



WFER IX

When Balance Is Achieved



IX WORLD FORUM
ON
ENERGY REGULATION

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Regulatory Independence as an enabler of the Energy Transition

ARIAE comparative perspective

Concurrent Session 1B | Independent regulators as key decision makers of the energy transition

Rocío Prieto.

Executive Secretary. Association of Regulators for Ibero-American Energy (ARIAE).
Director General Energy. Spanish Energy Regulator (CNMC)

The transition challenge

The energy transition requires capital, technology and credible institutions

The energy transition entails long-term investment challenge that requires strong regulatory involvement

Long term massive investments

- The transition **is not merely a technological** challenge.
- Large-scale and **long-term investment are** required, especially in generation, networks and system transformation.
- It requires **substantial capital investment** over long periods.

Predictable rules for investors

- Investments are made today **for returns** that may not materialise **for decades**.
- **Investors need stable**, objective, transparent and non-discriminatory **regulation over time**.

Fairness for consumers

- The transition must be efficient and affordable, assuring **protection for consumers**.

We need strong institutions: Independent regulators reduce risks, providing regulatory stability, to keep the transition sound, beyond short-term pressures.

What independent regulators provide



Independence is the condition for effective regulation of sectors like the energy, where complex markets requires regulation:

The regulator needs to be financially and operationally independent

Regulatory stability and predictability

Rules and methodologies that remain reliable over time.

Technical decisions

Technically driven regulators. Evidence-based decision, sufficiently motivated, prevent from short-term political or lobbies pressure.

Investor confidence

Lower regulatory risk foster lower and stable cost of capital.

Consumer protection

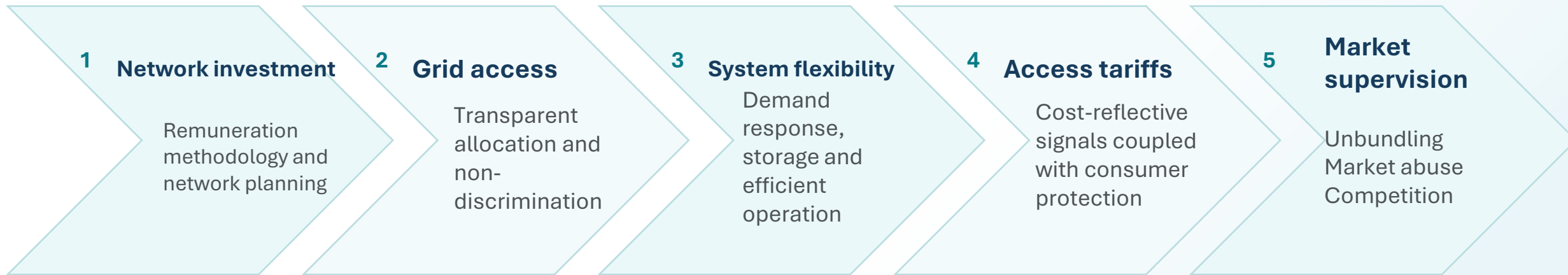
Efficient costs, quality of supply, transparency and accountability need to be fostered by regulators.

The transition requires strong, independent, accountable and well-resourced regulators to be efficient, reliable and fair.

Independence in action



Independent regulators make the transition operational through concrete regulatory tools



Regulator's independence, supported by adequate resources, is essential to ensuring that these functions are carried out with sound technical criteria, predictability and transparency.

There is a link between institutional design and the day-to-day regulation of the energy transition.

ARIAE's comparative evidence base



A recent report on the independence of energy regulators in the Ibero-American region



ARIAE has recently prepared a comparative report on regulatory independence covering the period 2008–2025.



The report analyses the historical evolution of regulatory independence, compares institutional models and identifies recommendations and good practices.

Measuring independence: the updated Gilardi approach



From formal independence to effective regulatory capacity

Traditional Gilardi dimensions

- Agency Head status
- Board / collegial body status
- Relationship with government and parliament
- Financial and organisational autonomy
- Regulatory powers

2025 update

ARIAE added two dimensions to better capture today's regulatory challenges:

