

CEER

**Council of European
Energy Regulators**



Energy Regulation and Regulators

Andrew Ebrill, CEER Secretary General

**PONT Working Group Seminar
30 March 2017, Brussels**

Agenda

- Overview of national energy regulators
- European regulatory dimension: CEER and ACER
- European Electricity Market Context
- Clean Energy and Next Steps

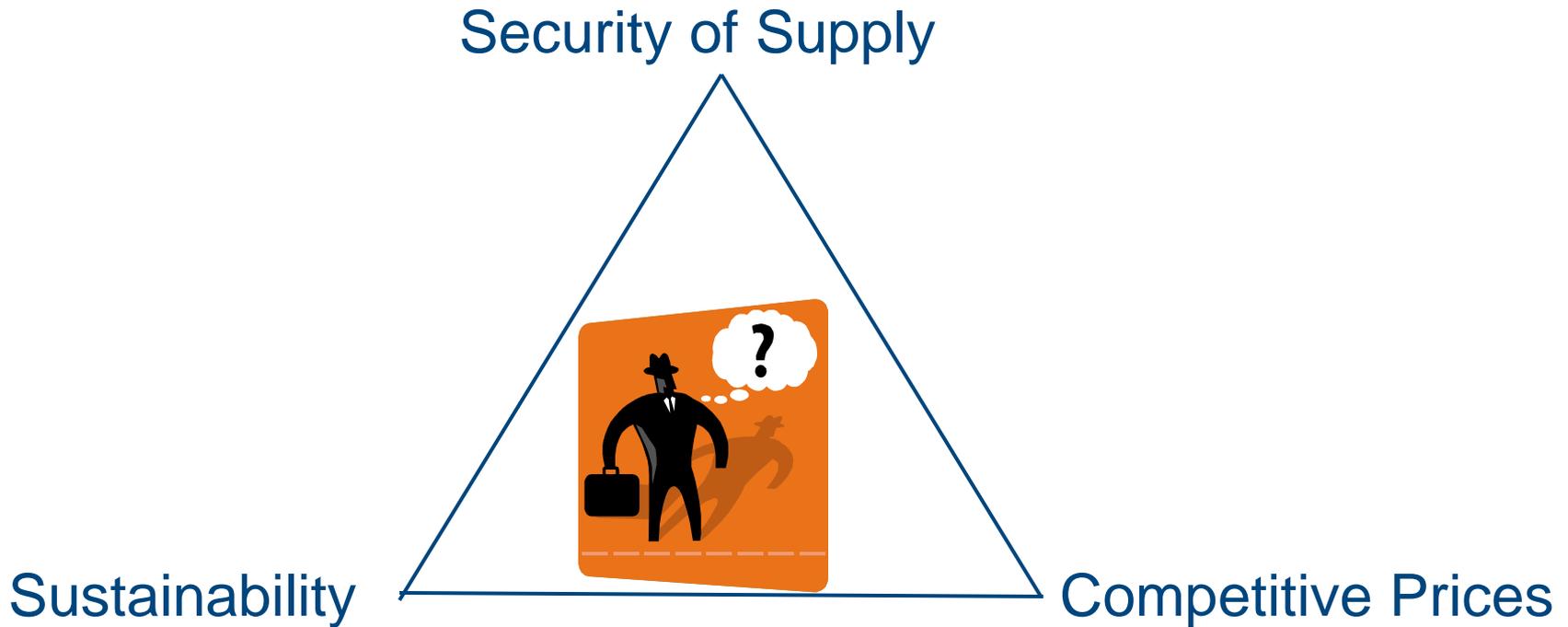


Role of Energy Regulator

- **Overseeing the liberalisation process**
 - ▶ From monopoly towards competition, often EU-driven
- **Focus on ex-ante regulation**
 - ▶ Deciding on “the detailed rules of the game”
 - ▶ Within the energy policy framework set by Govt and EU
- **Protects the interests of energy consumers**
- **Predictable and stable climate for investors**
 - ▶ Enables confidence for long-term investors
 - ▶ New energy players not unfairly discriminated against
- **Some ex-post role too**
 - ▶ Settles disputes
 - ▶ Action against market abuse



Key Objectives of an Energy Regulator



Key Regulatory Functions

- Economic regulation of competitive wholesale markets
 - ▶ Typically biggest part of cost chain
 - ▶ EU integration a major focus
 - ▶ More renewables a growing market challenge
 - ▶ Subsidy scheme administration
- Economic regulation of competitive retail markets
 - ▶ Move to price de-regulation
 - ▶ Supplier switching emphasis
 - ▶ Customer protection an increasing focus



