

Overview of ERSE powers, responsibilities and legal framework

Welcome to ERSE

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Summary:

1. Who are we?
2. Independence
3. Evolution of market design
4. Economic Regulation

Who are we? Regulated sectors



Electricity



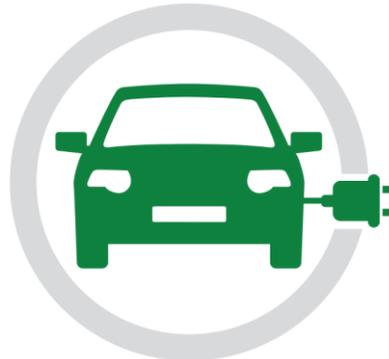
LPG



Fuels



Natural Gas



Electric Mobility



MISSION

Regulating the energy sector in defense of current and future consumers, promoting the sustainable functioning of the sector in the context of energy transition.

VISION





Transparency

We strive to convey objectively and accurately the delivery of our mission.



Independence

We act with integrity and impartiality.



Sustainability

We guarantee a balance between the present and future interests of the sector through prudent and predictable regulation.



Innovation

We ensure sound, balanced and innovative decisions, promoting openness to change in the context of the energy transition.



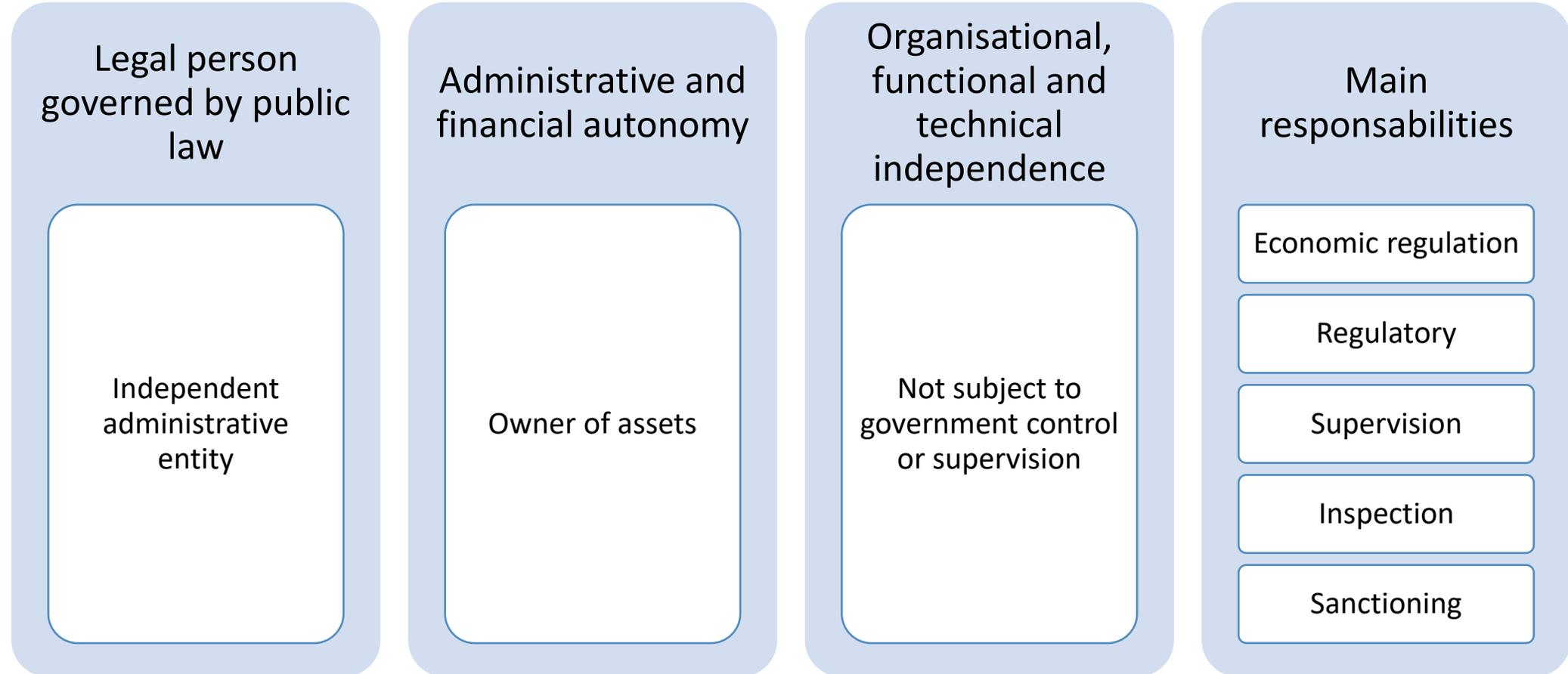
Cooperation

We promote a culture of collaboration, interaction and open and continuous dialogue with all stakeholders.



Excellence

We are governed by principles of efficiency and high standards of technical rigour and ethical conduct.



