets pre-suppose the tasks of recording and evaluating the signals and changes expressed on an on-going basis by the markets themselves.

In the electricity sector, work began in 2008 on a review of the dispatching and adjustment markets. The strategic direction followed in defining this reform is to promote greater competitiveness between producers and ensure higher levels of market transparency, especially as regards the way resources are selected and used.

One part of this review is the possible introduction of new instruments to guarantee system security. These would be able to move on from and improve the current instruments, based on the capacity payment regulations. This review of the dispatching markets will be accompanied by the implementation of intraday markets.

The division of the network into zones was redefined for 2009-2011, with changes to the southern zone. The decision on whether the northern zone should be split into two was postponed until 2009. The review of the markets (Day-Ahead, Adjustment, Dispatching Services, Forward) and the auction system (marginal price system or pay as bid) and, lastly, the definition of the zones, will need to take the new legislative provisions into consideration.

A further new development in the electricity market was the launch of the derivatives market in 2008. On this front, liaison and collaboration with Consob on the evolution of these markets will continue over the next three years, including through the introduction of new derivatives instruments where possible and necessary.

Again with a view to completing the market, a consultation was opened on provisions envisaging mechanisms to reduce the levels of risk for long-term investments and make them market-compatible.

In the gas sector the most significant initiatives under study are the definition of mechanisms for the gas exchange and the regulation of balancing and dispatching activities.

In the course of 2008 the first consultations on the gas exchange and dispatching market were opened.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To implement a review of the Dispatching and Adjustment Markets (MSD and MA)	<ul style="list-style-type: none"> • By applying developments in the regulatory framework 		
2)	To implement the reform of the Day-Ahead Market (MGP)	<ul style="list-style-type: none"> • Through a regulatory approach providing incentives to increase the efficiency of the actors responsible for operating the market and the dispatching service • Through market analyses and the development of scenarios and models • Implementation of <i>intraday</i> markets • Through comparative assessment of various possible electricity market structures • By verifying whether the zones correspond to the constraints of the electricity grid • By envisaging forms of harmonisation of electricity and gas market regulation 	Dmeg Dssd	2009
3)	To complete the definition of the forward and derivatives markets for electricity and gas	<ul style="list-style-type: none"> • By envisaging forms of control of financial market mechanisms to prevent possible interference in the underlying physical markets and derivatives markets • By liaising with Consob on the derivatives markets • By completing the definition of instruments for long-term markets 	Dmeg	2009-11
4)	To create an organised gas market	<ul style="list-style-type: none"> • By envisaging forms of regulatory harmonisation for the organised gas market • By defining new rules for balancing the gas system 	Dmeg Dssd	2009-11

A2. To promote adequate supply and limit the market power of dominant operators

On the supply side, the energy markets impose regulatory strategies designed to promote demand and bring it into line with the ever-growing needs of the market, and also perform intensive monitoring, control and supervisory activity to prevent a distorted use of market power by dominant operators.

The functioning of the wholesale markets undoubtedly influences that of the retail markets. So the correct and smooth functioning of the former can also have beneficial effects on the wider body of consumers.

From the first standpoint a particular emphasis will be placed on evaluating infrastructure development initiatives, especially those designed to increase gas import and storage capacity.

Infrastructure development must take place not just at the national level but also by up-grading and increasing connections with abroad. The Authority's commitment in this respect is to create the most appropriate regulatory conditions to arrive at an agreed framework for the development and use of infrastructure.

Another pre-condition for achieving competitive markets is a neutral and transparent infrastructure operation and management structure. To this end the Authority, which in the meantime has laid down provisions regulating functional unbundling for companies operating in the gas and electricity sectors, will continue with the implementation of this regulation.

The Authority's monitoring activity in 2008 saw the introduction of important regulatory provisions with the adoption of the Consolidated Text on the Monitoring of the Wholesale Electricity Market and Dispatching Service Market. This monitoring activity will enable the Authority to take prompt action by noting and recording market anomalies in a timely manner. To this end, mechanisms to standardise the flow of information have been promoted, especially as regards the circulation of data between the Authority and Terna, the Electricity Market Operator (GME) and the Electricity System Operator (GSE).

In coordination with Consob, the Authority will also monitor the new derivatives markets and, more specifically, the interaction between these and the physical energy markets.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To define measures to limit market power and prevent collusive conduct	<ul style="list-style-type: none"> By monitoring the effects of the laws and regulations currently in force By monitoring operators' conduct, including in light of the data provided by the competent actors (GME, Single Buyer (AU)) By monitoring production plant Through market analysis and the development of models and scenarios By conducting preliminary analyses for the activation of supervisory, control and monitoring actions 	Dmeg Dcqs Dssd Dvgc	2009-11
2)	To support increased gas import and storage capacity in Italy	<ul style="list-style-type: none"> By evaluating infrastructure development initiatives (gas pipelines, regassifiers, storage) for market and security purposes 	Dmeg Dtrf Dssd	2010
3)	To define instruments to guarantee supply in the electricity market	<ul style="list-style-type: none"> By adapting and improving capacity payment mechanisms, including by defining long-term market instruments and products 	Dmeg	2010
4)	To create regulatory and infrastructural conditions to share use, at the t European level of storage infrastructure for security purposes	<ul style="list-style-type: none"> By promoting initiatives to increase the storage capacity available in Europe and neighbouring regions By promoting a harmonised regulatory and tariff approach in Europe 	Dmeg Dtrf Sgen Dssd	2009-11
5)	To implement a regulatory framework governing functional unbundling	<ul style="list-style-type: none"> By ensuring accounting transparency and independence in decision-making processes for functional unbundling 	Dtrf Dmeg Dvgc	2009-11
		<ul style="list-style-type: none"> By preventing discriminatory behaviour in access to commercially sensitive data in relations between sales companies on the free market and companies selling under the enhanced protection scheme 	Dtrf Dmeg Dcqs Dvgc	2009-11
6)	To promote the ownership unbundling of essential infrastructure (natural-technical monopolies)	<ul style="list-style-type: none"> By promoting regulatory harmonisation at the European level By formulating evaluations on possible and appropriate measures to achieve this end 	Dtrf Sgen Dssd Dmeg	2009