Key Regulatory Functions

- Economic regulation of monopoly energy networks
 - ▶ Sets network revenues and tariffs for TPA
 - ▶ Sets connection and development policy
 - ▶ Smart meter roll-outs
- Licence/certify and monitor market players
 - ▶ Licensing generators, suppliers, network companies
 - ▶ Network unbundling
 - ▶ Monitor activities and take action if needed
- Advise the Ministry on energy policy



Overview of CEER

Council of European Energy Regulators

Voice of Europe's national energy regulators at EU and international level

35 Members and Observers

Not-for-profit organisation

HQ in Brussels

8 permanent staff

CEER: Fostering energy markets, empowering consumers

- Independent platform for cooperation between 35 European NRAs
- Promotes competitive, secure and sustainable markets in the interests of consumers
- Champions sound energy regulation with stakeholders, incl. policy-makers
- Supports NRAs and encourages best practices:
 - ▶ Training Academy
 - ▶ Workshops, e.g. international events on security of supply
 - ▶ Papers, reports, benchmarking

Putting consumers at the heart of energy policy: CEER-BEUC 2020 Vision



Introduction to ACER

Agency for the Cooperation of Energy Regulators

Official European Agency created
by the Third Package

Operational
since 2011,
around 80 staff

Alberto
Pototschnig,
Director

John Mogg,
Chairman Board
of Regulators

Membership
restricted to
Member States

Introduction to ACER

**How ACER
contributes to
the IEM**

**ACER - an independent
European Agency
accountable to the European
Parliament and EU
Institutions**

**At the heart of its mission is
to foster cooperation among
European energy regulators**

**ACER promotes market
integration, harmonisation of
regulatory frameworks and
market integrity in line with EU's
energy policy objectives**

ACER's Areas of Activities

ACER

Framework Guidelines and Network Codes

European Network Planning, Regulatory treatment & enabling investments with CB impact: TYNDP, PCI lists selection, CBA methodology, CBCA decisions as a last resort

Decisions on Terms & conditions for Access to & Operational Security of CB Infrastructure as a last resort

Decisions on Exemptions - as a last resort

NRA overall support - exchange of best practices, peer reviews, opinions on application of Guidelines

REMIT and Market Monitoring

The Energy Policy Context

- Driving market liberalisation in Member States and moving towards a single EU gas and electricity market
- Driving more choice, competition and efficiency

Towards the EU's Single Energy Market



European Electricity Market Context

Liberalised Markets

Competition
Consumer choice
Demand-side and prosumer growth at DSO level

Renewables Growth

Dispersed and Variable
Low marginal cost
Often small-scale at DSO level

New Technology

Smart Meters
Smart Grids
Smart Heating
Electric Vehicles
Internet of Things
Data Management
Cybersecurity



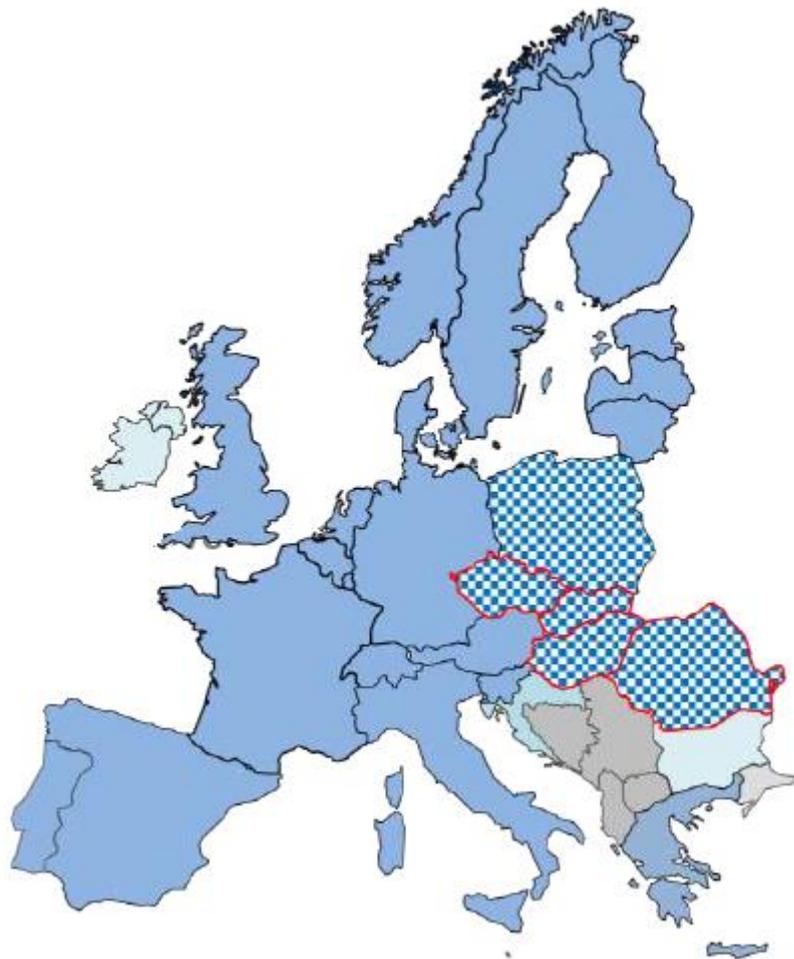
European Electricity Market Context

- Renewables are now central, often subsidy-driven
- A market, technical and security of supply challenge:
 - ▶ Lowers conventional generator output and wholesale prices => less revenue
 - ▶ Intermittent generation from solar / wind