Regulation

Sets tariffs and prices



Codes and regulations

Develops and approves codes and other acts



Sanctioning power

Imposes fines and other sanctions following audits and investigations



Supervision

Checks, supervises, inspects



Consultation

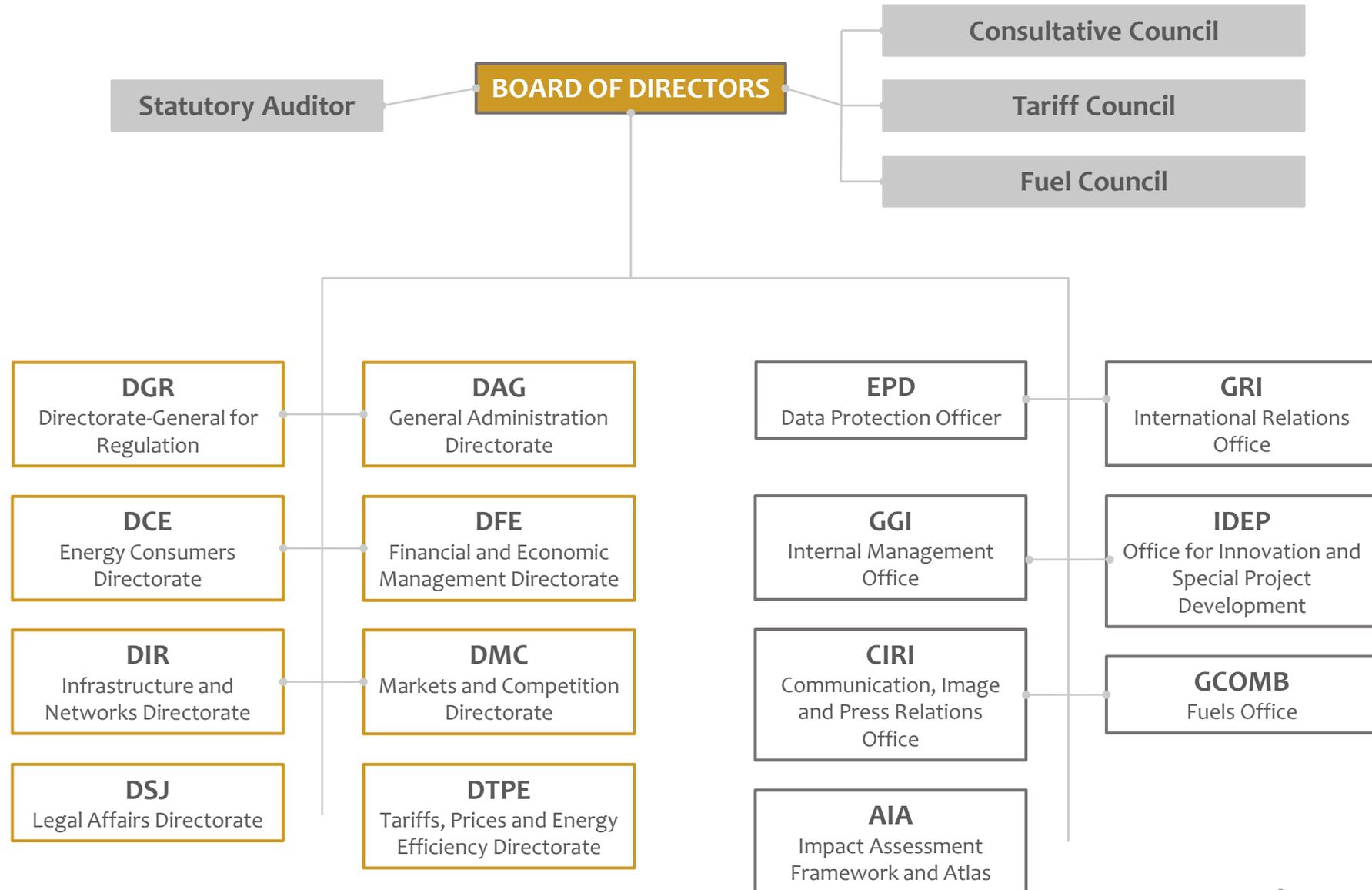
Issues opinions to the Parliament, Government, Directorate-General for Energy and Geology, etc.



Mediation

Protects consumers, serves as mediator for conflict resolution, promotes use of alternative dispute resolution centres (ADR)

ERSE – organisational chart



Who are we? Human capital



Team ERSE

49,6%
women

113

50,4%
men



Average age



Seniority

12 YEARS



QUALIFICATIONS



2%

Associate's



4%

PhD



11%

High school



41%

Bachelor's



42%

Master's

- **Financed** exclusively by:
 - **tariffs** paid by consumers (electricity and gas)
 - **operators** (fuels)
 - 40% of **penalties collected**
- Does not receive any contribution from the General State Budget
- Budget approved by the members of the government responsible for finance and energy
- **Budget 2026: € 16 229 100**





