



ARERA

Autorità di Regolazione
per Energia Reti e Ambiente



The Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente - ARERA), established by Law No. 481 of 14 November 1995 and fully operational since 1997, carries out regulatory and monitoring activities in the sectors of electricity, natural gas, water services, district heating and municipal waste.

ARERA operates in full autonomy within the framework of the general policy guidelines formulated by the Italian Government, Parliament and the European Union.

The Authority is a collegial body, made up of five members (including the President) chosen from among highly qualified professionals.

The procedure for appointing ARERA's five Board members requires a broad institutional consensus in order to safeguard the principle of independence. They are appointed by decree of the President of the Republic, at the resolution of the Council of Ministers, following a proposal both from the Minister for Economic Development and the Minister for the Environment, Land and Sea, and with a binding opinion expressed by a qualified majority of the competent parliamentary committees.

The members of the Board remain in office for a seven-year non-renewable term.

The Presidential Decree of 9 August 2018 appointed Stefano Besseghini as President and Gianni Castelli, Andrea Guerrini, Clara Poletti and Stefano Saglia as members.



WHAT WE DO

Regulation and control of the sectors under ARERA's remit, as well as consumer protection.

AIMS

Within the regulated sectors, ARERA pursues the following aims:

- ▶ Promoting competition, efficiency and the nationwide distribution of public utility services with adequate levels of quality, under conditions of cost-effectiveness and profitability.
- ▶ Defining and updating a clear and transparent tariff system based on predefined criteria.
- ▶ Promoting the protection of users and consumers interests.
- ▶ Harmonising the economic and financial objectives of public utilities pursuing the objectives of social and environmental protection, as well as resource efficiency.

FUNCTIONING

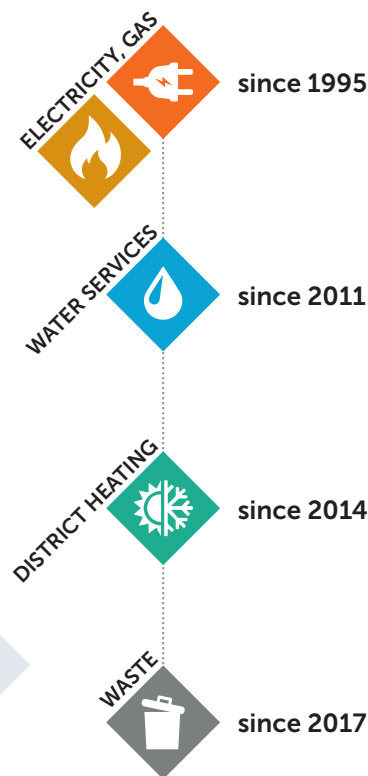
Based on the aims laid down in the founding law, ARERA regulates the areas under its remit through a series of general or individual acts.

The Board meets on a weekly basis to discuss and approve these acts. Its work is governed by procedures set out in regulations on the general functioning of the Public Administration and in its internal regulations.

Ample space is given to consultation with all stakeholders (consumer associations, environmental associations, businesses associations and trade unions, operators) by disseminating documents, collecting written comments, and holding collective and individual hearings.

The resources for its operation do not come from the state budget, but as contribution calculated on the basis of the revenues of regulated operators.

REGULATED SECTORS



GENERAL DUTIES AND RESPONSIBILITIES

According to its founding Law, ARERA:

- ▶ Promotes infrastructure investments with particular reference to adequacy, efficiency and safety.
- ▶ Ensures publicity and transparency of service conditions.
- ▶ Lays down provisions on accounting unbundling for the electricity and gas sector, for the water sector and for the district heating service, as well as on functional unbundling obligations for the electricity and gas sectors.
- ▶ Defines minimum service quality levels for technical and contractual aspects and for service standards.
- ▶ Increases levels of consumer protection, awareness and information.
- ▶ Carries out monitoring, supervision and control activities, also in cooperation with the *Guardia di Finanza* (Tax Police) and other bodies, including the *Cassa per i Servizi Energetici e Ambientali* (Energy and Environmental Services Fund - CSEA) and the *Gestore Servizi Energetici* (Energy Services Operator - GSE), on service quality, safety, network access, tariffs, and incentives for renewable and similar sources.
- ▶ May impose sanctions and assess and, if necessary, accept companies' commitments to restore damaged interests.
- ▶ Acts in an advisory capacity to Parliament and the Government, to which it makes recommendations and proposals.