European Electricity Market Context

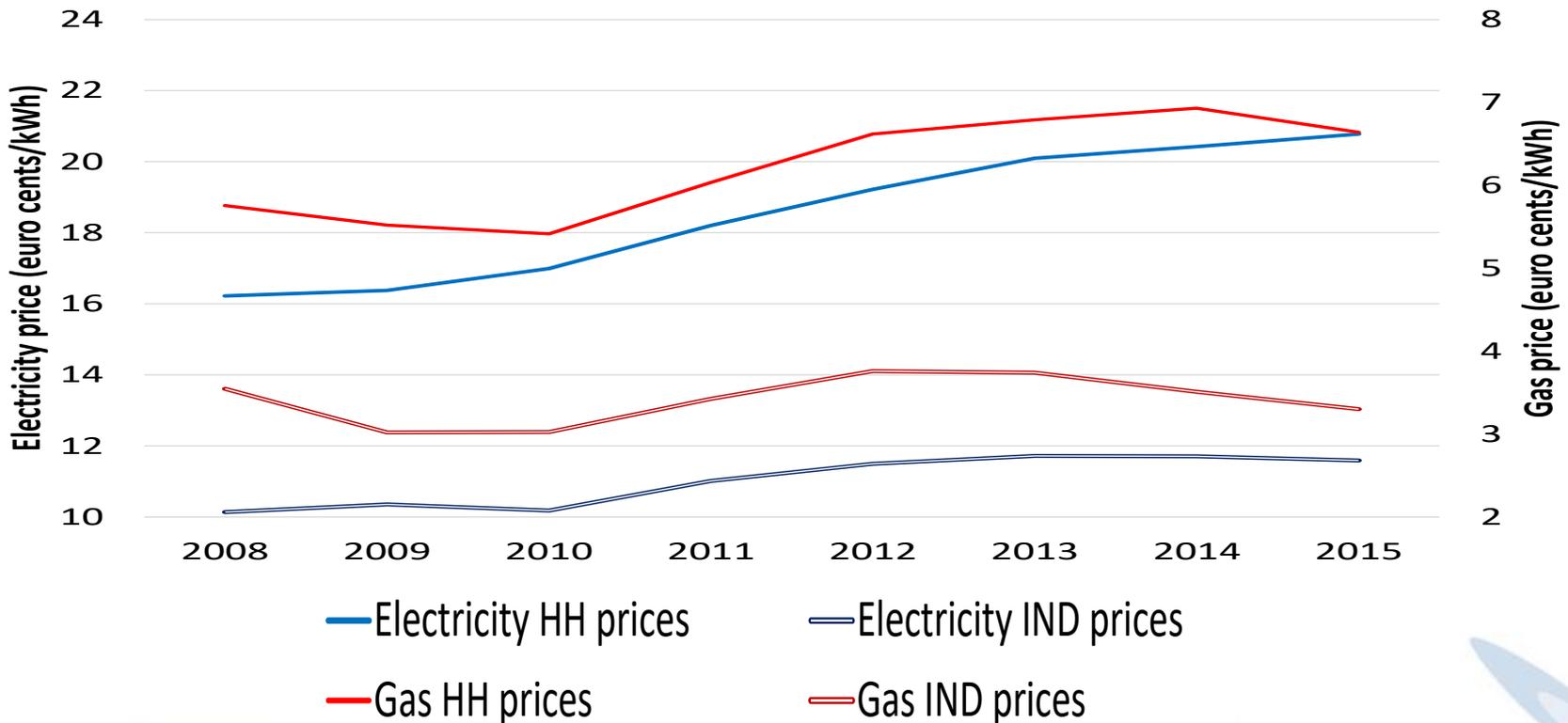


- Energy wholesale market integration progressing
 - ▶ A single day-ahead spot price-auction (algorithm)
- Currently one single coordinated Day-Ahead Market for NWE Region + ES/PT and IT
- Covers around 75 % of EU demand
- With networks + interconnection, market integration assists security of supply and competitive prices