A3. To promote the formation of trans-national electricity and gas markets

The formation of a single, integrated European energy market and a policy promoting competitiveness in the markets now liberalised requires constant coordination and cooperation at both the European and international levels. Many of the problems required agreed solutions. This is the case, for example, with cross-border congestion, infrastructure development, coordination between network operators, the coordination of spot markets, network access conditions, the harmonisation of quality standards and public service obligations.

The Authority's activity in this direction, not only in regulatory terms but also in promoting an agreed regulatory framework, involves intensive and on-going participation in the work of the European and international bodies operating in this sphere, as well as twinning initiatives and agreements with European and non-European regulators in neighbouring countries.

The Italian Authority therefore intends to continue, on the basis of the experience gained thus far, in its *tutoring* initiatives with new-generation Regulators, including by assuming a leadership role in these partnerships.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To support decisions that are pro-competition and pro-harmonisation at the EU level in the electricity and gas markets	<ul style="list-style-type: none"> • By supporting the creation of the single European market by assigning cross-border transport capacity and coordinating the spot markets (market coupling) • By helping define agreed rules and methods to coordinate network operators • By supporting choices and decisions fostering the harmonisation of market policies for high energy-consumers • By promoting the harmonisation of conditions for network access, for example by defining Inter-Transmission System Operator Compensation (ITC) • By pursuing the harmonisation of service quality standards • By promoting the energy-efficiency certificates mechanism in the European context • By encouraging initiatives for the standardisation of consumer-protection service obligations • By monitoring the European markets, especially as regards the concentration of supply in the gas and electricity markets 	<p>Sgen Dmeg Dcqs Dtrf Dssd Dlgl</p> <p>Sgen Dssd</p>	2009-11
2)	To develop further training initiatives for European and non-European regulators	<ul style="list-style-type: none"> • Through twinning arrangements and agreements • By promoting the harmonisation of regulatory standards • By participating in the activities of CEER/ERGEG, MEDREG, FSR and IERN 	<p>Sgen Dcqs Dpaf Dssd</p>	2009-11
3)	To adapt the Italian regulatory framework in line with the formation of transnational markets	<ul style="list-style-type: none"> • By monitoring trends and developments in other inter-connected markets and collaborating with other regulators 	Dmeg	2009-11

A4. To ensure transparent, non-discriminatory access to regulated infrastructure

A pre-condition for competitive energy markets, as regards the segments of the supply chain operating under natural monopoly conditions and the use of related infrastructure, is the adoption of measures and rules guaranteeing non-discriminatory access to the infrastructure in as wide and orderly a manner as possible.

To this end, the Authority has undertaken to lay down general regulations, most notably by drawing up access codes, and to verify that the operators concerned are complying with them; it will also take action through solutions or penalties in the event of non-compliance.

For the next three years the Authority will continue in its work of maintaining and up-dating the standard rules, especially with respect to transmission and distribution in the electricity sector and storage, regassification and transport in the gas sector, as well as its related supervisory activities.

In the course of 2008 the technical-economic conditions for connection to the grids of electricity producers (active connections) were defined. The rules governing connections will be completed with rules relating to users (passive connections).

The Authority is also taking forward its on-going activity of evaluating and managing requests for Third Party Access (TPA) exemption with respect to new interconnections with European natural gas transport networks, new regassification terminals and, for the electricity sector, interconnectors with other countries' electricity systems.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To verify and up-date the criteria for the electricity transmission code		Dmeg Dcqs Dtrf Dvgc	2009-11
2)	To define the criteria for the electricity distribution code	<ul style="list-style-type: none"> By defining the criteria for the standard codes and checking and ensuring that operators up-date their codes where necessary 	Dmeg Dtrf Dcqs	2010
3)	To verify and up-date the criteria for the gas infrastructure codes		Dmeg Dtrf Dvgc Dcqs	2010
4)	To complete the technical and economic regulations for connections to electricity and gas networks	<ul style="list-style-type: none"> By defining rules for connections with users 	Dtrf* Dmeg* Dcqs	2009
5)	To manage and evaluate applications for TPA exemption		Dmeg	2009-11

* Departments jointly responsible.

