



Fostering energy markets, empowering **consumers**.

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## **Evaluation of Responses**

# **Stakeholder comments on CEER Work Programme 2017**

**Ref: C16-WPDC-28-07  
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## **EXECUTIVE SUMMARY**

The Council of European Energy Regulators (CEER) appreciates the comments and feedback received to the public consultation on its 2017 draft Work Programme (WP). A total of 39 respondents submitted their views. We received feedback on the priority areas as well as individual work items. Overall, although there were detailed differences of view, respondents expressed strong support for our proposed 2017 work items. There was also a broad consensus on the importance of the priority areas identified.

CEER has reviewed its draft 2017 Work Programme to take into account suggestions made by stakeholders and has provided further clarification and detail on the planned work items. The final Work Programme also reflects recent developments in energy policy at European level, in particular as regards Energy Union proposals as well as regulators' further thinking on timely energy regulatory trends and issues. As a result, 18 work items will be pursued by CEER during 2017, alongside a range of ongoing activities.

This evaluation of responses document accompanies the final CEER 2017 Work Programme and provides CEER's considered reaction to the comments submitted.



## **1. Stakeholder feedback and comments**

The public consultation on the CEER draft proposals of its 2017 Work Programme was launched on 14 June 2016. Reactions were sought via an online questionnaire by 31 July 2016.

In total, 39 respondents (4 out of them were confidential) provided their views on the draft CEER 2017 Work Programme. The comments were received from a broad variety of organisations (Annex 2). CEER appreciates the involvement and input from stakeholders.

The present document summarises the views expressed by respondents and presents the conclusions CEER draws from them.

CEER's final 2017 Work Programme as well as the non-confidential responses to our online consultation are available on the CEER website. In line with our current practice, CEER will continue to provide opportunities for stakeholder contributions to our work via public consultations, workshops and public hearings. All information is available online and is updated on a rolling basis.

### **1.1. General comments on the draft CEER 2017 WP**

There was widespread support among the respondents for the priority areas and work items outlined in the draft CEER 2017 Work Programme.

Two respondents commented that as the priority areas have not changed compared to CEER's Work Programme 2015 and 2016 they would appreciate an overview of CEER's activities and results in the past years.

Two respondents commented that several important papers planned in the 2016 WP have not yet been published and are not mentioned in the draft 2017 WP. The "Status Review on Self-consumption: Developments in Member States and Key Regulatory Issues", the "Report on DSO-TSO Roles", or the "Consultation on Data Standardisation, Management and Responsibilities" are all key deliverables the respondents would welcome back on CEER's agenda.

One respondent stated that some of the proposed work items require urgent attention and need to be delivered more rapidly than outlined in the draft 2017 WP. These include work item no. 1, 2, 11, 13, 14, and 15.

As a general remark, it was pointed to by one of the respondents that gas issues will require to be distinguished from electricity concerns in a number of respects.

One respondent called on the final work programme to be sensitive to the principles of Better Regulation, recognising that energy market development should be underpinned by evidence-based analyses, and that the regulatory framework should be proportional, targeted, and consistent.

Although not stated in the draft WP 2017, some stakeholders welcomed the new CEER initiative on Partnership for the Enforcement of Energy Rights (PEER) which aims at a cross-sectoral cooperation at EU-level.

### **1.2. Comments on the priority areas of the draft CEER 2017 WP**

In general, stakeholders expressed strong support of the four proposed areas of CEER Work Programme in 2017. The priority area on International work beyond the borders of the EU was however considered a lower priority by some of the respondents. The work of CEER should remain flexible and responsive in order to follow major legislative initiatives which will emerge in 2017 and should complement the work of ACER.



Stakeholders proposed a number of other areas that could be included in the CEER Work Programme:

- The impact of new technologies, approaches and business models (particularly electricity storage);
- New legislative/policy developments and the role of distribution network operators to include transmission aspects.
- Future market design and a roadmap for the electrification of the energy demand;
- Facilitating connections;
- Energy storage;
- Development of guidelines on a range of possible measures to accelerate market development in Member States where competition is not advanced; and
- International geopolitics.

