

“A BRIDGE TO 2025”

Presentation for
Workshop on Energy XXI
Reflection on the Future of the Electricity Sector
ERSE 5th November 2015

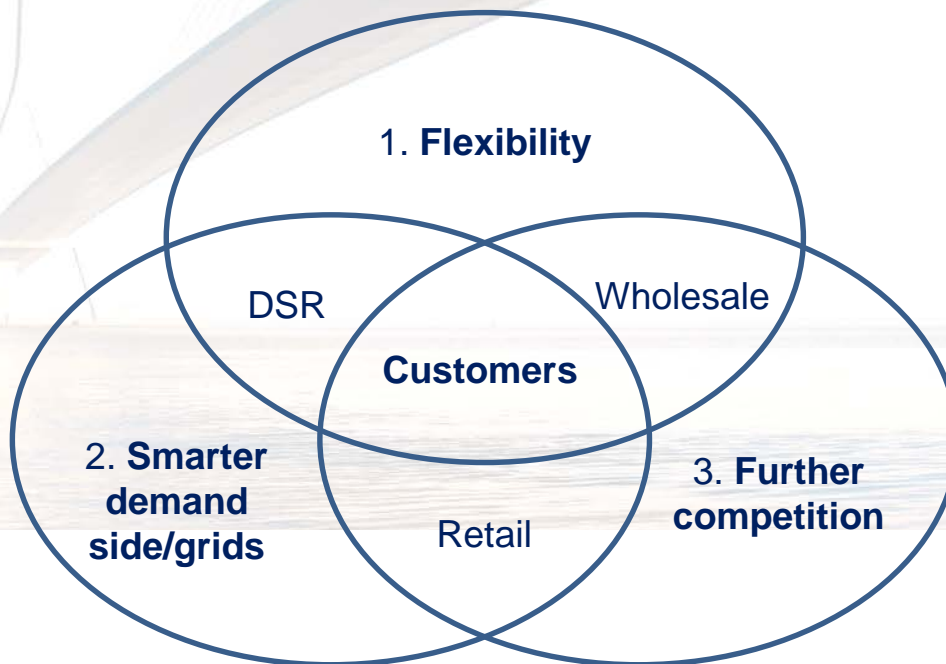
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CEER DSO WG Co-chair

IN COOPERATION WITH



Key objectives of internal EU energy market

- Liquid, competitive and integrated wholesale markets
- Enhancing Europe's Security of Supply
- Moving to a low carbon society with increased RES and smart, flexible, responsive energy supply



Strong link between “Bridge to 2025” and the Energy Union – actions for its delivery

Key actions:

- Continuous process of holistic dialogue with consumers, stakeholders, all energy actors and Institutions to deliver the Energy Union strategy
- Linking wholesale & retail markets in an integrated IEM
- New governance arrangements for an integrated market
- Strengthening interaction with NRAs outside EU and regulatory capacity building
- We remain fully committed to reinforced regulatory cooperation within ACER and CEER

Recalling our cross-cutting proposals

Fully implement the **Third Package legislation and codes**

Establish a roadmap aimed at **competitive and innovative retail markets** by 2025

Promote **flexible response**, and its provision by generators and consumers on a non-discriminatory basis

Ensure that the **market for new service providers** is not foreclosed by incumbents

Promote SoS through greater consistency of assessment and policy mechanisms

Protect and empower consumers to participate actively in energy markets; establishing **stakeholders**

Improve **regulatory oversight** of ENTSOs and of other bodies (existing & new)

Reinforce **regulatory cooperation** at EU level

Delivering actions through ACER

Promoting a
well
interconnected
IEM

- Recommendations for the **adoption** of Electricity **codes & focus on implementation**
- Review of **Electricity Target Model** (focus on flexible response and system adequacy), underway 2015-2016
- **Infrastructure challenges: 2nd CBCA Recommendation** and Opinion on PCI selection, underway