B. To support and promote the efficiency and cost effectiveness of infrastructure services

B1. To promote fit-for-purpose, efficient and secure infrastructure

The development of the energy markets necessarily requires the promotion of adequate, secure and efficient infrastructure.

With particular respect to electricity transmission and gas transport and storage, the Authority's work is focused both on promoting infrastructure efficiency and, more widely, reducing the risks of service failures and emergencies. These goals should be achieved through regulatory initiatives that are as far as possible harmonised between the gas and electricity sectors.

In the electricity sector, on the transmission network, there is a need to reduce the costs arising from congestions and to monitor and limit any leakages. To this end, existing analysis activities will be implemented increasingly to monitor and verify leakage coefficients.

In the gas transport segment, mechanisms to monitor and reduce network leakages will be adopted. As regards the storage service, the time seems right to study and propose new allocation arrangements based on market mechanisms in view of a scenario characterised by sufficient liquidity and competition.

The Authority also intends to verify the efficiency and effectiveness of investments for infrastructure improvements, using appropriate indicators.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To foster the development and efficient operation of the electricity transmission network and gas transport and storage infrastructure	• By encouraging initiatives to reduce the costs of congestion on the electricity transmission network		2009-11
		• By promoting initiatives to reduce the risks of service failures and emergencies		2009-11
		• By adopting mechanisms to increase the efficiency of transport networks and the management of storage facilities	Dmeg	
		• By adopting mechanisms for the use of open season procedures	Dtrf	
		• By supporting the promotion of storage allocation arrangements based on market mechanisms, in the presence of adequate liquidity and competition	Dssd	2009-11
		• By envisaging mechanisms to monitor leakages in electricity and gas networks		
2)	To foster efficiency in gas sector distribution	• By defining indicators to evaluate the efficiency and adequacy of investments	Dtrf*	2009-11
		• By promoting adequate economies of scale in light of the new regulatory and legislative framework	Dtrf	
		• By expressing opinion on the in-house relying of competences envisaged by the regulatory provisions	Dmeg	2009-11

* Departments jointly responsible.

B2. To guarantee cost-effective network services

The Authority's tariff regulation activity is intended to propose certain, transparent systems that are as simple as possible and able to promote efficiency and incentivise economies in the remuneration of network services.

In the exercise of its tariff regulation powers, the Authority seeks to achieve the fullest possible harmonisation between the gas and electricity sectors.

In the course of 2008 the Authority defined new regulatory periods for gas distribution and regasification. Over the coming year, new regulations governing gas transport and storage will be drawn up.

Having defined the general rules, the Authority also remains constantly engaged in its activity of verifying and approving the tariffs proposed by individual operators. The verification and approval of the individual equalisation schemes chosen by some companies, a task undertaken about two years ago, is also on-going.

The Authority continues its monitoring of tariff components, as regards the management of para-fiscal costs, with a view to achieving further reductions. It also continues to engage intensively in financial statement analyses for operators of public relevance funded through recourse to the system, with a view to achieving and promoting greater efficiency on the part of these operators and possible cost reductions.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To adjust network infrastructure tariffs for the gas and electricity sectors	<ul style="list-style-type: none"> By reviewing and simplifying tariff models By promoting further harmonisation between the two sectors 	Dtrf Dmeg Dcqs Dssd	2009-11
2)	To define transport and storage tariffs for the new regulatory periods		Dtrf Dmeg Dcqs Dssd	2009
3)	To complete and manage the equalisation systems	<ul style="list-style-type: none"> By complying with the rulings of the administrative courts 	Dtrf Dlgl	2009
4)	To manage parafiscal charges	<ul style="list-style-type: none"> By promoting system research activities with a view to technological innovation, the rational use of energy, environmental sustainability, and the security and fitness for purpose of the electricity system By supporting the bodies with competence for the reorganisation of the electricity and gas fiscal system 	Dtrf Dmeg Dcqs Sgen	2010
5)	To promote cost reductions and incentivise the efficiency of certain system operators	<ul style="list-style-type: none"> By conducting financial statement analyses on operators of public relevance funded through system resources 	Dmeg* Dtrf*	2009-11
6)	To define arrangements and conditions for the connection of users' electricity systems to the regulated services		Dmeg* Dtrf*	2009
7)	To complete the regulation of small networks		Dmeg* Dtrf*	2009

* Departments jointly responsible.

B3. To promote efficient metering activities

Effectiveness and efficiency in carrying out metering activities, in terms of the reliability and timeliness of the data collected, is fundamental to the proper development of competitive market performance.

In the course of 2008 the regulatory framework governing metering activity was completed for the natural gas distribution sector. Monitoring activity and any up-dates to this framework are ongoing, with reference also to gas transport and electricity transmission.