Regulation
Supervision
Sanctioning



Licencing
Other technical
issues



Inspection



Sanctioning on
competition
issues

...against a broader European backdrop

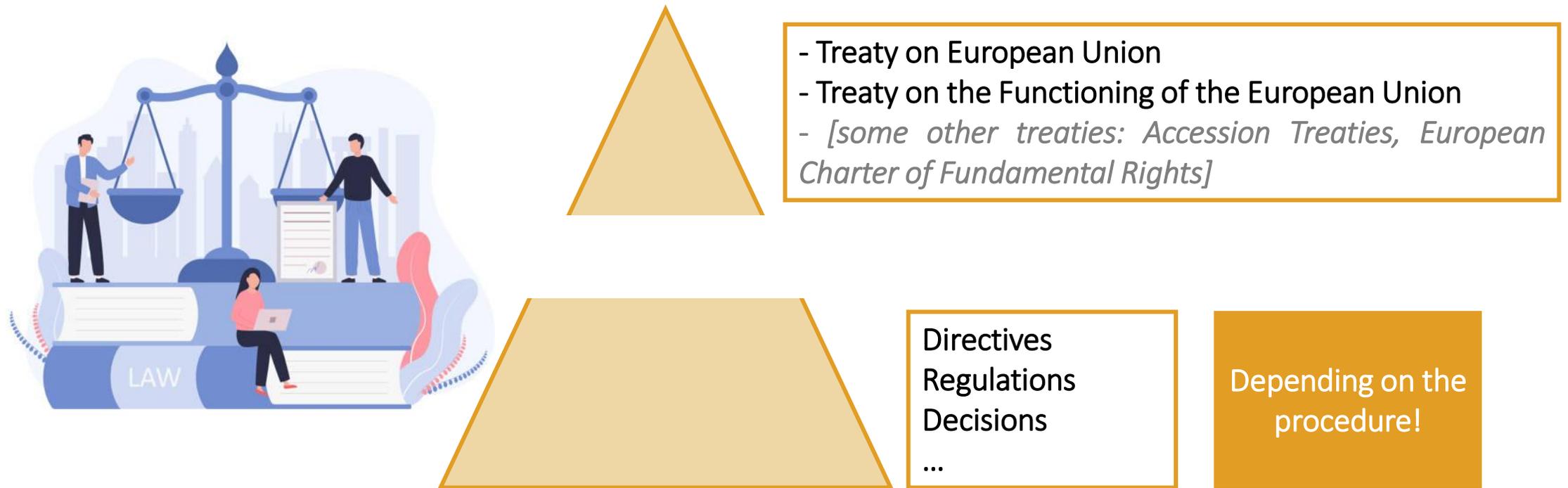




Questions?

Summary:

1. Who are we?
- 2. Independence**
3. Evolution of market design
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Creation of independent NRAs:

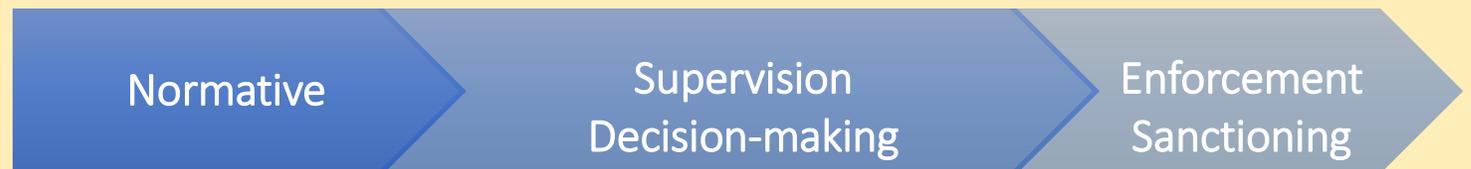
- a. Liberalisation of the public economic sector (*i.e.* market opening)
- b. Development of the European internal market
- c. Enforcement

Complementary entities:

- European networks of NRAs
- EU agencies, with specific powers
- Current landscape: more agencies



- **Justification:** separation of the (often publicly-owned) regulated industry from governmental authority
- **Purpose:** better structural conditions in the pursuit of the public interest
- **Implications:**
 - Special procedure for the selection/appointment of administrators
 - Autonomy: technical, financial, and functional
- **Powers of the independent regulator:**



- **Objectives:** stability and political impartiality



- Article 57(4) of [Directive \(EU\) 2019/944](#) [Electricity Directive] and Article 76(4) of [Directive \(EU\) 2024/1788](#) [Gas Directive] – “Member States shall guarantee the independence of the regulatory authority and shall ensure that it exercises its powers impartially and transparently (...)”.
- Article 57(5) of Electricity Directive and Article 76(5) of Gas Directive refer to the need of NRAs to:
 - (a) take autonomous decisions, independently from any political body;
 - (b) have all the necessary human and financial resources it needs;
 - (c) have a separate annual budget allocation and autonomy in its the implementation;
 - (d) have members of the Board appointed to a 5-7 years term that in maximum can be renewed once;
 - (e) have members of the Board to be appointed in accordance with objective, transparent and published criteria, in an independent and impartial procedure; ...



- **Law no. 67/2013:**
 - Defines the independence of regulatory authorities at the institutional, functional, technical, economic-financial and managerial levels
 - Referred to as a “framework law”, though it does not have reinforced legal status
 - Regulators established by law and in accordance with the Constitution
 - Board of Directors
 - No administrative supervision or oversight
- **ERSE Statutes (Decree-Law no. 97/2022, in its current version):**
 - Establishes organisational, functional and technical independence and administrative and finance autonomy;
 - Determines the independence of the Directors, stating for example, that Directors cannot be dismissed, unless there is a “justified reason”, after a serious fault (proved in a process) and after an Opinion of the Advisory Council and the competent Parliamentary Commission.



