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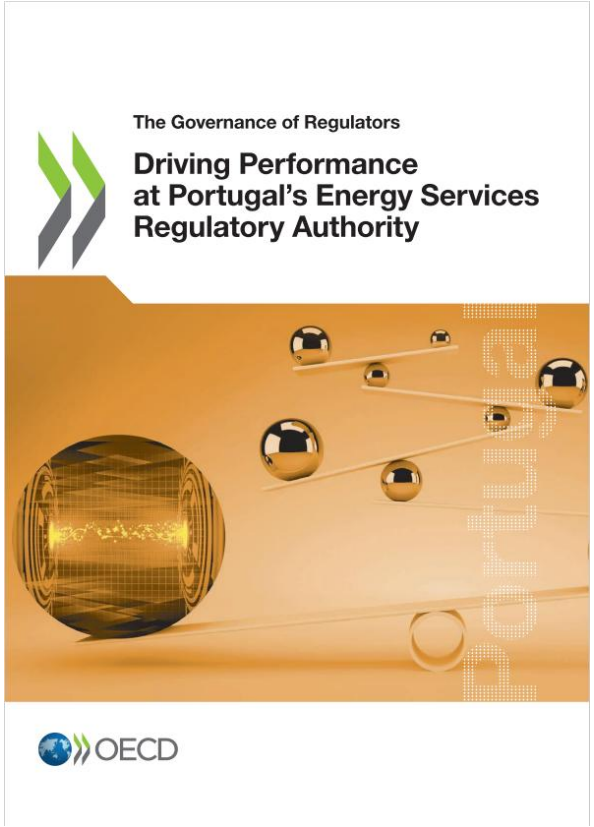
ERSE's Experience with RIA

February 12 2026

Performance Assessment Framework of Economic Regulators (PAFER)

- The OECD review took place between 2019 and 2021, resulting in a series of recommendations aimed at enhancing ERSE's performance and impact.



PAFER Recommendations on RIA

- Develop a standardised approach for and increase the use of regulatory impact assessments.
- Include ex ante assessments in all justification documents prepared for stakeholder consultations.
- Put in place corporate processes and detailed guidance material to ensure a consistent approach to regulatory impact assessments.
- Identify all relevant direct and important indirect costs as well as benefits
- Develop a standardised and systematic approach for ex post assessments of ERSE regulations

RIA Task Unit (EP-AIA)

- Following the PAFER assessment, ERSE established an internal unit with the objective of researching and improving Regulatory Impact Assessment (RIA) practices within the organisation.
- This work has evolved along two main streams:
  - The development of an internal RIA methodology;
  - The benchmarking of RIA among European energy NRAs and the drafting and approval of Guidelines of Good Practice (GGP) on the topic with CEER.

Internal RIA Methodology

TSI Project

- ERSE successfully applied to the European Commission's Technical Support Instrument (TSI)
- The application secured EU funding for a project implemented with the OECD to develop a RIA methodology for ERSE
- The project has been implemented throughout 2025 and is scheduled to conclude in March 2026
- Final deliverables include submission of the methodology to public consultation and testing through a pilot project.

ERSE's RIA Methodology Key Characteristics

- Integrates analysis into the full regulatory decision cycle
- Supports regulatory and non-regulatory decisions
- Designed specifically for an independent sectoral regulators
- Aims at including environmental and social impacts to the assessment

