

Executive Summary

This 2010 Energy Sector Assessment offers a report and evaluation of the regulatory frameworks across all EBRD countries of operations. Its objective is to facilitate investment and development in the energy sector in these countries, offering much needed information for public and private sectors to assist with measuring regulatory and legal risk. In addition, through this Assessment, the EBRD looks to encourage continued reform and liberalisation in the electricity and gas sectors in which it invests.

The Assessment reveals that authorities in the EBRD countries of operations are increasingly taking steps to open up their electricity and gas sectors to competition and trade, while promoting renewable energy sources and implement measures to improve efficiency. The result is that sectors are transforming in response to concerns about supply and demand, energy security and environmental sustainability.

The Assessment reveals that the EBRD countries of operations that are members of the European Union have already embraced international best practices and the principles embodied in the EU legal framework, and are steadily implementing broad-based reform of their energy sectors. In the region of the Energy Community – the area bordering the European Union to the South East which has been brought together under the Treaty establishing the Energy Community – institutional reforms generally pre-date actual changes in market operation. Beyond the European Union and the Energy Community regions, policy and regulatory development is inconsistent; the energy sectors of these countries, and indeed the overall economic and political structures, vary greatly from state to state. As a general rule, regulation and policy in these countries are driven less by independent authority and open competition, and their energy sectors are more centralised than in the European Union and the Energy Community. Overall, however, regulatory risk is diminishing across the EBRD countries of operations and investment opportunities in this sector are increasing.