ERSE has a **Code of Conduct** applied to the Board and all workers in the relations among themselves and regulated entities, consumers and network users and service providers. **Some rules and principles:**

- Confidentiality;
- Prevention of conflict of interest (and, if there is a potential situation of a conflict, that person cannot participate in that proceeding);
- Limitation on the acceptance of gifts (or its acceptance and deliver to the care of the General Administration Department);
- At least two workers must be present in meetings with regulated entities;
- Registry of external meetings.



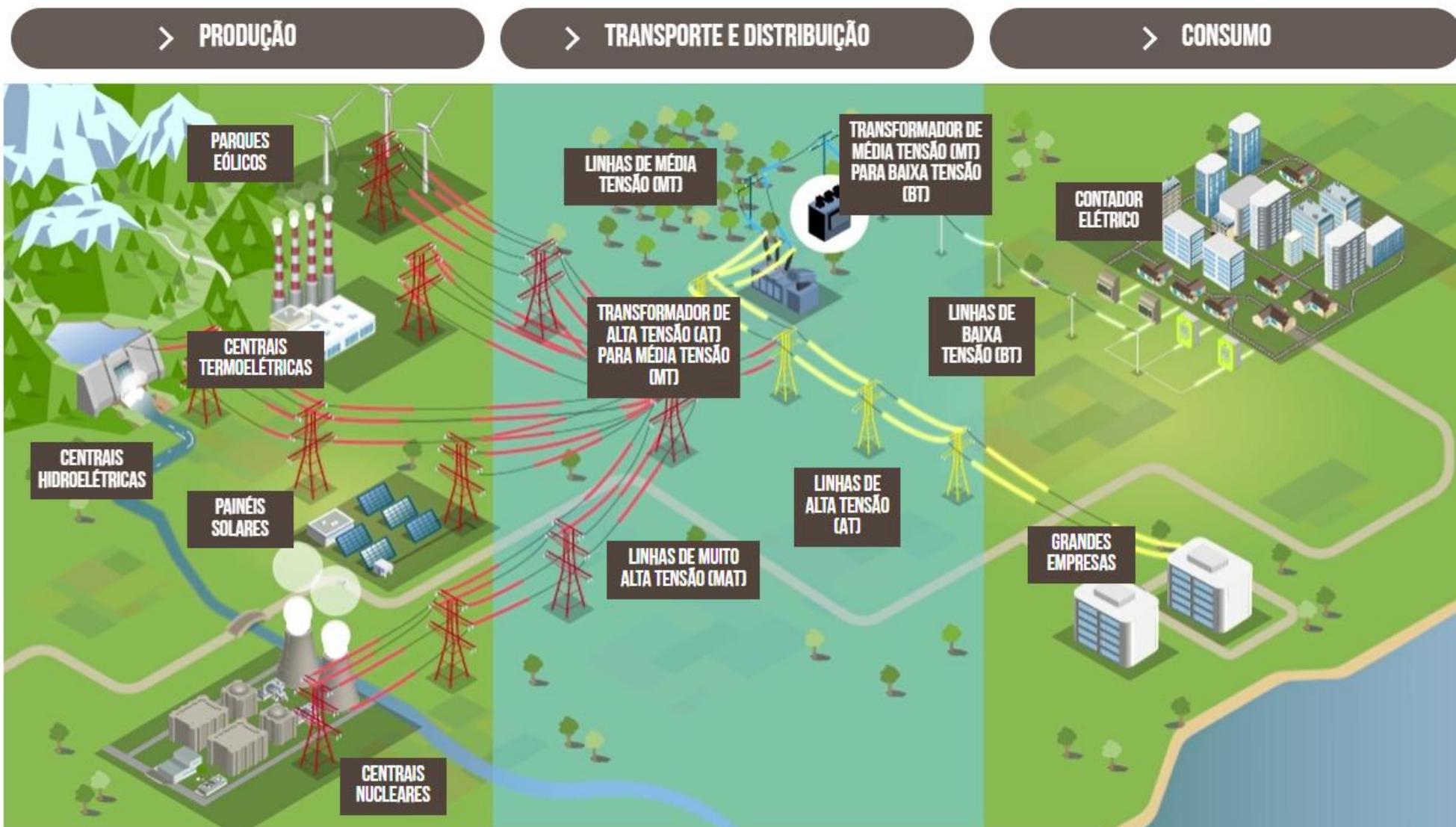
Independence does not mean lack of cooperation or accountability!

- ERSE must inform the Government and the Parliament about its activity and provide opinions about legislative proposals of the Government/Parliament (Article 59 of ERSE Statutes).
- ERSE submits its code proposals to the Government. The process for adopting codes is subject to public consultation and any person can submit proposals.
- The President of ERSE (or any other Director) must appear before the Parliamentary Commission responsible for energy matters, when he/she is asked to.
- Also, ERSE must cooperate with other European energy NRAs and with other Portuguese regulators on other matters (*e.g.*, competition, communications, ...) (Article 11 of Portuguese Framework Law on Regulators).