Core Principles of the Methodology

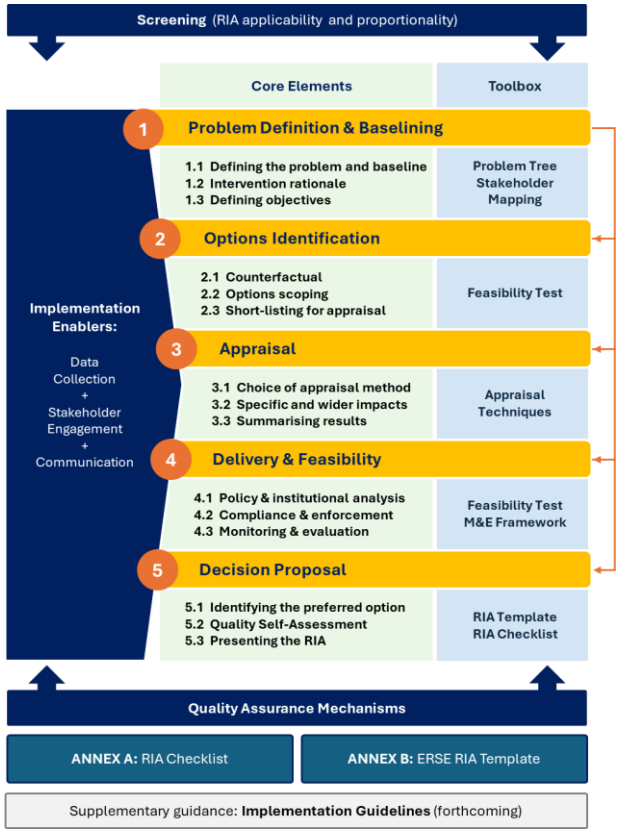
- **Proportionality**
  - Depth and complexity of analysis depend on the expected impact
  - All decisions follow the same logic, but with adaptable effort
- **Evidence-based and transparent**
  - Decisions grounded in data, analysis and documented assumptions
  - Explicit comparison of alternatives, including a “do-nothing” scenario
  - Clear articulation of costs, benefits, risks and uncertainties
- **Comprehensive impact perspective**
  - Economic impacts (efficiency, competition, investment)
  - Social impacts (distribution, consumer protection, accessibility)
  - Environmental impacts (emissions, sustainability, system effects)
- **Iterative and flexible**
  - RIA is not linear; analysis can evolve with new evidence and consultation

Process Orientation and Practical Use

- **Structured but flexible process**
  - Common stages: problem definition, options, assessment, feasibility and decision
  - Allows different analytical methods (quantitative, qualitative or mixed)
- **Decision-focused**
  - Objective is not analysis for its own sake, but a justified choice
  - Identification of a preferred option with a clear rationale
- **Integrated with implementation**
  - Considers feasibility, compliance, enforcement and monitoring
  - Encourages learning through evaluation and, where relevant, experimentation
- **Embedded in ERSE's regulatory culture**
  - Supported by templates, checklists and implementation guidance
  - Intended for routine and consistent use across ERSE activities

Key Steps in RIA

0.Screening
1.Problem Definition
2.Options Identification
3.Appraisal
4.Delivery & Feasibility
5.Decision Proposal



1.Problem Definition

- **Problem Description**
  - Scope, severity, causes, and affected stakeholders
  - Formulation of the problem and the reference baseline scenario
- **Justification of the Intervention**
  - Why intervene? What happens if no action is taken?
  - Consider market failures, regulatory failures, and objectives
  - Alignment with mandate, functions, and strategic objectives
- **Definition of intervention objectives**
  - Derived directly from the identified problem
  - Objectives must be **SMART**: Specific; Measurable; Achievable; Realistic; and Time-bound
  - Aligned with strategic objectives

2.Options Development

- **Definition of the counterfactual scenario (Do-Nothing Option)**
  Represent the situation without the intervention of the regulator
  Based on the baseline and expected evolution of the problem
- **Development of intervention options**
  Align with objectives and rational for intervention
  Include regulatory and non-regulatory options: strengthening existing regulation; co- or self-regulation; information and education measure; performance-based or process-based regulation; prohibitions; market-based instruments
- **Selection of options for appraisal**
  Always include the do-nothing option
  Other options must be:
  1. **Proportionate** (benefits relative to costs)
  2. **Effective** (able to address the problem)
  3. **Aligned** with public policies and strategic objectives
  4. **Executable** (feasible within ERSE's mandate and resources)

3.Appraisal

Compare options based on costs, benefits, and relevant impacts
Select the most appropriate option transparently and proportionately