ARERA FOR THE CONSUMER

The Authority aim to “increases levels of consumer protection, awareness and information”.

To this end, it has set up *Lo Sportello per il Consumatore Energia e Ambiente* (the Energy and Environment Consumer Help Desk), managed in collaboration with the *Acquirente Unico* (Single Buyer).

The *Sportello* provides information and assistance to end customers in the regulated sectors and offers a series of services to all consumers (domestic, non-domestic and prosumers): Contact Center, Conciliation Service, SMART Service, Complaints Service and Reporting Service.

There is also a Help Desk Service dedicated to associations representing domestic and non-domestic customers.



SPECIFIC RESPONSIBILITIES

According to its founding Law, ARERA:

ENERGY

- ▶ Sets tariffs for the use of infrastructure and ensures equal access for operators.
- ▶ Promotes higher levels of competition and more adequate standards of security of supply, with particular attention to harmonising regulation for the integration of markets and networks at international level.
- ▶ Updates the reference economic conditions for customers who have not opted for the free market on a quarterly basis until the markets are fully open.

ENVIRONMENT

- ▶ Prepares and updates the tariff method for determining the fees for both the integrated water service and the integrated waste service and approves tariffs prepared by the appointed bodies.
- ▶ Defines the criteria for determining the contributions for connecting users to the district heating network and the procedures for exercising the right of "disconnection".

ACCOUNTABILITY

The Authority is due to submit an annual report on its activities and the state of the services to the Government and Parliament.

As required by EU legislation, it submits to the Agency for the Coordination of Energy Regulators (ACER) and the EU Commission an Annual Report on the regulatory activities and fulfilment of duties of the Italian regulator.

Priorities and strategic objectives are defined in a document (Strategic Framework) and periodically updated as a result of the discussion with stakeholders.

Further elements of the accountability process are the following:

- ▶ Periodic (annual) hearings with all stakeholders.
- ▶ Procedural rules (transparency, accessibility of documents, cross-examination).
- ▶ Public consultations with stakeholders on regulatory measures.
- ▶ Judicial review of acts (Lombardy Regional Administrative Court, Council of State, extraordinary appeal to the President of the Republic and ordinary courts).
- ▶ Guarantor of the code of conduct and judgement of incompatibility.
- ▶ Financial management control (Court of Auditors).

- ▶ Publication of a summary of the outcomes of the Board meetings and the main approved measures.
- ▶ Performance plan and annual report on its state of implementation.
- ▶ Permanent observatory for energy, water, and district heating regulation.

SUPERVISION, CONTROL, ENFORCEMENT, LITIGATION

As part of its supervisory and control activities, ARERA carries out investigations and inspections - in cooperation with the Special Goods and Services Unit of the Guardia di Finanza - on the conduct of operators required to comply with regulatory provisions, following reports or evidence in the possession of the Offices or identifying the scope of intervention from time to time by defining a programme of activities established annually.

The Authority has the power to impose sanctions ex officio in the event of violations of the rules established in the various sectors (enforcement).

Within the framework of a sanctioning procedure, the companies or operators involved may present the Authority with commitments aimed at pursuing or restoring the protection of the interests violated.

The Authority may impose penalties, the basic amount of which may vary according to the seriousness of the violation.

Finally, the Authority resolves disputes between operators and managers on specific matters.

INTERNATIONAL ACTIVITY

At the international level, ARERA is involved in the work of the European Union Agency for the Cooperation of Energy Regulators (ACER), where it currently chairs the Board of Members, and is a founding member of the Council of European Energy Regulators (CEER).

It is the main promoter of the Association of Mediterranean Energy Regulators (MEDREG), of which it holds the permanent vice-presidency, and plays a leading role in the Energy Community Regulatory Board (ECRB).

It also provides support to the International Confederation of Energy Regulators (ICER) and promoted the launch of the European Water Regulators (WAREG), a network for cooperation between water regulators which it currently chairs.

As the owner of the ADR Conciliation Service, the Authority is a member of NEON (National Energy Ombudsmen Network), a European non-profit association network.



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