### **1.2.1 Consumers and retail markets**

26 out of 39 respondents provided comments on this priority area. All of them supported the focus on consumer and retail market issues and generally welcomed the proposed work items. Respondents also proposed several other areas of work for CEER under this priority area:

- Focusing on reliable disclosure information for electricity customers;
- “Behind-the-meter” electricity storage;
- Study on electricity prices from analytic and perspective point of view and also assessing the dynamic pricing;
- Guidelines on billing and guidelines on retail prices;
- Study on more market driven gas-fired power generation; and
- Data management and protection as well as flexibility tariffs in the specific area of energy.

Several stakeholders mentioned that consumers need more information and knowledge in order to be able to engage in the market. Consumer engagement should, however, be considered also in light of the potential costs. Further, a strong focus should be given to demand-side flexibility in the retail market.

Three respondents highlighted that the CEER analysis on consumer and retail markets should not exclude how regulation may help to reduce the issue of bad payers and theft from the grid.

Three respondents reflected that self-generation and self-consumption would be important in future energy systems and energy regulators could analyse the regulatory framework. New and innovative offers should be enabled in the retail market to propose more choices to consumers.

Two respondents commented that price regulation is one of the main barriers towards consumer empowerment and the foundation of well-functioning retail markets. CEER should focus on identifying such barriers and either phasing them out or replacing them with alternative solutions that do not interfere with market development.

Six respondents noted that the relationship between consumer and DSO should be considered with high priority.

Three respondents pointed out that even if the work is underway on Price Comparison Tools (PCTs), no specific reference is made to continuing work on this issue.

### **1.2.2 New legislative/policy developments**

17 of the 39 respondents provided comments on this priority area. There was an overall support for



CEER addressing this priority in light of upcoming new legislation. CEER is seen as a well placed to take a proactive role in advising the European Commission on various regulatory aspects. One respondent opposed the role of CEER in policy and law making, since in their view National Regulatory Authorities (NRAs) are public authorities limited to supervising tasks.

One respondent considered that as a result of the implementation of the Smart Grid regulation it would be relevant to undertake more analysis on NRAs' obligations and barriers to achieving a cost-effective market in which smart technologies can play an important role.

One respondent noted that energy regulators should recommend legislative proposals which will help to stimulate active consumer participation in energy markets.

One respondent saw a role for CEER to ensure that national market rule modification procedures align with European modification procedures. Furthermore, CEER's contribution would be welcomed in discussions on improved governance and the consistent implementation of Network Codes and amendment rules.

Two respondents noted that the Winter Package will be an opportunity to resolve a number of issues that prevent ready deployment and investment in electricity storage.

### **1.2.3 The role of Distribution System Operators**

28 of the 39 respondents provided comments on this issue. The majority of stakeholders welcomed CEER's focus on the role of Distribution System Operators (DSOs) and agreed on their role as the "network optimizers and neutral market facilitators". Some of the respondents believed that DSOs are best positioned not only to help in better market functioning but also with regard to evolving retail markets and the provision of new services.

Respondents commented that following the recognition of the broadening role of DSOs, regulatory barriers should be removed to enhance new functions. The regulatory framework should be set in such a manner that it will encourage efficient technological innovation via incentivising the DSOs to invest in the network and optimise it. Therefore, several respondents welcomed the CEER work on this issue. Two respondents however questioned whether the harmonised European rules are necessary and if so, how they will be shaped.

One respondent thought that CEER's contribution to the ACER work on capacity mechanisms should be included in the CEER Work Programme.

When defining the role of DSOs, two respondents urged CEER to focus on the needs of consumers. Consumers should have easy and timely access to the information on their consumption while at the same time their privacy needs to be protected.

Seven stakeholders argued that DSOs must have scope to influence system security and need a supporting regulatory model. A necessary condition for DSOs to fulfil their role as market facilitators is to increase the monitoring capability and controllability of the medium and low voltage distribution grid.

One respondent commented that it would be essential to focus on models for data management including data security considering new opportunities from technology and the growing need for information exchange.

Respondents also suggested other areas of work under this priority area:



- A deliverable on the ownership and operation of electricity storage by DSOs;
- Analysing in more detail the different ways flexibility can be procured by DSOs;
- Assessment of the additional flexibility that gas DSOs can provide to the electricity system to exploit synergies between both energy sources.
- DSO remuneration schemes and network tariff structures as these are essential conditions for investments. Current distribution remuneration schemes are mostly focused on reducing costs and minimising investments and do not incentivise investments in smart grids nor the implementation of demand response.