- **Choice of appraisal method**
  Based on the nature of impacts and data availability
- **Inclusion of relevant impacts**
  Economic: consumer and producer welfare, competition, investment
  Environmental impacts: emissions, pollution, land use
  Social: accessibility, distributional effects, public health, trust
- **Application of proportionality**
  More in-depth analysis for more significant impacts
  Consider uncertainty, indirect and unintended consequences
  Integrate qualitative input from stakeholders and experts

4.Feasibility and Implementation

Test whether the preferred option can be implemented, complied with, enforced, and evaluated

- Institutional analysis
  - Institutional capacity; resources, skills, and organisational structure
  - Stakeholder mapping: roles, interests, and relevance
  - Legal and regulatory coherence with existing legislation
  - Process mapping: operational clarity and logic
- Compliance and enforcement
  - Ease of compliance and enforceability
  - Risk-based and proportionate enforcement regimes
  - Flexibility and adaptability to different contexts
  - Compliance support measures
  - Estimation of administrative costs and compliance barriers
  - Clarity of obligations and enforcement capacity
- Monitoring and evaluation
  - Definition of indicators and impact logic (inputs → outputs → outcomes)
  - Verification of data availability and collection systems
  - Identification of unintended effects and unforeseen consequences
  - Continuous feedback channels with stakeholders
- Regulatory Experimentation
  - Testbeds, sandboxes or pilot projects prior to full adoption
  - Incremental adjustments based on real-world evidence and learning

5.Decision Proposal

Selection and presentation of the preferred option

- **Identification of the preferred option**
  The option should address the defined problem and be feasible
- **Presentation of the RIA**
  Clear, accessible and transparent communication
- **Public consultation**
  The RIA should be integrated into the public consultation process where applicable
- **Quality assurance**

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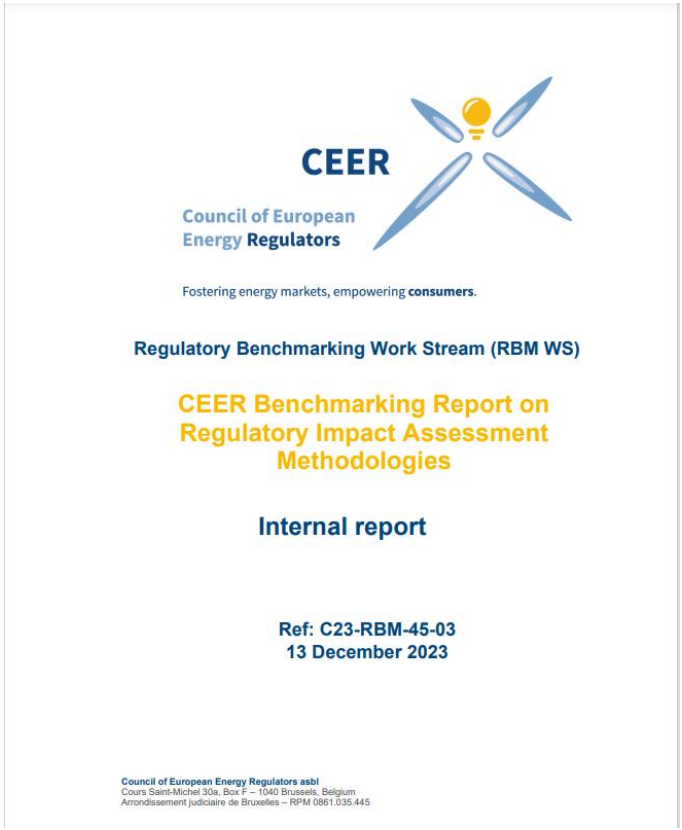
Benchmarking and best practice of RIA for Independent energy NRAs

Benchmarking Report on RIA

- One of the first steps taken by ERSE was to benchmark RIA practices among European NRAs.
- Through CEER, ERSE surveyed its members on their RIA practices.
- Considering RIA as: “any process within NRAs related to information and evidence gathering, methodologies of impact analysis, and the exchange of information with stakeholders”


CEER
Council of European Energy Regulators
Fostering energy markets, empowering consumers.
Regulatory Benchmarking Work Stream (RBM WS)
CEER Benchmarking Report on Regulatory Impact Assessment Methodologies
Internal report
Ref: C23-RBM-45-03
13 December 2023
Council of European Energy Regulators asbl
Cours Saint-Michel 30a, Box F – 1040 Brussels, Belgium
Arrondissement judiciaire de Bruxelles – RPM 0861.035.445