Delivering actions through ACER

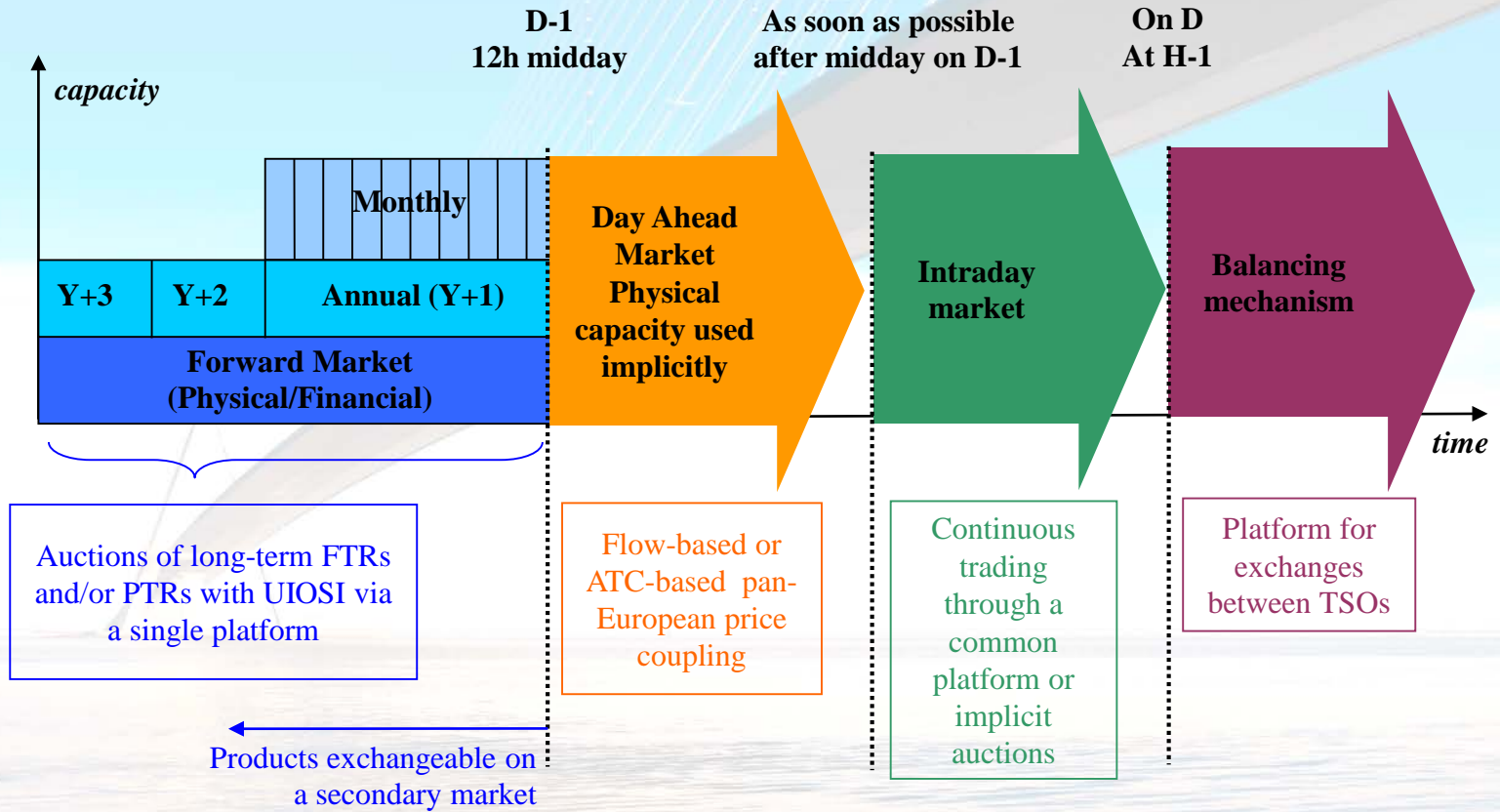
EU energy
policy
development

- Possible ACER recommendations in 2016:
 - To further **enhance cooperation between** NRAs and **effectiveness of regulatory** action at EU level
 - **Regulatory oversight** of mandatory and voluntary **EU TSO** bodies
- We continue feeding into **EU discussions** on energy market design, in cooperation with CEER

Dialogue,
engagement
and
cooperation

- 3 (electricity) **Network Code Stakeholder Committees**
- **8 public consultations, 15 public events + 4 public debriefs in the last year**
- **Involving third countries** (EnC and Norway) in Agency Working Groups

Delivering the Target Model



Governance to fit an integrated IEM

An increasingly integrated EU market requires an appropriate dynamic regulatory framework and cooperation arrangements

Key Conclusions in the Bridge

Customers and all stakeholders are central

ACER likely to have an increasing role in a more integrated EU energy market

Appropriate regulatory oversight will be needed
ENTSOs' evolving role & new bodies created

IEM open to neighbouring countries
Building regulatory capacity along IEM principles

Governance to fit an integrated IEM

EC public consultation on a new energy market design

Enhanced role for ACER to oversee the effective functioning of the integrated markets and cross border infrastructure