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Portuguese electricity system – generation mix



BREAKDOWN OF ELECTRICITY PRODUCTION ⓘ



DETAILED

AGGREGATED

MW

10 000

8 000

6 000

4 000

2 000

0

00

06

12

18

24

Hour

- Consumption + Storage
- Consumption
- Solar
- Imports
- Hydro
- Wind
- Other Thermal
- Natural Gas
- Biomass
- Coal
- Wave
- Battery Injection

GENERATION

63 GWh
Until 08h45

IMPORTS BALANCE

-2 GWh
Until 08h45

RENEWABLE GENERATION

82%
of National Generation until 08h45

DAILY AVERAGE PRICE

5.78 €/MWh
Daily Market | Source: OMIE

Separation of activities – competition vs. natural monopolies



<p>Generation</p>		<p>Liberalized market</p>
<p>Transmission</p>		<p>Public Service Concessions</p>
<p>Distribution</p>	<p>Ten other Distribution Network Operators exclusively in LV:</p> <ul style="list-style-type: none"> • Cooperativa Eléctrica de Vale D'Este • Cooperativa Eléctrica de Vilarinho • Cooperativa Eléctrica de Loureiro • Cooproriz - Cooperativa de Abastecimento de Energia Eléctrica • A Eléctrica Moreira de Cónegos • A Celer - Cooperativa Electrificação de Rebordosa • Casa do Povo de Valongo do Vouga • Junta de Freguesia de Cortes do Meio • Cooperativa Electrificação A Lord • Cooperativa Eléctrica S. Simão de Novais 	<p>Public Service Concessions and Licenses</p>
<p>Suppliers</p>		<p>Liberalized market</p>
<p>Customers</p>	<p>~ 6.5 million customers of which 5.6 million are in the liberalized market National consumption 2024: ~ 51 TWh of which 43.8 TWh in the liberalized market</p>	