Main conclusions

- Shared commitment among NRAs to using RIA to support **informed and transparent decision-making**
- **Significant diversity** in RIA practices and legal frameworks across jurisdictions
- **No single reference RIA methodology** applied consistently across NRAs
- Legal obligations vary, from **basic consultation requirements** to **fully formalised RIA systems**
- RIA approaches often reflect **national regulatory traditions and maturity**
- NRAs generally retain **methodological autonomy**, allowing tailored RIA designs within minimum requirements

GGP of RIA

- In preparation for the drafting and approval of CEER's Guidelines of Good Practice (GGP) on RIA, ERSE—together with the OECD and CEER—organised several events to gather input from NRAs on the use of RIA by independent regulators.
- The GGP are divided in two main sections:
  - The first section tackles key issues of RIA for independent regulators;
  - The second sets out a core, fundamental minimal RIA methodology to support consistent and proportionate application across NRAs

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Key Issues for RIA in Independent Regulatory Authorities

The Special Position of NRAs

- NRAs are **independent**, not political bodies.
- Their strength: **technical depth**, and **sectoral expertise**.
- Their limits: **narrow mandates**, **limited staff**, and **restricted budgets**.
- RIA for NRAs must be **tailored.**

Adaptation is Key

- Central ministries have broad analytical and data capacity.
- NRAs should focus on **precision**, **evidence**, and **sector-specific impacts**.
- RIA should be **ambitious but realistic**.
- The goal: **Gradual adoption**, not duplication

Three Dimensions of RIA

1. **Decision-making & evaluation framework**
   - Structures how regulators identify problems, define options, and justify choices.
   - Improves **consistency**, **transparency**, and **accountability**.
2. **Information gathering**
   - Uses data and sector evidence for analysis.
   - NRAs should leverage their **sector-specific knowledge** and collaborate with external agencies
3. **Stakeholder engagement**
   - Involves industry, consumers and experts **from the start**, not only at the end
   - Builds **accountability** and improves evidence quality

Integrating the Dimensions

- Combine all three dimensions **proportionally**:
  - Use RIA as the **core decision-making tool**.
  - Reinforce with data and technical analysis
  - Ensure structured and continuous stakeholder dialogue.
- Result → Regulation that **is technically sound**, **transparent**, and **accepted by stakeholders**.

Balancing Central Govt and NRA Roles

- Ministries handle **broad**, **national-level** RIAs
- NRAs focus on **sector-specific**, **technical**, and **implementation-level** rules.
- Complement, don't replicate.
- Example:
  - Central government sets climate targets
  - NRA designs tariffs or grid codes that make those targets feasible

Oversight and Quality Control

- NRAs need **robust internal quality assurance** instead of political oversight:
  - Peer review or cross-department checks
  - Standard RIA templates and checklists
  - Ex-post evaluations comparing expected vs actual impacts

Resources and Capacity Building

- Limited capacity is the main barrier to RIA adoption.
- Apply **proportional analysis**:
  - Light RIAs for small technical changes
  - Full RIAs for major reforms
- Build capability through:
  - Staff training in quantitative and qualitative methods
  - Shared data platforms and modeling tools
  - Peer learning within CEER
- Introduce RIA **gradually** and avoid that it becomes a box-ticking exercise

Stakeholder Engagement

- Engagement improves data, accountability and feasability.
- Must be **structured**, **early introduced**, **and balanced**.
- Use multiple formats: workshops, online consultations, consumer panels.
- Publish summaries showing how stakeholder input influenced decisions

Key Takeaways

- RIA for NRAs must be **adapted**, **not replicated**.
- Focus on **proportionate**, **evidence-based**, **and transparent** regulation.
- Build internal systems for **quality and learning**.
- Through RIA, NRAs strengthen **credibility**, **accountability**, and **public trust**.

RIA = Better decisions → Better governance → Better outcomes for consumers and markets.

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