Response to the ACER Consultation Paper "A Bridge to 2025"

zugeordnet zur Senatsverwaltung für Stadtentwicklung und Umwelt des Landes Berlin

About Berlin Energie

In March 2012, Berlin Energie was established to facilitate the participation of the State of Berlin in the concession process. Berlin Energie is applying for the expiring Berlin gas and electricity concessions. As a high-performing and innovative combined network operator, we will manage the energy infrastructures of our city efficiently and reliably, as well as make them future-proof – for both the people and the industry of Berlin. As a state-owned organisation, Berlin Energie stands for open dialogue and transparency rendered into our operations, may it be in the technical management of the network, its strategic development or our contribution to the Berlin state objectives in the fields of urban development, energy efficiency and climate protection.

We built the core foundations of our future network operation and rooted our vision in the objectives formulated in the Energy Industry Act of

- security
- value for money
- consumer-friendliness
- efficiency and
- environmental-friendliness.

Berlin Energie welcomes this opportunity to respond to the ACER Consultation Paper on Energy Regulation: A Bridge to 2025. We appreciate that ACER invites stakeholders to comment on the suggested measures. The energy sector undergoes a radical change that requires a set of effective policy instruments in order to sustain a secure and affordable supply with energy. Berlin Energie wants to underline the importance of DSOs to meet the present and future challenges of the energy sector.

Berlin Energie welcomes the overall approach of ACER. However, we want to highlight some issues of special significance for DSOs.

- Changing role of DSOs: The role of the DSOs in the energy supply system will become more and more important. The rapid growth of distributed generation systems based on renewable energies is a main challenge, particularly for DSO since (at least in Germany) a significant number of these systems are connected to distribution networks. Therefore high infrastructure investments are needed. In order to ensure the security of supply the number of fast-reaction balancing services offered by DSOs will increase. It is crucial that the regulatory system considers and approves the costs arising therefrom.

- Coordination between TSOs and DSOs: Berlin Energie highly appreciates that ACER and the NRAs are showing effort to improve the coordination between DSOs and TSOs. Since the importance of DSOs for the energy supply system is steadily increasing, the roles of DSOs and TSOs need to be reassessed in order to reflect these changes. We would welcome if ACER and the NRAs make concrete suggestions how they envision a perfect collaboration of DSOs and TSOs. Which organization should be responsible for the further organization of the cooperation between TSOs and DSOs?

- Investment incentive: The German regulatory system suffers from a delay in approving the investment costs. This leads to an inhibition of investments. The regulatory system has to be redesigned in order to support necessary investments. That is why Berlin Energie welcomes that the regulators will explore how best to deploy incentive mechanisms to encourage efficient operations and investments by DSOs and TSOs.

- Incentives of Research and development: Berlin Energie is convinced that DSOs have to play a major role in the necessary research and development processes. For example, DSOs will be important drivers in the development of smart grids. The regulatory framework should allow DSOs to participate in R&D projects on national and European level. Therefore it is essential that the associated costs will be approved by the regulator.

- Tariffs: Berlin Energie welcomes that ACER will encourage efficiency through dynamic pricing. The tariff structure has to be refined in order to improve customer incentives for network optimization. Furthermore, it is very important that the tariff structure facilitates sufficient and predictable revenues for the investments of DSOs. The regulatory framework should offer an incentive for the development of more cost reflecting and better functioning tariffs. Therefore the regulator has to resolve the contradiction of more flexible tariffs and tariffs that take into account the cost-by-cause principle.

- Competition in the metering market: DSOs are obliged to ensure a non-discriminatory data provision. So why is it necessary to bring competition to the metering market? The market should either be competitive without regulated prices or regulated but with full approval of costs. Berlin Energie is convinced that the role of metering point operators and metering service providers can be fulfilled best by DSOs. They can offer and maintain the best data quality and data security.

- Standardization of billing intervals: Berlin Energie wants to motivate to standardize the billing intervals, especially in the electricity sector. This would enable the introduction of Europe-wide consumer protection rules.

- Interruptible loads: The growth of distributed generation systems based on renewable energies is a threat for the security of supply. Interruptible loads can be an effective way to meet this threat. Berlin Energie suggests to introduce incentives to promote the use of interruptible loads.

- Transparency: In the near future DSOs will have to manage increasing data flows. The monopoly power of DSOs enables them to use these date to the benefit of the consumers. DSOs could for example provide real-time data on the grids current status. This would keep the customer informed about the reliability of supply at all times.

- Combined network operation: Berlin Energie is convinced of the advantages of combined operation of grids, for example gas, electricity and water. The combined operation of grids should be preferred if the cost saving potential may be evidenced.