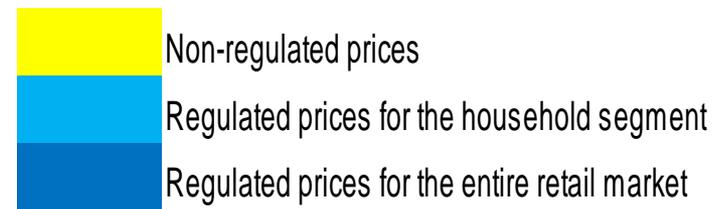
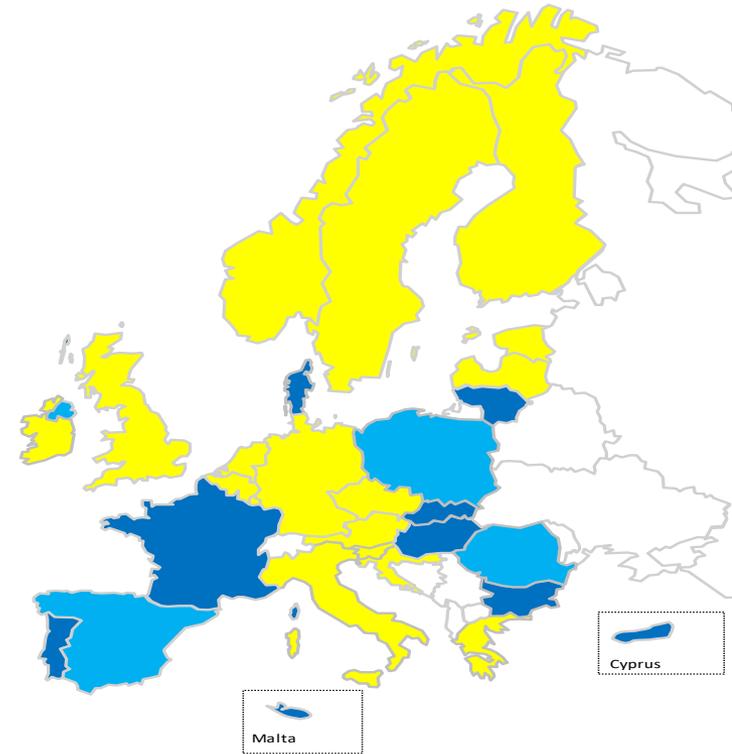
European Electricity Market Context

- Retail competition and consumer empowerment still mixed, with industry benefitting more than households
- ACER/CEER MMR: retail prices falling again, except for elec HH
 - ▶ Subsidies and levies are an issue!



European Electricity Market Context

- Many retail markets still price regulated and not v competitive
- More choice for consumers where prices have been liberalised for longer
- We recommend price de-regulation once the market is competitive
- We support facilitating new supplier entry by reducing barriers
- We advocate consumer protection and empowerment



CEER Work Programme 2017

Four key areas

- Consumers and retail markets - many deliverables
- New legislative/policy developments:
 - ▶ ACER-CEER “Overview Paper” on Clean Energy already published
 - ▶ White Papers on Clean Energy planned
- Role of Distribution:
 - ▶ GGP on tariffs, flexibility and incentives, report on DSO services
 - ▶ Benchmarking Report on Power Losses
- International work beyond the EU

Plus

- Complementing ACER in building the IEM
- Scenario analysis for the future European natural gas market
- Position on gas SoS, and on LNG and gas storage barriers
- GGP on auction design for RES support



Clean Energy Package

- Regulators' Overview Paper of 23 January broadly welcomed the CE Package, highlighting issues for consideration



- More detailed regulatory papers expected in the coming months



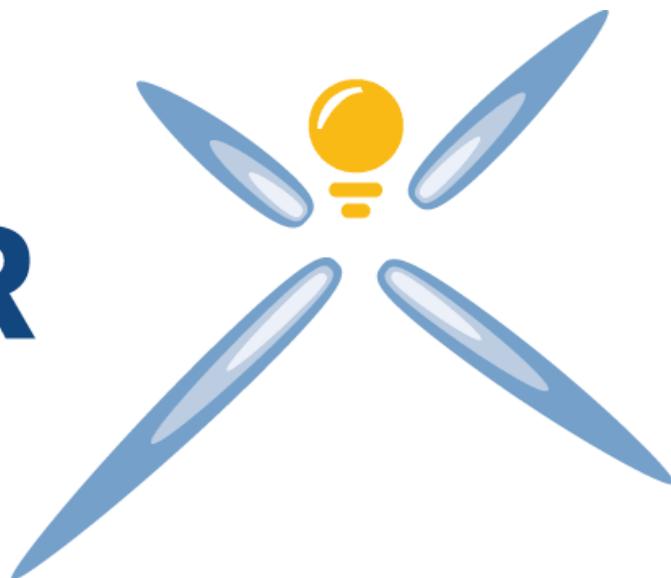


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