Customers

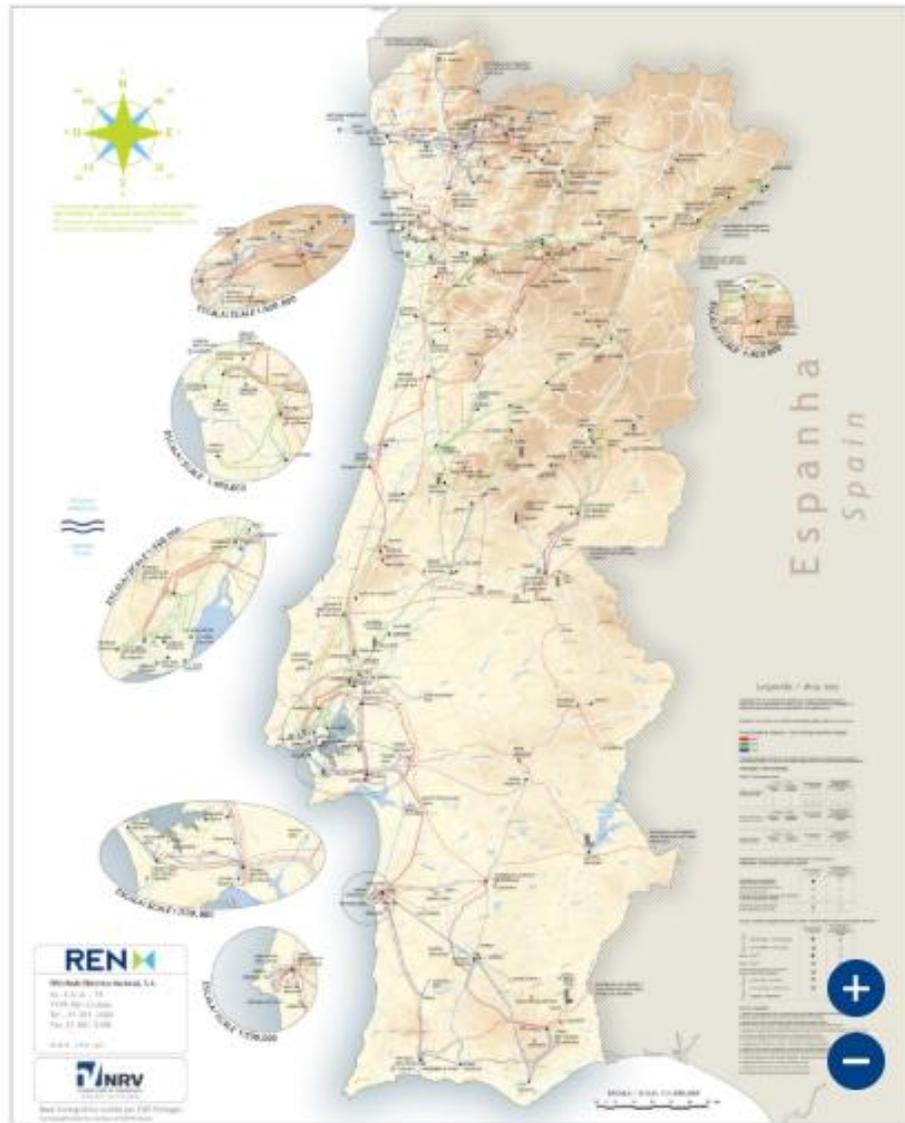
Self-consumption

Energy communities

Energy sharing



RNT MAP

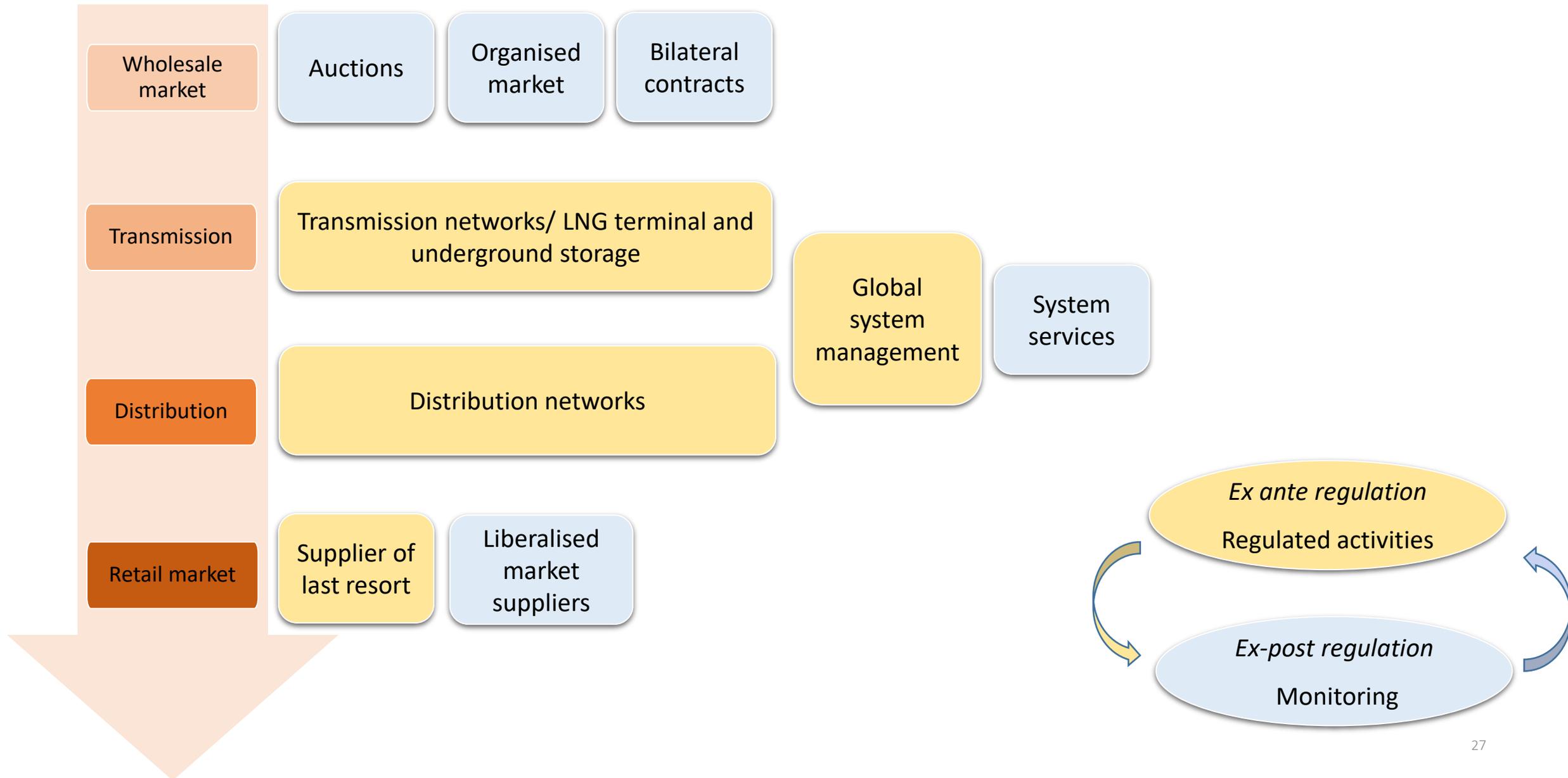


ELECTRICITY TRANSMISSION NETWORK CHARACTERIZATION

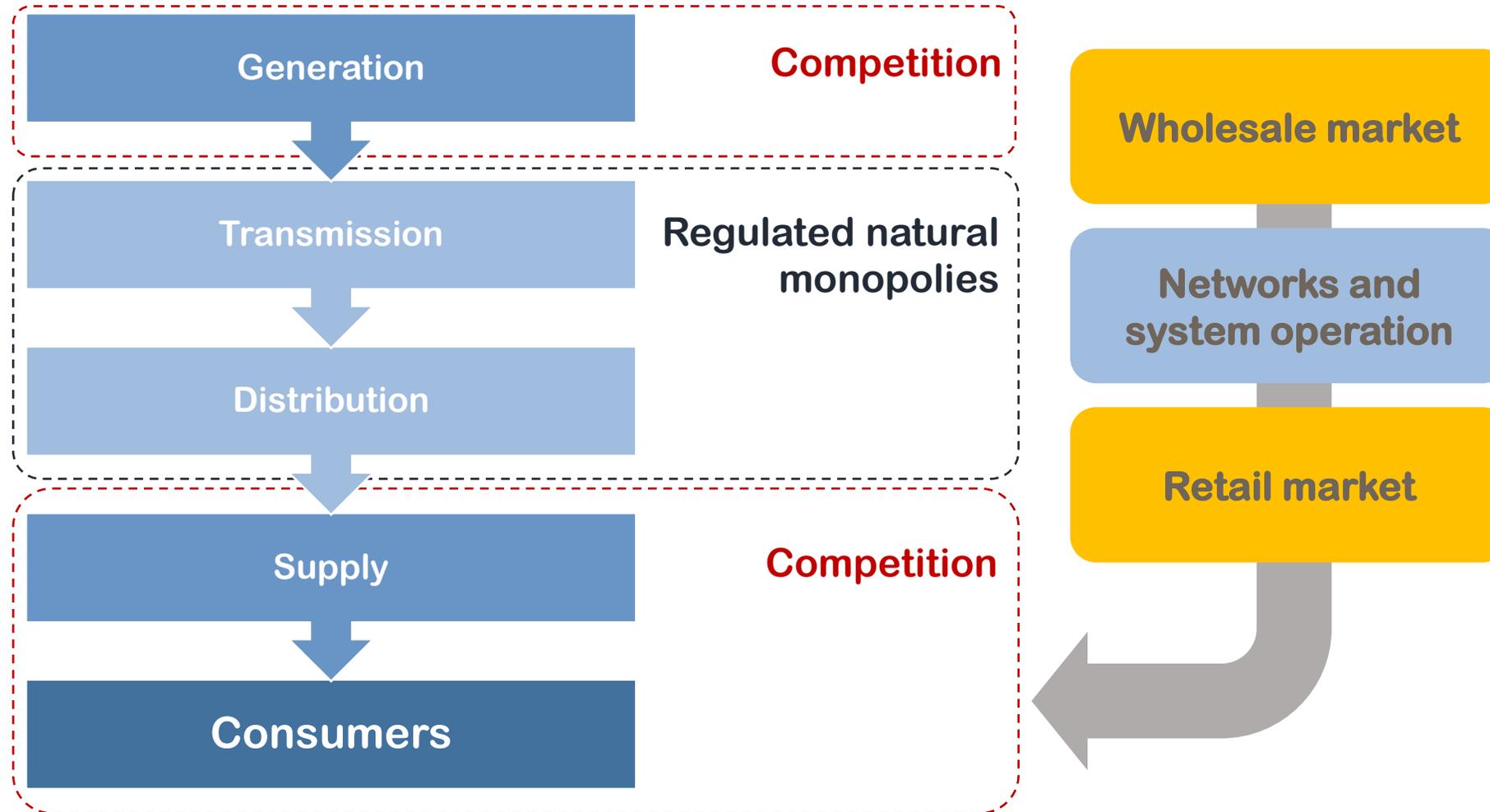


	2024
Length of Lines [km]	9 661
400 kV	3 242
220 kV	3 886
