

## Energy Regulators (ACER/CEER) welcome the market-based solutions and cross-border focus of the European Commission's energy market design

Brussels, 15 July 2015

ACER and CEER welcome the new energy market design consultation paper, launched today by the European Commission, and in particular the reinforced steer towards cross-border<sup>1</sup> and market-based solutions. **Lord Mogg**, Chair of the ACER<sup>2</sup> Board of Regulators and President of CEER<sup>3</sup> said;

*"We are consistent advocates of competitive energy markets and we strongly support the Commission's proposals. Integrating renewables into the market requires flexibility to be rewarded and demand-side response with far greater consumer response to be developed. The robust focus on market-based solutions supported by the right regulatory framework will allow well-functioning retail markets to grow".*

**Alberto Pototschnig**, ACER Director, said "The Commission's energy market design consultation paper and regulators' own developed thinking in our [Bridge to 2025 proposals](#) are well aligned. We have always supported consistent EU-level rules. We share the common aim of establishing liquid, competitive and integrated energy markets that work for consumers".

Providing their initial reactions to the consultation launch, regulators underline:

- **How important it is to enhance the functioning of electricity markets** by bringing renewables (RES) into the market and linking wholesale and retail markets.
- **We must move away from national interventions.** We welcome the Commission's ambition for a more harmonised EU approach to capacity markets and RES support schemes. To the benefit of European security of supply, ACER and CEER have long advocated an EU approach for measures on generation adequacy, network planning and capacity remuneration mechanisms.
- **There must be greater participation in energy markets** by facilitating a proportionate market-based approach to flexibility (an issue that CEER and ACER are jointly working on), including demand response, self-consumption, and emerging market innovation. The pivotal role of distribution networks in future interactive and flexible markets must be addressed.
- **The importance of embedding robust and transparent governance** to support an effective market, with clear roles and responsibilities for all energy actors.
- **A fit-for-purpose market design must be developed to put consumers at the centre<sup>4</sup>** and which allows the regulatory framework and market rules to adapt to future developments.

Regulators will provide their complete response before the end of the Commission's consultation. Moreover, in line with the commitments made (in September 2014) in our "Bridge to 2025" proposals<sup>5</sup>, regulators are proactively working to deliver the cross-border trading rules necessary for a truly European wholesale market, and to develop a regulatory framework that supports a future-proof market design at both wholesale and retail levels (e.g. the newly published CEER paper on the future role of Distribution System Operators<sup>6</sup>, a forthcoming paper on well-functioning retail energy markets and planned work on tariffs and incentives).

**ENDS** (See Notes for Editors on the next page)

**Notes for Editors**

1. The Commission's proposals include explicit references to creating cross-border short term markets; seamless cross-border system operation; strengthening the regulatory framework to facilitate regional market integration; encouraging flexibility and integrating RES into the market; facilitating wider market participation; through to new more harmonised EU approaches to capacity markets and RES support schemes.
2. The Agency for the Cooperation of Energy Regulators (ACER) is an EU Institution established under Regulation (EC) 713/2009, which coordinates the work of national energy regulators (NRAs) at EU level. ACER plays a central role in the development of EU-wide network and market rules with a view to enhancing competition. The Agency coordinates regional and cross-regional initiatives, which favour market integration. It monitors the work of European networks of transmission system operators (ENTSOs), and notably, their EU-wide network development plans. ACER also monitors the functioning of gas and electricity markets in general, and of wholesale energy trading in particular.
3. The Council of European Energy Regulatory (CEER) is the association of Europe's national energy regulators, serving as their voice at EU and global level. CEER's members and observers, from 33 European countries, are the independent statutory bodies responsible for energy regulation at national level. CEER is at the forefront of efforts to foster competitive energy markets and to empower consumers through sound and independent regulation. Through cooperation and training, CEER promotes best practice energy regulation, supporting national regulators in their daily work. Visit [www.ceer.eu](http://www.ceer.eu).
4. See today's [CEER press release](#) (PR-15-08), and [accompanying statement](#) on the European Commission's (Retail Market) Communication on Delivering a New Deal for Consumers. The Commission's Retail Market Communication and CEER's imminent position paper on well-functioning retail markets are the focus of the CEER Customer Conference (20 October 2015).
5. Regulators' [Bridge to 2025 proposals](#), published 23 September 2014, identifies the trends foreseen in the ten-year period to 2025 and recommends a set of actions for regulators, the EU institutions, Member States and energy actors (including consumers) to fully implement EU legislation, including the network codes as well as the Gas and Electricity Target Models, to help establish and maintain liquid, competitive and integrated wholesale energy markets. The Bridge to 2025 provides a vision for the next decade which includes cross-cutting proposals across the full range of energy policy - from electricity and gas, to retail and consumer to distribution networks and the overall governance for European level energy cooperation. Key amongst energy regulators' "Bridge to 2025" proposals are:
  - to implement fully the Third Package framework;
  - to establish a roadmap aimed at competitive and innovative retail markets by 2025;
  - to promote flexible response, and its provision by generators and consumers on a non-discriminatory basis;
  - to ensure that the market for new service providers is not foreclosed by incumbents;
  - to develop the Gas Target Model to help manage the uncertainty about future gas demand;
  - to promote security of supply through a greater consistency of assessment and policy mechanisms;
  - to protect and empower consumers to participate actively in energy markets (principally through the development of the CEER Consumer Vision); including establishing stakeholder panels of energy actors and consumer representative bodies;
  - to review and, where needed, improve the arrangements for regulatory oversight of the European Networks of Transmission System Operators (ENTSOs) and of other bodies (e.g. nominated electricity market operators (NEMOs); and

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- to further improve the efficiency of some aspects of the regulatory decision-making process at EU level, while maintaining those aspects which have proved to work effectively.

The principles in the European Commission's Communication on a new energy market design (launched today) fit with and reinforce the analysis and recommendations set out in regulators' (September 2014) Bridge to 2025 proposals. Save the date (24 September 2015) for the CEER and ACER Bridge anniversary event in Brussels.

6. This week in the "[The Future Role of DSO – A CEER Conclusion Paper](#)", which is the result of a public consultation, CEER set out a framework for regulatory oversight of Distribution System Operators (DSOs) which can be a useful tool to determine what DSOs should and should not do.

## Contacts

### ACER

Mr David Merino

Tel. +386 (0)8 2053 417

Email: [david.merino@acer.europa.eu](mailto:david.merino@acer.europa.eu)

[www.acer.europa.eu](http://www.acer.europa.eu)

### CEER

Ms Una Shortall

Tel. +32 (0) 484 668 599

Email: [una.shortall@ceer.eu](mailto:una.shortall@ceer.eu)

[www.ceer.eu](http://www.ceer.eu) / [twitter.com/CEERenergy](https://twitter.com/CEERenergy)