Special attention will be paid, not least in consideration of the most recent legislation in this area (Legislative Decree 115/2008), to the adoption of demand-response mechanisms to be implemented through the use of electronic meters. These mechanisms will give customers access to useful information to manage their consumption more rationally.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To monitor and up-date the regulatory framework for the metering services in the electricity and gas sectors		Dcqs* Dmeg* Dtrf* Dgl	2009-11
2)	To promote the dissemination of remotely-read and remotely-managed hourly meters in electricity and gas transmission/transport and distribution networks	<ul style="list-style-type: none"> • By providing for remotely read meters both for transport users and for users connected to the gas distribution network • By monitoring and managing the completion of the countrywide roll-out of remotely managed metering in the electricity and gas sectors 	Dcqs* Dmeg Dtrf Dvgc	2009-11
3)	To ensure increased efficiency, automation and standardisation of the procedures for making gas and electricity metering data available		Dcqs Dmeg Dtrf	2009-11

* Vate Unit (Smart Metering Task Force).

C. To protect energy service customers

C1. To manage the complete opening of the markets on the demand side

The promotion of competition, including through a more complete opening of the markets on the demand side, requires informed customers who are able to make choices the deemed to be most advantageous.

In pursuit of this objective the Authority intends among other things to improve, to customers' benefit, access to and the quality of information, to increase the transparency of commercial offerings, to make billing documents more complete and easily understandable, and to facilitate the comparison of offerings.

The implementation and constant maintenance of commercial codes of conduct, for which convergent regulation by the gas and electricity sectors is being promoted, provide a further guarantee for customers, including in the pre-contractual stage of negotiating offerings.

The implementation and operation of new instruments such as the *Consumers' Window* and *Help Desk* are, lastly, valuable and innovative protection mechanisms available to customers.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To adopt initiatives to ensure that consumers have a real choice of supplier	<ul style="list-style-type: none"> By improving access to information and transparency of offerings By harmonising and improving the clarity and completeness of billing documents for the supply of electricity and gas By implementing and operating the consumers' Help Desk and Window By implementing innovative instruments for the comparison of offerings in the electricity and gas markets 	Dcqs Dmeg Dssd Dcom	2009-11 2009
2)	To maintain and amend as necessary the Codes of Commercial Conduct for the sale of electricity and gas	<ul style="list-style-type: none"> By promoting convergence of codes of commercial conduct in the two sectors 	Dcqs Dmeg	2009
3)	To monitor and promote competition in the retail sale of electricity and gas by eliminating possible market barriers	<ul style="list-style-type: none"> By defining benchmark indicators and carrying out surveys By completing the regulation of information flows, switching, the handing of late- or non-payment and dual fuel supply 	Dmeg* Dcqs* Dssd	2009-11

* Departments jointly responsible.

C2. To guarantee the universal service and protect specific categories of customers

With the complete liberalisation of the electricity market and the elimination of the "captive" market, the Authority has promoted the conditions for greater competitiveness in the markets and has also put in place appropriate forms of protection for customers who have not yet ventured into the free market.

In accordance with Art. 3 of Decree Law 185 of 29 November 2008, the Authority will monitor price trends in the domestic market for the supply of electricity and gas, with due regard for the reduction of oil products and in collaboration with the *Garante per la sorveglianza dei prezzi* (Guarantor for Price Supervision). The Authority has also been given the task of putting proposals to the competent ministries to ensure that customers, especially households, enjoy the full benefits resulting from the reduction in the price of oil products.

Now that the enhanced protection and safeguard markets have been defined, the Authority's commitment is to maintain these mechanisms with due attention to both price and service quality factors.

In the gas sector the protection mechanisms, at present guaranteed only partially by the rules governing the supply of last resort, need to be implemented in full.

Consumer protection is also being pursued by promoting a constant flow of information and ensuring that they are able to make increasingly informed choices. Dialogue with consumers and their associations is also being enhanced, including through the way complaints and reports are handled. The Authority is thus taking forward its commitment to implement the *Consumers' Help Desk*, which will be added to the services provided by the *Consumers' Window* and the *Call Centre* that has already begun operating through the Single Buyer.

In the course of 2008 rules in favour of the most disadvantaged social categories and customers with serious health conditions were defined with reference to the supply of electricity. In 2009 this initiative will be extended to gas supplies.

The Authority's commitment to providing *ex post* protection for customers in the event of disputes also continues. It is doing so by promoting out-of-court settlement procedures, most notably institutional and joint conciliation procedures, the latter between companies and consumers' associations.

The involvement of consumers' associations is developing in an increasingly timely and intensive manner. The Authority will also be promoting the development and funding of projects on behalf of consumers through the use of its penalty fund.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To complete and maintain protection mechanisms for customers of the enhanced protection and safeguard services in the electricity sector and for customers in the gas market	<ul style="list-style-type: none"> • With regard to both price and service delivery aspects • With regard to the provisions of Decree Law 185/2008 • By providing information and promoting informed choices by consumers 	<p>Dmeg Dcqs Dssd</p> <p>Dcqs Dmeg Dssd</p>	2009-11
2)	To evaluate consumers' reports and complaints	<ul style="list-style-type: none"> • By managing complaint and report evaluation processes • By improving and up-grading the dedicated structure for this activity, including through third parties • By enhancing the instruments and arrangements available to consumers for information requests and reports • By promoting the consumer help-desks set up by consumers' associations for information requests, reports and complaints 	<p>Dcqs Dmeg Dtrf Dcom</p>	2009-11
3)	To define tariff mechanisms for disadvantaged social categories in the gas sector and up-date the protection mechanisms adopted in the electricity sector	<ul style="list-style-type: none"> • By implementing policy decision in this area 	<p>Dtrf Dmeg Dssd</p>	2010
4)	To continue promoting institutional and joint conciliation activities	<ul style="list-style-type: none"> • By supporting agreements between companies and consumers' associations • By supporting out-of-court conciliation procedures • By helping ensure that conciliation initiatives are adequately publicised • By developing proposals for projects on behalf of consumers' associations, where possible using funding obtained through the penalties issued by the Authority 	<p>Dcqs Dlgl Dcom</p>	2009-11

