

GOVERNANCE

Proposals

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GOVERNANCE TO FIT AN INTEGRATED IEM

Challenge of an increasingly integrated EU market and major technological changes in the next decade require an appropriate dynamic regulatory framework and cooperation arrangements

Main Bridge conclusions:

- ✓ **Customers and all stakeholders are central**
- ✓ **ACER** is likely to have a greater role in a more integrated EU energy market
- ✓ **ENTSOs'** evolving role and **new bodies** being created will probably need more regulatory oversight
- ✓ IEM open to **neighbouring countries**

A CHANGING PICTURE FOR THE INDUSTRY

Moving towards a **single** energy market and greater integration will bring a growing interaction between electricity and gas sectors

- Need to ensure adequate **cooperation between the ENTSOs for electricity and gas**

Cross-fertilisation of information (in respect of electricity, gas and retail markets developments) is needed across all segments and sectors of the market

As markets integrate, there will also be closer interaction of the wholesale and retail markets

- This requires **greater cooperation between DSOs and TSOs**

AND FOR CUSTOMERS

Greater active participation and more involvement of customers (particularly small and medium-sized) in energy markets

Build on the RASP Principles in CEER-BEUC Vision:

- **Greater engagement of customers** by seeking their views through more topic-specific panels
- **Providing some EC funding** to help consumer bodies to obtain technical advice to engage more effectively

THE AGENCY: AN EVOLVING ROLE

ACER's dual role...

Oversight of European Regulatory Framework and bodies with EU functions, and facilitating cooperation between NRAs.
This will evolve as market integration increases.

Proposals

- ✓ EC to consider giving ACER powers to fulfil its functions more effectively (e.g. monitoring and binding decisions, where appropriate and proportionate)
- ✓ Present ACER governance structure works well, balancing ambition of achieving the IEM with good understanding of specific national situations
- ✓ But ACER needs to be **adequately resourced** – EU budget issue but perhaps EC could consider partial recovery of costs through fees

THE ENTSOS: A BIGGER ROLE

ENTSOs have done a good job since their establishment. Their role will grow in importance as markets integrate.

➤ Challenging times ahead

More responsibilities already clear in respect of

- formulating proposals for terms and conditions or methodologies for the implementation of Network Codes and Commission Guidelines
- monitoring implementation of Codes and Guidelines (practical realities!)
- technical role in the development and assessment of modification proposals to Network Codes
- carrying out EU-wide network planning, including TYNDP development
- preparing of summer and winter generation adequacy and supply outlook reports of growing importance
- formulating through their member TSOs voluntary cooperation bodies

BALANCING RESPONSIBILITY WITH ACCOUNTABILITY (1)

- If the EC agrees with that analysis, new legislation will be needed
- ENTSOs should be subject to appropriate and proportionate checks and balances in undertaking their existing and new functions (ACER will develop detailed advice to the EC in 2015)

BALANCING RESPONSIBILITY WITH ACCOUNTABILITY (2)

- But ACER should have greater role (e.g. issue binding decisions) in addition to its current non-binding Opinions/Recommendations for ENTSOs core EU tasks.

For example in relation to:

- Guidelines and Codes development and implementation *
- TYNDP process *
- Work programmes * and related budget and expenditure
- Statutes and Rules of procedure *

* ACER already has powers to issue non-binding Decisions and Recommendations to ENTSOs

OTHER BODIES WITH ESSENTIAL EU FUNCTIONS

- New bodies are already being created with EU functions:
 - Some under the Guidelines and Codes (such as the NEMOs and gas capacity allocation bodies such as PRISMA)
 - Some voluntary organisations (such as CASC, CAO and Coreso)
- Appropriate regulatory oversight is needed to oversee that their operation is in the public interest:
 - Through competition rules where possible
 - But through a framework of ex-ante regulation where competition law is ineffective (the Agency and NRAs should have a role here)

THIRD COUNTRIES (1)

- The EU energy market interacts with its neighbours, some of which have committed to adopt and apply the energy *acquis*
- With the agreement of the EC, the NRAs of relevant countries should be allowed to participate in the Agency's work, including in its Working Groups and as observers in its Board of Regulators

THIRD COUNTRIES (2)

- CEER has committed to offer parallel rights to those third country NRAs to participate in its Working Groups and as observers in its General Assembly
- CEER will also extend its training programme to relevant third countries. EC funding will stimulate these developments

We shall regularly review and collectively seek to strengthen the 'Bridge to 2025'

**THANK YOU
FOR YOUR ATTENTION**