150 kV	2 533
Transformer Capacity [MVA]	40 729
Autotransformers (MAT/MAT)	15 370
Transformers (MAT/AT)	25 039
Transformers (MAT/MT)	320
Substations	71
Step-down Stations	14
Switching Stations	2
Transition Stations	1

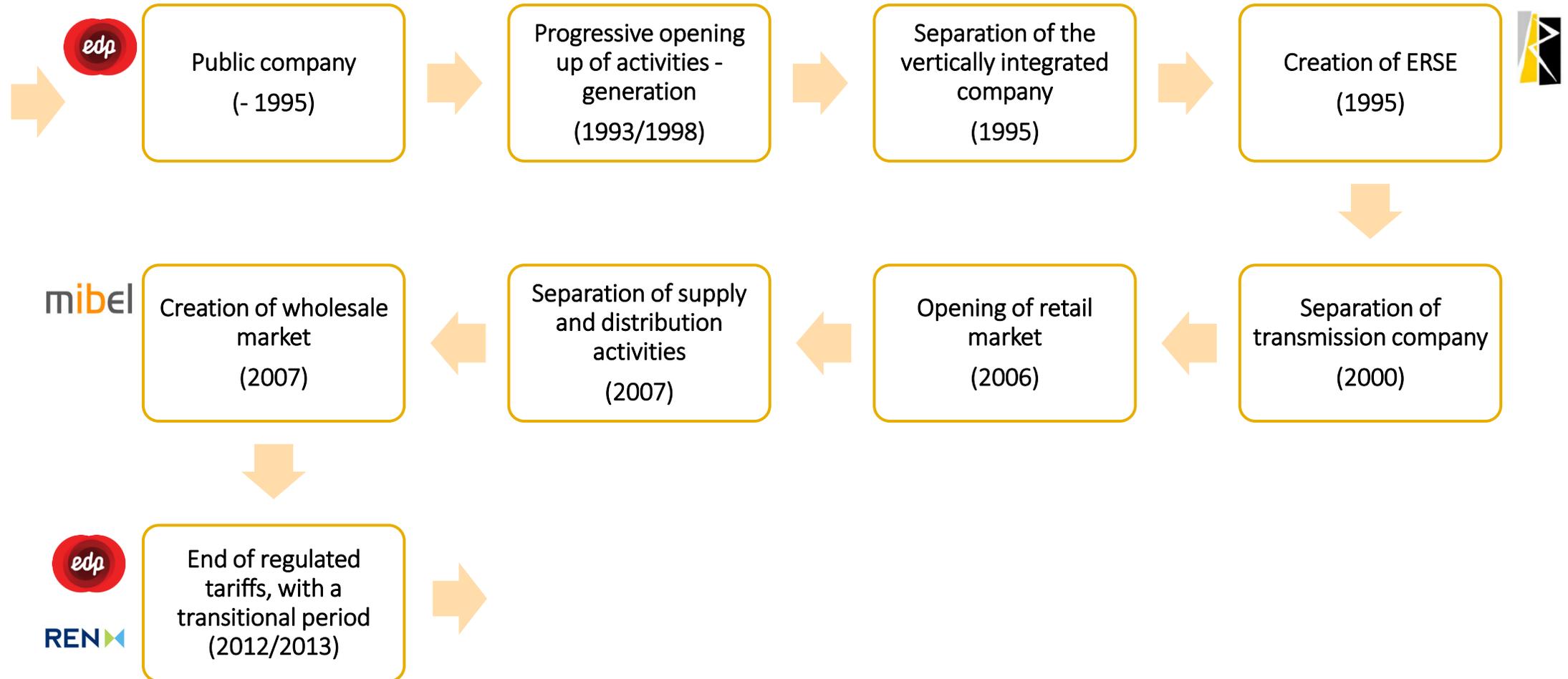
Regulatory and market model for the electricity and gas sectors