C3. To develop service quality and security levels

With a view to promoting continuous improvements in service quality and security for consumers, in the course of 2008 provisions to regulate gas distribution quality were defined. Due to enter into force in 2009, these are based on a system of incentives and penalties and are intended to further reduce gas leakages, improve the rapid intervention service, and improve security and quality in the gas distribution and metering services.

To harmonise electricity and gas sector regulation, the Authority has also approved a consolidated text for sales operators. This envisages, *inter alia*, new automatic compensation mechanisms and specific regulations governing complaints.

The rules governing gas transport quality, for which the consultation process is at an advanced stage, will be completed in 2009.

The Authority will continue to maintain the general regulatory framework (in consideration of possible problems that emerge or are reported on a case-by-case basis) and will also continue its administrative management activities related to the various incentive/penalty systems adopted.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To adopt new criteria to regulate the commercial quality of the gas and electricity sales services	<ul style="list-style-type: none"> By harmonising the regulations governing commercial quality in the two sectors By developing benchmark indicators for significant aspects of the service 	Dcqs Dmeg Dssd	2009-11
2)	To improve the quality of the gas transport, distribution and metering services	<ul style="list-style-type: none"> By ensuring that the incentive system of awards and penalties for gas distribution is implemented By developing quality regulation provisions for the gas transport service By implementing and improving the gas quality regulatory provisions By completing the provisions regulating post-meter security By extending the insurance cover for civil gas customers 	Dcqs Dtrf Dmeg	2009-11
3)	To improve the quality of the electricity transmission, distribution and metering services	<ul style="list-style-type: none"> By taking action to reduce the qualitative gap between the north and south of the country By implementing regulatory mechanisms By providing for compensation also for brief interruptions in supply for industrial customers 	Dcqs Dtrf Dmeg	2009-11 2010

D. To promote the rational use of energy and contribute to environmental protection

D1. To support and disseminate energy efficiency in final uses

The promotion of a rational use of energy resources is undoubtedly the main path to follow in tackling current environmental problems. The Authority has made a significant commitment to play its full part in promoting virtuous behaviour by consumers in the use of energy.

The energy efficiency or "white certificate" mechanism, regulated and managed by the Authority, is now well-established. The data on the energy savings achieved give cause for satisfaction. The Authority's commitment to ensure that the market for energy-efficiency certificates functions more smoothly will therefore continue, with both regulatory, evaluation and certification activities.

The Authority also considers information and dissemination activities to be essential to increase consumers' awareness of the need for a rational use of energy.

In light of the current regulatory provisions, in 2009 the Authority will again carry out the system research functions assigned to it on a transitional basis and in place of the CERSE (Committee of Electricity System Research Experts), by implementing any initiatives set out in the relevant three-year plan.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To oversee the functioning and monitoring of the market for energy-efficiency certificates	<ul style="list-style-type: none"> • By optimising project evaluation and certification activity, including in light of the convention with Enea • By monitoring the quantitative and qualitative results achieved and promoting the entry of new operators to the market • By developing evolving scenarios, including by helping achieve commitments in the European context 	Dcqs	2009-11
2)	To review and implement the regulations governing energy-efficiency certificates	<ul style="list-style-type: none"> • By taking into account the development of the regulatory framework of reference • By developing new simplified methodologies to evaluate energy savings and up-date those currently in force in light of technological, regulatory and market developments • By verifying and up-dating the current regulations governing energy savings, including by defining measures to increase transparency in negotiations • By adjusting the tariff component covering costs 	Dcqs	2009-11
3)	To increase consumers' awareness of the timeliness and need for an increasingly rational and efficient use of energy	<ul style="list-style-type: none"> • By promoting dissemination initiatives that are also addressed to the industrial sector 	Dcqs Dcom	2009-11
4)	To monitor the development of the European framework of reference	<ul style="list-style-type: none"> • By analysing its impact on the development and implementation of the market for energy-efficiency certificates 	Dcqs	2009-11
5)	To manage the system research functions attributed to the Authority	<ul style="list-style-type: none"> • By implementing the relevant Three-Year Plan, including by drawing up an annual operational plan 	Sgen	2009

D2. To contribute to decisions and choices for sustainable development

The strong focus on environmental and climate change issues that has developed in recent years at the national and international level has also influenced the Authority's strategies.

With the general aim of contributing to sustainable development and in consideration of the European objectives for 2010 with respect to coverage of energy needs and savings in energy consumption, the Authority is continuing its support and promotion of electricity from renewable sources and their integration in the electricity market.

In the case of co-generation, the technical and economic conditions for access to and integration in the market have been defined and the procedures for withdrawing the energy concerned and enabling production to be scheduled more efficiently have been simplified. These regulations will be completed and up-dated over the three years of this Plan.