Two stakeholders noted that a “regulatory toolbox” was part of the Draft Work Programme 2016 but was dropped from the Final Work Programme in 2016.

#### ***1.2.4 International work beyond the borders of the EU***

11 of the 39 respondents gave comments on this issue. Several respondents supported CEER’s international efforts mainly in the form of the exchange of the regulatory expertise and experience.

One respondent mentioned that smart grids, flexibility and demand response are under development across the world and learning from others can foster a better regulation for energy sector.

Two respondents noted that CEER should mention specifically the Energy Community Contracting Parties, given the current efforts to promote market development, competitiveness, security of supply and sustainability in these countries (Ukraine and Turkey in particular).

Two respondents referred to the recent UK decision to leave the European Union and considered that this issue should be added under this priority area. Some respondents, however, considered international work a low priority or not relevant for CEER at all. One respondent saw the need for better consolidation of the 3rd energy package in all member states, rather than focusing on this priority area.



### 1.3. Comments on individual work items

The table below provides an overview of the comments received to the work items that were presented in the public consultation on the draft CEER 2017 Work Programme in July 2016. CEER’s reaction and views on this input is included in the right hand column of the table.

No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<b>Consumer and retail markets</b>					
1	<b>Consumer protection and empowerment chapter of the 2016 ACER/CEER Market Monitoring Report</b>	0	19	13	<p>Three respondents cautioned against pursuing harmonisation of retail energy markets at EU level as a goal. Common high-level principles at EU level can be seen as an alternative. CEER could encourage “spread of good practices” in areas where tailored approaches are preferable (e.g. complaint handling, customer information, and protection of vulnerable customers). One stakeholder, however, believes that harmonisation will provide a level-playing field for customer-oriented competition.</p> <p>Regarding switching and billing, one respondent noted that extra EU requirements are not desired. In order to properly monitor market functioning, NRAs should observe companies’ regard for sales ethics and for observing marketing and consumer rights rules.</p> <p>CEER should take into account the DSO relation with consumers.</p> <p>CEER should ensure that the data used for the ACER-CEER MMR is aligned with the data published in NRA’s national reports.</p>	<p>Agree that spread of good regulatory practices is a priority.</p> <p>An important function of NRAs is market monitoring.</p> <p>Agreed</p> <p>CEER continues to seek to improve its data collection and reporting and is developing further the Handbook of harmonised definitions of metrics (see work item 3)</p>





No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>The Chapter should better assess the existing regulatory issues and legal barriers facing consumers in becoming active market participants. More information should be collected at national level and communicated at EU level so that we have a better picture of the challenges and opportunities of active consumers.</p> <p>Several stakeholders stressed that vulnerable consumers should receive particular attention in all topics mentioned.</p> <p>One stakeholder noted that Ombudsmen and ADR bodies should be involved in the discussion.</p> <p>One stakeholder considers it important to strengthen the monitoring of active consumer participation in the energy market (e.g. via self-generation). CEER should include in its future monitoring the definition of prosumers established by the European Parliament's resolution of 23 June 2016 on the renewable energy progress report (2016/2041 (INI)).</p>	<p>The MMR report is principally an ACER responsibility to which CEER contributes. However, CEER continues to work on enhancing consumer engagement.</p> <p>Agreed.</p> <p>Through its PEER initiative CEER is seeking to enhance collaboration between European regulatory bodies.</p> <p>Agreed. Metrics on prosumers and Demand Response are part of the position paper on well-functioning retail energy markets and the Handbook of harmonised definitions of metrics.</p>
2	<b>Update of the Guidelines of Good Practice on Retail Energy Market Design</b>	0	18	17	<p>Two stakeholders noted that CEER should take into account existing differences and realities across Europe.</p> <p>Clarifying market players' roles and ensuring a level playing field is important.</p> <p>One stakeholder suggested that the analysis of the</p>	<p>CEER will take account of different situations across Europe in developing the GGP, as well as new initiatives.</p> <p>Take note.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>implementation of existing legislation should be the starting point.</p> <p>CEER should consider Nordic NRAs' work to develop a common Nordic retail electricity market.</p> <p>One stakeholder argued that any proposal to reduce the switching period to 24 hours would require an in depth cost benefit analysis. Another stakeholder inquired on the impact of the 24 hours switching on the 14 day cooling-off period.</p> <p>Energy storage technologies should be included in the assessment of level playing fields in retail market design.</p> <p>One stakeholder proposes for CEER to perform a Benchmarking Reports more systematically to assess the evolution of retail markets, as it would be useful to understand to which extent such GGPs have been taken up by CEER members</p> <p>CEER should link this work item with its work on flexibility services at the DSO level.</p> <p>One stakeholder noted that CEER also should draft GGPs regarding the wholesale market.</p>	<p>Take note.</p> <p>Workable 24 hour switching remains a target which CEER will work towards.</p> <p>Agreed. Energy storage should be included as well as micro-generation.</p> <p>CEER continues to contribute the consumer market monitoring chapter of the annual ACER/CEER Market Monitoring Report.</p> <p>CEER co-ordinates its work internally across all work streams.</p> <p>The rules for the functioning of the European wholesale market are the responsibility of ACER.</p>
3	<b>Follow up on</b>	7	14	6	Seven stakeholders believe there is no one size fits all	Agree that there should be scope for