Powers and independence of ACER may need to be reinforced to carry out regulatory functions at European level

Could include Agency power to adopt directly applicable and binding decisions at EU-level and on cross-border issues & enforcement powers to ensure compliance with its decisions

Need for increased coordination between TSOs requires a stronger
ENTSO-E

Strengthening the regulatory framework may also require regulatory oversight of entities, such as power exchanges

Increasing link between retail and wholesale markets will have to be reflected in the regulatory framework

The Agency's evolving role

Regulatory oversight of ENTSOs & other bodies by ACER

- Increasingly important role of ENTSOs
- Oversight of other bodies with critical or monopoly IEM functions
- Compliance with ACER decisions

Stronger NRA coordination

- Enhance NRA cooperation
- Agency empowered to take decisions directly regarding binding subsidiary instruments in EU-wide proposals (future Guidelines)

Monitoring of markets

- ACER powers to require information from all EU energy-sector entities when needed for monitoring

More detailed proposals on the basis of the Bridge...

- ...In our response to the Energy Market Design EC Consultation

Delivering actions through CEER

Promoting the IEM

- **Characteristics of well-functioning retail markets**
- **The future role of the DSO**
- **Advice on Customer Data Management for Better Retail Market Functioning**

Retail Market Changes



- Smart Meters (dynamic tariffs)

- Embedded RES – solar panels etc.



- Storage and Demand Side – batteries, smart electrical storage heaters, intelligent hot water heaters, Electric Vehicles , etc.

- Internet of Things

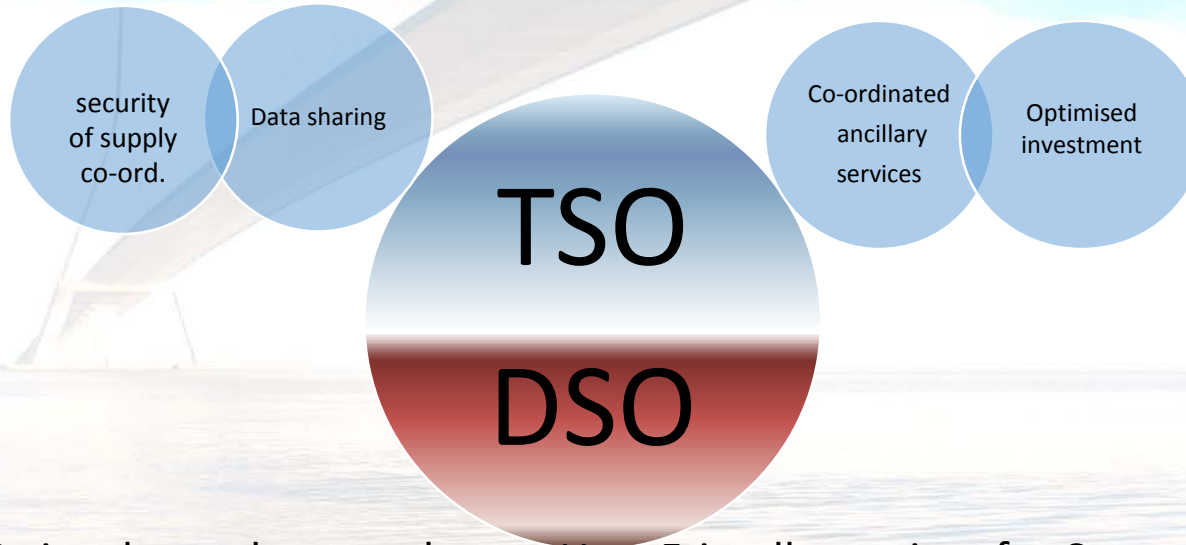


CEER Distribution System WG Work Programme for 2016

- DSO Tariffs
- DSO Incentives
- DSO Non-core Activities
- TSO-DSO Interaction
- DSO Flexibility
- DSO Quality Benchmarking
- DSO Loss Measurement

TSO – DSO interaction

95% of Renewable Energy Now Connected at Distribution Level across EU



TSO/DSO signals need to translate to User Friendly services for Consumers

DSO Core and Non-Core Activities

Core Activity	Grey Areas	Forbidden Activity
<ul style="list-style-type: none">• Network planning, construction and O&M• QoS and system security at regional/local level• Technical data management• Network losses	<ul style="list-style-type: none">• Storage• EVs• Customer data management• Flexibility• Telecoms• Smart metering	<ul style="list-style-type: none">• Energy generation• Energy supply

Developing Flexibility