The efficiency of the general stock of generating plant and the technological development of the sector will be constantly monitored.

To help reduce or avoid disputes, regulations governing a procedure to settle potential conflicts concerning grid connections for plants using renewable sources have been introduced. This will see the Authority engaged in a para-judicial role and in the resulting administrative-management activities.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To support the development of renewable energy	<ul style="list-style-type: none"> By adopting adequate regulatory supporting instruments 	Dmeg* Dssd* Dtrf	2009-11
2)	To monitor market reactions to the emissions-trading rules and to the implementation of other instruments connected to the Kyoto Protocol or European and international agreements	<ul style="list-style-type: none"> By providing support for the competent bodies By conducting market analyses and developing scenarios and models 	Dssd Dmeg Dcqs	2009-11
3)	To regulate "green energy" incentive mechanisms	<ul style="list-style-type: none"> By promoting the simplification and standardisation of green-price allocation arrangements By managing procedures for the settlement of dispatching priority disputes 	Dmeg Dtrf	2009-11
4)	To complete the regulations governing the technical and economic conditions for co-generation	<ul style="list-style-type: none"> By fostering the development and efficient management of high-yield co-generation and renewable sources By implementing the envisaged smart-grid incentives 	Dmeg Dssd	2010
5)	To monitor the efficiency of the general stock of generating plant		Dmeg	2009-11
6)	To monitor development and technological innovation in the sector	<ul style="list-style-type: none"> By evaluating the expected economic and environmental benefits and costs 	Dssd Dmeg	2009-11

* Departments jointly responsible.

E. To ensure that regulatory provisions are simplified and implemented

E1 To oversee the correct application of regulatory provisions by the regulated operators

Supervisory, control and monitoring activities are fundamental elements of the Authority's work. They enable it to verify that operators are complying with the current regulatory provisions and to open formal solutions or apply penalties when proven cases of non-compliance are found.

The Authority has made a considerable effort in implementing its supervisory activities in recent years, with the involvement also of other subjects such as the Tax Police, the Fuel Experimental Station and the Electricity Equalisation Fund. These collaborative efforts will be further developed. Alongside the traditional and well-established areas of supervision, such as security, service continuity, commercial quality, incentivised plants and the correct application of tariff and functional unbundling provisions, the Authority will also engage in specific actions on any problems that emerge on a case-by-case basis.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To develop verification, control and monitoring activities	<ul style="list-style-type: none"> • By optimising the coordination of actors carrying out control and monitoring activities with and for the Authority • By envisaging increasingly effective operating procedures • By identifying new themes and areas where investigation is required and ensuring that the consequent verification, monitoring and control activities are planned properly 	Dvgc Dmeg Dtrf Dcqs	2009-11
2)	To carry out checks on gas security, service continuity, commercial quality and protection mechanisms for customers using the enhanced protection and safeguard services		Dvgc Dcqs	2009-11
3)	To monitor and control operators' market conduct	<ul style="list-style-type: none"> • With particular regard to any conduct that distorts competition, including in coordination with the other competent bodies • With particular regard to conduct that prevents consumers from making an informed choice, including in coordination with the other competent bodies 	Dvgc* Dmeg* Dcqs*	2009-11
4)	To ascertain that operators are legitimately entitled to incentives received	<ul style="list-style-type: none"> • With particular regard to generating plants using renewable, assimilated and co-generation sources 	Dvgc Dmeg	2009-11
5)	To ascertain that network codes are applied correctly		Dvgc Dmeg Dcqs	2009-11
6)	To carry out checks on the ordinary and special tariff provisions	<ul style="list-style-type: none"> • With particular regard to natural gas distribution and sales operators and the tariff schemes of small electricity companies 	Dvgc Dtrf	2009-11
7)	To carry out checks to ensure that the unbundling provisions are being applied correctly	<ul style="list-style-type: none"> • By implementing the inspections and checks programme envisaged by Resolution 11/07 	Dvgc Dtrf	2009-11
8)	To verify that energy-efficiency projects are being conducted correctly	<ul style="list-style-type: none"> • By carrying out random checks, including through other organisations 	Dvgc Dcqs	2009-11
9)	To increase levels of compliance with regulatory provisions	<ul style="list-style-type: none"> • By carrying out fact-finding investigations and where appropriate issuing penalties or injunctions 	Dlgl Dmeg Dcqs Dtrf	2009-11

* Departments jointly responsible.

E2. To oversee the ban on transferring the IRES company tax surcharge under Law 133/2008

Decree Law 112 of 25 June 2008, subsequently confirmed with amendments as Law 133 of 6 August 2008, introduced an IRES (company tax) surcharge of 5.5 percentage points applicable to gas, electricity and oil sector operators with revenues of over 25 million euros.

Law 133/2008 also gave the Authority the task of supervising compliance with the ban on transferring any costs deriving from the IRES surcharge to consumer prices.

This is, therefore, a new task assigned by law to the Authority – one that is not included in the regulatory and supervisory functions previously entrusted to it. With this new function, the Authority's supervisory activity now extends to a wider and larger pool of operators (about 500). This includes some operators that were not regulated previously, for example in the oil sector.