Separation of monopolistic and competitive activities



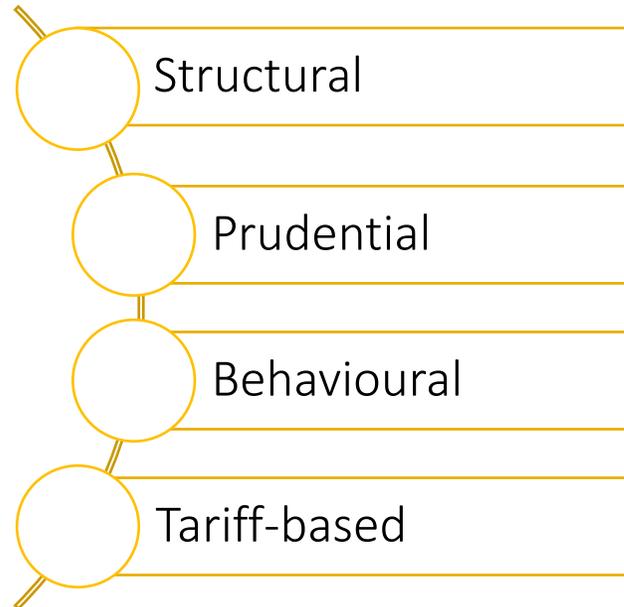
Progressive liberalisation of the Portuguese market from 1995 onwards:

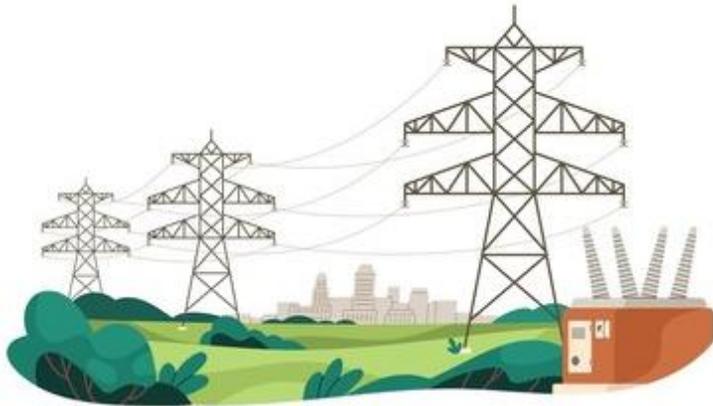


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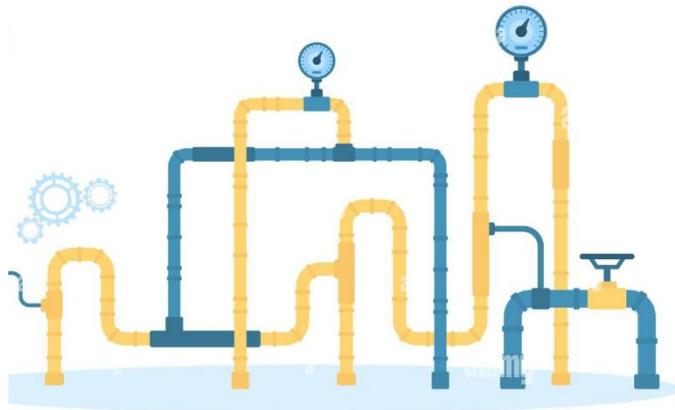
- Intervention attributed to an administrative authority over a given economic activity.
- **Justification:** significant market failures
- **Forms:**





Transmission and distribution network companies are **natural monopolies**. Because of that, it is very important to ensure economic regulation. So, tariffs are approved by the NRA, with economic incentives to ensure quality of service at a proper cost.

- ERSE must regulate in order to **ensure economic and financial equilibrium** of the regulated activities (i.e., transmission and distribution) when properly and efficiently managed [Article 3(2)(b) of ERSE Statutes].



- ERSE must **protect**, in particular, economically vulnerable consumers [Article 3(2)(a) of ERSE Statutes].



Economic Regulation – Competences:

- Approving rules, methodologies and network tariffs
- Promoting competition and efficiency in regulated activities in an objective, transparent and non-discriminatory manner
- Protecting the rights and interests of consumers (e.g. cost allocation)
- Ensuring the economic and financial balance of regulated activities
- Ensuring the fulfilment of public service obligations
- Contributing to the improvement of regulated sectors (economic, technical, quality and environmental)



Questions?



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Thank you for your
attention!