

MEMORANDUM OF UNDERSTANDING FOR THE ESTABLISHMENT OF THE COUNCIL OF EUROPEAN ENERGY REGULATORS

This Memorandum of Understanding ("the Memorandum of Understanding") is established in the city of Brussels, on the 7th of March of 2000, between the following National Independent Regulators in the fields of electricity and/or natural gas:

- COMMISSION DE RÉGULATION DE L'ELECTRICITÉ ET DU GAZ
COMMISSIE VOOR DE REGULERING VAN DE ELEKTRICITEIT EN HET GAS
ELEKTRIZITÄTS- UND GASREGULIERUNGSKOMMISSION (Belgium)
- SÄHKÖMARKKINAKESKUS (Finland)
- COMMISSION FOR ELECTRICITY REGULATION (Ireland)
- AUTORITÀ PER L'ENERGIA ELETTRICA E IL GAS (Italy)
- DIENST UITVOERING EN TOEZICHT ELEKTRICITEITSWET (Netherlands)
- NORGES VASSDRAGS- OG ENERGIVERK (Norway)
- ENTIDADE REGULADORA DO SECTOR ELÉCTRICO (Portugal)
- COMISIÓN NACIONAL DE ENERGÍA (Spain)
- STATENS ENERGIMYNDIGHET (Sweden)
- OFFICE OF GAS AND ELECTRICITY MARKETS (Great Britain) and the
OFFICE FOR THE REGULATION OF ELECTRICITY AND GAS (Northern Ireland)

hereafter referred to as "The Members".

The Members subscribe to this Memorandum of Understanding in their condition of Independent Regulators of gas and/or electricity according, and subject, to the objectives, duties, functions and responsibilities under their respective legislation.

This Memorandum of Understanding is intended to provide the basis for the Members to pursue the objectives defined below. It is recognised that the precise path of development of the Members' future collective work is unpredictable, and the arrangements described in this Memorandum of Understanding are therefore subject to review.

The Members expect to add additional Members or Observers, whose responsibilities are the same or similar to those of existing Members. New Members or Observers will be invited to join only with the agreement of the Members as defined in this Memorandum of Understanding.

The Members acknowledge that the opening up and closer integration of the European electricity and gas markets is a common goal of all the parties concerned, taking into account the legal basis adopted under the Directives 96/92/EC and 98/30/EC of the European Parliament and of the Council concerning common rules for the internal markets in electricity and gas and any other relevant European regulation in the field of energy that may apply.

The Members abide by the general principles and contents of the European Union Treaties, specially the principle of free movement of goods and services, freedom of establishment as well as the competition rules and subsidiarity principle.

To that end, The Members state their common interest and will to achieve the following objectives:

AS
ZC
HPP
Y.
M
R
MIME
AS

1. Promote the development of efficient electricity and gas markets in Europe through the establishment of appropriate mechanisms.
2. Co-operate in order to achieve competitive European markets in electricity and gas, in which the principles of transparency and non-discrimination are ensured. The Members will reinforce and follow up the processes of liberalisation in the electricity and gas markets.
3. Set up co-operation, information exchange and assistance amongst The Members, with a view to establishing expert views for discussion with the institutions of the European Union, and, in particular, with the European Commission, and representative international organisations as other sectors which may be involved.
4. Establish coherent and expert knowledge and analysis such that the institutions with which Members wish to hold discussion naturally consult the Members at a formative stage in policy development.
5. Provide a framework for the discussion of regulatory issues and exchange of experience.
6. Provide the necessary elements for the development of regulation in the fields of electricity and gas.
7. Develop joint approaches vis-a-vis transnational energy utilities and companies that operate in separated regulated utility markets (multi-utilities).
8. Where possible work to establish common policies among Members towards agreed issues.

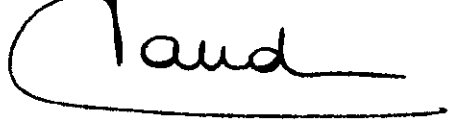
Handwritten signatures and initials:
KJ
C
BEP
J
M
R
M.M.C.
A

"THE MEMBERS" UNDERTAKE TO ADHERE TO THE FOLLOWING

AGREEMENT

1. Create the Council of European Energy Regulators, hereafter referred to as "The Council".
2. The Council will deal with the internal energy market matters and in particular with the implementation and development of the electricity and natural gas European Directives.
3. The Council will comprise institutions from countries that have adhered to the European Union Treaties and/or have at least implemented either the European Electricity Directive or the European Gas Directive. The status of "observer" will also be contemplated.
4. The main organisation of The Council will be a Presidency whose appointment in the first instance will be for one year, which may by agreement of the Members be extended. The Members will organise in due course the composition of the Presidency and the Technical Secretariat.
5. The decision-making process will be driven by the principle of consensus. The Council will establish its own rules and proceedings, including the status and rights of observers
6. The meetings of the Council will be held at least twice a year, and the Council may invite anyone they choose to attend all or part of these meeting, including, representatives of the European Commission, of the European Parliament and of consumer or industry associations.
7. This Memorandum of Understanding will be completed with an Annual Action Programme.

Handwritten signatures and initials on the left margin, including 'ms', 'C', 'J.', 'mm', 'R', 'mmyc', and 'A'.

**Belgium**

Entity: Commissie voor de Regulering van de Elektriciteit en het Gas
Commission de Régulation de l'Electricité et du Gaz
Elektrizitäts- und Gasregulierungskommission
(Commission for Electricity and Gas Regulation)

Person entitled: Christine Vanderveeren

Act: 29th April 1999 & 17th May 1999

Finland

Entity: Sähkömarkkinakeskus
(Electricity Market Authority)

Person entitled: Asta Sihvonen-Punkka

Act: 386/1995, 1st June

Ireland

Entity: Commission for Electricity Regulation

Person entitled: Tom Reeves

Act: Electricity Regulation Act, 1999

Italy

Entity: Autorità per l'energia elettrica e il gas
(The Regulatory Authority for Electricity and Gas)

Person entitled: Pippo Ranci

Act: 481/1995, 14th November


Netherlands

Entity: Dienst uitvoering en toezicht Elektriciteitswet
(Dutch Electricity Regulatory Service)

Person entitled: Jacques de Jong

Act: Elektriciteitswet 1998

Norway

Entity:  Norges Vassdrags- og Energiverk
(Norwegian Water Resources and Energy Directorate)

Person entitled: Jan Moen

Act: Energy Act 1991

Portugal

Entity:  Entidade Reguladora do Sector Eléctrico
(Electricity Regulatory Entity)

Person entitled: Jorge Vasconcelos

Act: Decreto-Lei 187/95, 27th July

Spain

Entity:  Comisión Nacional de Energía
(National Energy Regulatory Commission)

Person entitled: Pedro María Meroño Velez

Act: 34/1998, 7th October

Sweden

Entity:  Statens energimyndighet
(Swedish National Energy Administration)

Person entitled: Håkan Heden

Act: Ellagen (1997:857) (The Electricity Act)


**United Kingdom
Great Britain**

Entity:  Office of Gas and Electricity Markets

Person entitled: Callum McCarthy

Act: The Gas Act 1986 and The Electricity Act 1989. Both Acts will be replaced by the Utilities Act 2000 (when it receives Royal Assent in July 2000).

Northern Ireland

Entity:  Office for the Regulation of Electricity and Gas for Northern Ireland

Person entitled: Douglas McIldoon

Act: The Electricity Order 1993
The Gas Order 1998

Brussels, 7th of March, 2000