The Authority's analysis and supervisory activities require timely, constant action that must be implemented with due respect for a reliable and pre-established regulatory framework. It also requires the adoption of the most effective and appropriate organisational measures.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To carry out supervisory activity with respect to the ban on transferring the IRES surcharge envisaged by Law 133/2008	<ul style="list-style-type: none"> • By monitoring the "first level" of operators subject to supervision • By analysing the "second level" on the basis of the values resulting from the "first level" indicator • By planning and conducting checks and inspections • By reporting to Parliament and the Government on the activities carried out • By managing the follow-up from any judicial disputes • By defining the most appropriate organisational framework 	Sgen* Dvgc Dlgl Dpaf	2009-11

* Operational unit.

E3. To ensure and facilitate the implementation of regulatory provisions

A pre-condition for an increased degree of implementation of regulatory provisions is that these provisions should above all be clear and unambiguous. The Authority has made considerable efforts in this respect to ensure that its provisions are clear and comprehensible, not least in consideration of the complexity of the subject matter, and that the reference texts are made easier to consult. Simplifying the regulatory provisions, promoting consolidated texts and identifying provisions that are no longer effective are the main lines of action the Authority intends to take forward. Stronger moral suasion mechanisms are another instrument to prevent non-compliance with the regulatory provisions and consequently to limit potential disputes. In addition to clear and reliable rules, the Authority also intends to introduce greater certainty and proportionality to the procedures for determining penalties for cases of non-compliance. It has adopted guidelines in this respect, which it will implement and maintain.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To promote simpler regulation and reduce its costs	<ul style="list-style-type: none"> • By ensuring that regulatory provisions are certain and unambiguous • By making provisions clearer and easier to understand • By providing instruments that can be consulted more easily • By drafting and regularly up-dating consolidated texts 	Sgen All	2009-11
2)	To ensure that the Authority's regulatory activity is legally consistent	<ul style="list-style-type: none"> • By supporting the work of the Departments • By surveying legal guidelines and rulings and encouraging the drafting of annotated guides 	Digl All	2009-11
3)	To manage disputes	<ul style="list-style-type: none"> • By encouraging the prevention and limitation of disputes • By strengthening the moral suasion instruments at its disposal • By implementing the guidelines on penalties 	Digl All	2009-11
4)	To promote out-of-court instruments to settle disputes	<ul style="list-style-type: none"> • By implementing the provisions governing arbitration • By encouraging out-of-court dispute settlement practices 	Digl Sgen Dcom	2009-11

F. To strengthen dialogue with system stakeholders

F1. To develop relations with other institutions

The Authority makes use of numerous instruments to foster a continuous institutional dialogue and debate at both the national and international levels. Its reporting activity to Parliament and the Government includes the Annual Report, hearings and other recommendations.

The Authority's aim in developing its institutional relations is to make its input of advice, proposals and recommendations available to international, national and local institutions, and to promote an awareness of its activities, initiatives and organisation.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To apply its notification and reporting powers	<ul style="list-style-type: none"> By reporting to Parliament and the Government through the Annual Report By submitting reports, proposals or recommendations to national and European institutions 	Dssd* Sgen* All	2009-11
2)	To ensure constant dialogue with other Italian institutions	<ul style="list-style-type: none"> By taking part in hearings before the Parliamentary Committees By promoting dialogue and collaboration with central and local institutions By providing pro-active support, proposals and advice 	Sgen Dcom Dssd	2009-11
3)	To ensure constant dialogue with EU and international institutions	<ul style="list-style-type: none"> By providing pro-active support, proposals, advice 	Sgen Dcom Dssd Dlgl	2009-11
4)	To increase awareness of the Authority and its work	<ul style="list-style-type: none"> By promoting information campaigns By organising thematic seminars By engaging in appropriate communication initiatives By establishing legal/regulatory study and information initiatives 	Sgen Dssd Dcom Dlgl	2009-11

* Departments jointly responsible.

F2. To reinforce the instruments for consultation and dialogue with operators and consumers

The Authority's decision-making processes have always been characterised by the fullest possible participation of stakeholders in order to achieve high levels of agreement on regulatory decisions. Encouraging and increasing the degree of participation is a goal the Authority intends to pursue not just through traditional consultation instruments but also by promoting further participatory initiatives. These include organising regular focus groups or seminars and ensuring that its consultation documents and the decisions it adopts are disseminated widely and effectively.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To increase dialogue and debate with operators in the regulated sectors	<ul style="list-style-type: none"> • By promoting participatory initiatives • By organising thematic seminars and focus groups • By ensuring that its consultation documents and decisions are disseminated widely and effectively 	Dcom All	2009-11
2)	To obtain, process and disseminate the data and information of greatest interest concerning the regulated sectors	<ul style="list-style-type: none"> • By using IT instruments to enable the information provided by operators to be obtained and managed more rationally 	Dssd Dcom	2009-11

F3. To complete the implementation of the Regulatory Impact Analysis (RIA)

Now that the trial period is over and in light of its positive outcome, the Authority intends to complete its *Regulatory Impact Analysis* (RIA) methodology, which is intended to improve the quality of its provisions. A new guide providing a simple methodology has been drawn up to ensure that analyses will be complete yet sustainable for the structure.