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<p><b>the Position Paper on well-functioning retail energy markets and the Handbook of harmonised definitions of metrics</b></p>				<p>solution. Two additional stakeholders are wary of introducing blanket minimum standards (e.g. for offers, price comparison and advertising) and seeking harmonisation on EU level.</p> <p>One stakeholder suggested that CEER/NRAs should perform cost-benefit analysis to examine how identified barriers to entry in retail energy markets could be removed in the most cost-effective way in individual Member States.</p> <p>Two stakeholders noted that since the self-assessment is not due until 2018, it will be too late to ensure that electricity storage is deployed in a way that supports the systems most efficiently and cost-effectively.</p> <p>Only relevant metrics should be developed, taking into account a correct application of the 3<sup>rd</sup> Package. The situation of vulnerable consumers should get a particular attention.</p> <p>One stakeholder mentioned that any new reporting obligations would lead to additional costs on the part of the NRAs and energy companies.</p> <p>Several stakeholders noted that they would be pleased to further contribute to CEER's work in this area.</p>	<p>market specificities. However, CEER considers that retail markets should be encouraged to become more efficient and consumer focused across the Union.</p> <p>CEER is committed to the principles of good regulatory governance including use of regulatory impact analysis where appropriate.</p> <p>CEER is examining electricity storage as a flexibility tool in DSO work stream.</p> <p>CEER continues to seek to improve its data collection and reporting and is developing further the Handbook of harmonised definitions of metrics (see work item 3)</p> <p>Take note</p> <p>CEER will engage stakeholders in further work in the area.</p>
4	<p><b>Report on how smart</b></p>	2	15	18	<p>This work should focus on electricity. Nevertheless, since smart systems for controlling gas heating at a distance also</p>	<p>We will consider these comments in taking this work forward.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<p><b>technologies and customer meter data models can increase customer engagement in energy markets</b></p>				<p>exist, these should be included in the report.</p> <p>Six stakeholders stressed that CEER must ensure that smart regulation allows DSOs to take an active role in the development of smart grids and do not hinder innovation in the long run.</p> <p>Two stakeholders noted that CEER will need to consider the DSO perspective when looking at smart technologies and customer meter data models.</p> <p>One stakeholder suggested including smart technologies such as sensors for the correct monitoring and observability of the grid and demand response.</p> <p>One stakeholder noted that better analysis is needed with regard to smart meters and self-generation for homeowners as well as tenants.</p> <p>CEER should investigate on metering models that are non-discriminatory.</p> <p>CEER should consider not only the opportunities provided by smart technology but also challenges (data protection; reliability; interoperability; product durability and upgradability).</p> <p>Suggested topics to be addressed in the report: data privacy and security; access to data; rules allowing consumers to make use of new off-the-shelf technology solutions; rules to allow consumers easy &amp; flexible switching of the retailer and service provider; transparency on automation interventions.</p> <p>Several stakeholders noted that they would be pleased to</p>	<p>Take note.</p> <p>Take note.</p> <p>Take note.</p> <p>Agree.</p> <p>CEER will engage stakeholders in further work in the area.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					further contribute to CEER's work in this area.	
	<b>Electricity</b>					
5	<b>Guidelines of Good Practice on RES Auctions Design</b>	1	21	6	<p>Six respondents proposed that the impacts of RES deployment from the grid perspective have to be considered.</p> <p>One respondent commented that the guidelines should focus on how design can minimise market impact.</p> <p>One respondent suggested that every renewable energy technology should be transferred into the auctioning system. In order to develop GGP following aspects should be addressed: object of the auctioning, support in hours with negative market prices, exclusion of self-consumption, price-setting rules, ceiling price, transfer of the support claim to other projects, size limits for projects, frequency of the auctioning.</p> <p>One respondent recommended to enquire on cost reductions and cost increases in relation with auctions before mainstreaming this method. Besides a transparent cost-benefit analysis of auctions in several MSs, a distributional impact assessment should be run.</p> <p>Two respondents did not consider auctioning as a suitable method for community projects and ask to take into the account following issues with regards to smaller/community projects: uncertainty of project realisation; design of auctioning procedures and planning for participation; revenue stream and higher risk premium for the project; sunken transaction costs to obtain regulatory permit.</p>	<p>Agreed</p> <p>Agreed</p> <p>We will consider these comments in taking this work forward.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
6	<b>Proposals to overcome difficulties in the implementation of cooperation mechanisms (joint projects / support schemes)</b>	1	18	3	<p>One respondent suggested to consider following aspects: the general framework conditions for support schemes need to be harmonised as far as possible; a switch from time-limited support for renewable energies into a production quota model; creating a central institution between the partner countries instead of a direct communication between different stakeholders (DSO, TSO, plant operator).</p> <p>Two respondents noted that care should be taken to nurture the CACM, PCI, TYNDP rather than replacing them.</p> <p>One respondent considered that the German pilot project with Denmark should be taken as an interesting test case and lessons learnt should be thoroughly considered.</p> <p>One respondent suggested that the green certificate systems should be included in incentives proposals.</p>	We will consider these comments in taking this work forward.
	<b>Gas</b>					
7	<b>Report on International Gas Markets: the Future of Natural Gas</b>	0	7	13	<p>One respondent suggested to consider the adverse impact that stranded assets and IP transmission tariffs have on the integration and liquidity of EU gas markets.</p> <p>Two respondents proposed to broaden the work by considering other forms of gas (ex. green gas) and the supporting role it can play alongside electrification of other sectors of the economy. The report should consider how existing infrastructure can best be utilised.</p> <p>One respondent said that CEER should analyse the sort of products TSOs offer and the benefit induced. Another aspect which should be analysed is the pancaking effect as it can</p>	We will consider these comments in taking this work forward.