Scope and strength of supervisory powers

Autonomy in public communication

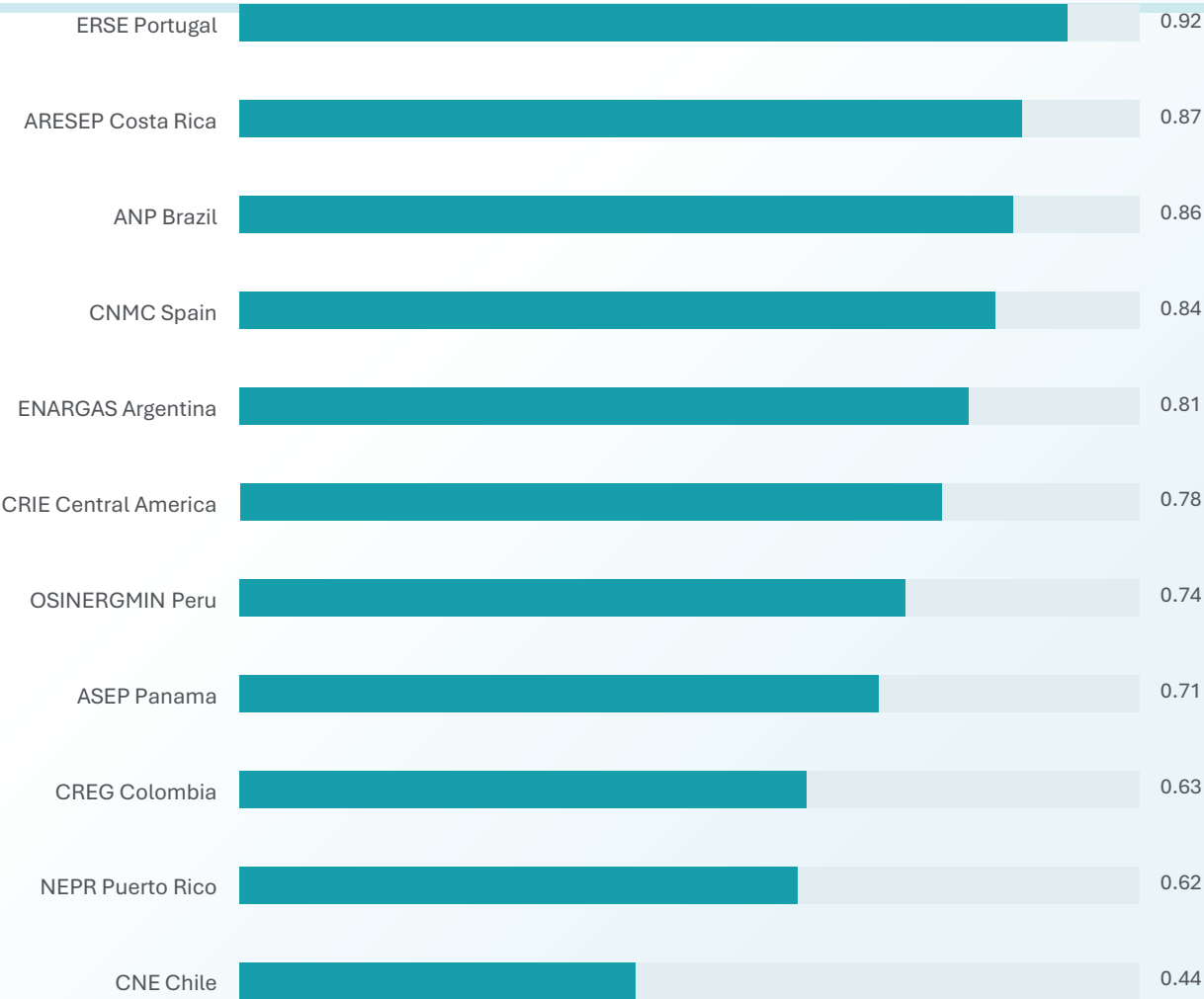
It analyses whether the regulator has the real capacity to supervise markets, access information when needed, communicate decisions autonomously and remain accountable.



Progress is clear, but the region remains heterogeneous

What the results suggest

- Overall trend towards **stronger formal independence**
- **High scores** in several regulators
- Relevant **differences across institutions**
- **Remaining challenges** in financial and organisational autonomy



Good practices for stronger independence

ARIAE's report moves from diagnosis to institutional strengthening

Financial autonomy

sufficient resources and autonomy in budget execution

Merit-based appointments

transparent processes and technical suitability

Stable mandates

fixed terms and legally defined removal causes

Binding powers

clear, exclusive and enforceable regulatory powers

Accountability

reasoned decisions, transparency and external scrutiny

Autonomous communication

capacity to explain decisions publicly and technically

Institutional strengthening is a continuous process.
Regulatory independence must go hand in hand with **transparency and accountability**.



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Final takeaway

The **energy transition** needs more than technology and capital.

Independent regulators are key to balance investor predictability with consumer fairness throughout the energy transition.

Thank you