

Press Release

OECD publishes assessment of ERSE's performance

The Organisation for Economic Co-operation and Development (OECD) publishes today its assessment of ERSE's performance. The OECD review began in 2019 in the context of its international framework for performance assessments of economic regulators. The OECD presents a set of recommendations that seek to enhance ERSE's performance and impact.

The OECD report on "Driving performance at Portugal's Energy Services Regulatory Authority" provides an independent evaluation of ERSE's governance, including its structure, processes and organisational culture. The review applied the OECD methodology defined in its Performance Assessment Framework for Economic Regulators (PAFER), and benefitted from the participation of international regulatory peers.

During the process, the OECD interview a wide range of Portuguese stakeholders, from energy sector actors, to consumer organisations and members of civil society. The report was also presented for discussion at the OECD's Network of Economic Regulators (NER).

The objective of the review is to support ERSE in enhancing its performance in a context of major challenges, including rapid market changes resulting from new technologies, changes in consumer needs and preferences and new policy priorities, such as decarbonisation of the energy sector and the profound changes caused by the Covid-19 pandemic.

The OECD's analysis concludes that ERSE is a mature and well-respected authority, which has shown agility in taking on new roles and which has supported, over the past two and a half decades, the development of the Portuguese energy sector and improved outcomes for consumers. In addition, the review notes that ERSE has several consultation mechanisms which allow varying degrees of participation and identifies ERSE's advanced use of good regulatory practices, in particular through its three consultative councils, which serve as a forum to build consensus among key stakeholders.

«Throughout its existence, ERSE has provided stability and predictability to the sector. By virtue of its technical expertise and capacity, it is currently highly regarded by stakeholders», the report states.

The OECD further considers that ERSE «demonstrates independence in its technical decision-making, drawing on empirical evidence and transparent stakeholder input» and that it «performs



well on several dimensions of independence and has policies in place to foster a culture of independence internally. »

However, the OECD warns that there is some «confusion» regarding the reorganisation and the division of responsibilities between entities in the energy sector, which it believes «is not always clear for regulated industry or the public.»

As regards its recommendations, the OECD notes that ERSE will need to continue to be forward looking in its decisions and facilitate experimentation and innovation.

The OECD observes that «strengthened co-ordination and clarity of roles, as well stability of the regulator’s resourcing framework, will be necessary building blocks of this approach and will require increased dialogue with the executive.»

«Finally, monitoring progress towards the regulator’s strategic objectives and communicating the results of its performance to a wide range of stakeholders will further demonstrate the value of ERSE and the merits of independent economic regulation,» the report adds.

In this sense, the OECD recommends that ERSE apply its extensive experience in using plain language suited to a non-technical audience in its communications with consumers, to report on its own performance in more technical areas.

Reacting to the OECD’s assessment, ERSE’s President of the Board, Maria Cristina Portugal, commented: «ERSE has a proud and strong history of transparency, fairness and fact-based decision-making to the benefit of Portuguese consumers and well-functioning markets. Our society is facing new challenges and the capacity to adapt and to foster innovation while providing stability and predictability for businesses and protecting today’s and future consumers, are our main goals. At ERSE, we want to prepare, adapt and strengthen how we work, to face these changes and the deep digital and energy transition that a sustainable society implies. The OECD’s insights and recommendations are an important element to consider in this evolution.»

The review is available on the [OECD website](#).

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