The main areas of regulation that the Authority intends to submit to RIA are set out below.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To improve the quality and effectiveness of regulatory decisions and increase stakeholders' understanding of the reasons behind them	<ul style="list-style-type: none"> By carrying out regulatory impact analyses according to criteria adopted by the Authority after a trial period By promoting the development and adaptation of the procedures involved 	Dssd All	2009-11

Provisions the Authority intends to submit to RIA

<ul style="list-style-type: none"> provisions supplementing and harmonising the Authority's directives in matters concerning the transparency of billing documents for the consumption of electricity and gas distributed over urban networks
<ul style="list-style-type: none"> new provisions regulating gas storage
<ul style="list-style-type: none"> provisions envisaging new criteria for the allocation of gas storage capacity
<ul style="list-style-type: none"> provisions to regulate gas balancing
<ul style="list-style-type: none"> new provisions regulating gas transport
<ul style="list-style-type: none"> new provisions regulating electricity dispatching

F4. To build on communication and relations with the media

Communication activities have come to play an increasingly important role for the Authority in recent years.

The need to ensure the widest possible circulation of up-to-date information, both on developments in the regulated markets and on its work, has led to a notable effort to develop and build on this activity. Dialogue with the media will be implemented through an evermore complete and constant communication process. The continuous up-dating of the Authority's web site will also make it easier to for stakeholders and, more specifically, operators and consumers, to find and obtain information and documentation

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To develop and enhance communication activities	<ul style="list-style-type: none"> • By promoting the widest possible dialogue with the media • By organising institutional events • By supporting the Authority's participation in external events 	Dcom All	2009-11
2)	To ensure the widest and fullest possible knowledge of the Authority's work	<ul style="list-style-type: none"> • By promoting the continuous up-dating, improvement and development of the web site • By encouraging the widest possible dissemination of its publications and available sector-related documentation • By drawing up and disseminating specific thematic information sheets or press releases 	Dcom Dssd	2009-11

G. To increase the Authority's operational efficiency

G1. To support the development of human resources

The process of reaching the full staffing complement envisaged in the "recruitment plan" will be taken forward, both by recourse to "stabilisation" procedures allowed under the current legislation and through public selection procedures.

The increased staffing levels achieved once the full complement has been reached will be accompanied by a notable effort to enhance the Authority's personnel and their professional development. This will include training, motivation and the recognition of merit and worth.

Particular attention will be placed on relations with the trade unions in matters for which they have competence.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To complete the staffing complement	<ul style="list-style-type: none"> Through the use of competitive or selective procedures or other forms of recruitment envisaged by the current legislation and regulations 	Dpaf	2010
2)	To promote the enhancement and development of staff	<ul style="list-style-type: none"> By proposing adequate and increasing training opportunities By promoting the optimisation and rationalisation of staff distribution throughout the structure, including through internal mobility procedures By adopting motivation tools and monitoring career progress and pathways By using the envisaged tools to adequately reward personal merit By monitoring staff motivation factors By ensuring continuous dialogue with the trade unions 	Dpaf Dssd	2009-11

G2. To improve organisational and financial efficiency

The growing complexity and increasing amount of administration and management tasks have in recent years obliged the Authority to study and adopt measures and instruments to ensure the highest standards of operational and organisational efficiency and a rationalisation of spending. This course of action will be continued into future years.

Systems and mechanisms (both planning/programming and the coordinated activity of management control) have been adopted to make a better use of the available resources. These will be up-dated and adjusted as necessary.

An electronic register has been completed that the Authority will continue to use to manage information flows between it and operators; to conduct a "census" of operators required to pay dues; and to check that the sums due and paid are correct.

In pursuing this course of action, the Authority intends to further increase levels of administrative transparency, including by publishing information on its web site on competitive procedures and calls to tender, and on the various stages of these procedures as they take place.

N.	Operational Objectives	Details/Notes	Department	Due date
1)	To optimise the use of resources	<ul style="list-style-type: none"> By improving management planning and control processes in order to optimise the use of resources 	Dpaf	2009-11
2)	To promote efficiency and the rationalisation of administrative and organisational management procedures	<ul style="list-style-type: none"> By simplifying internal administrative and management procedures By further increasing levels of transparency in its administrative activity, including by using additional external communication instruments (publication on web site of progress in tenders and competitive procedures) 	Dpaf Dcom	2010
3)	To optimise the methods used to collect funding and dues	<ul style="list-style-type: none"> By completing and maintaining the register of operators required to pay contributions and dues By monitoring and checking that the correct amounts are paid By activating coercive collection procedures where necessary 	Dpaf Dssd	2009-11
4)	To unify and increase the efficiency of the Authority's databases	<ul style="list-style-type: none"> By ensuring that uniform data are available and circulated internally 	Dgen Dssd Dpaf	2010
5)	To provide fitting logistical arrangements	<ul style="list-style-type: none"> By identifying premises and equipment that respond to increased functional requirements By completing, up-dating and monitoring health and safety procedures, with due respect for the legislation in force 	Dpaf Sgen	2009-11

Autorità per l'energia elettrica e il gas

Strategic Three-Year Plan 2009-2011

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