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>be a market barrier. Finally, CEER could look at the impact of COP21 and other related policies on gas.</p> <p>Two respondents recommended to include a number of recommendations: to take into account and ensure the coherence with valuable existing scenarios; a swift replacement of coal by gas in the EU energy policy to have a positive impact on gas demand; include the peak capacity developments in the scenarios; make a distinction between the future of gas and gas infrastructure.</p> <p>One respondent said that the potential of demand-side flexibility and its contribution to the Security of Supply should be included in the scenario.</p> <p>One respondent questioned whether the intention of CEER was to address the analysis of scenarios of which there are many or whether the intention is to provide a generic overview of likely outturns of the impact of current developments in gas</p>	<p>CEER intends to develop likely future scenarios with the assistance of stakeholders. The scenarios will help to illuminate the issues raised by different future developments. It is not the intention of CEER to seek to predict a single future outcome, nor do we consider it possible to do so.</p>
8	<p><b>Status Review on application of the Supply Standard foreseen in the Security of</b></p>	1	8	8	<p>Three respondents suggested that a monitoring system covering the fulfilment of supply obligations on the level of national states should be implemented and the location of its competence should be discussed.</p> <p>One responded noted that CEER should assess how the supply standard has been implemented in each country,</p>	<p>We will consider these comments in taking this work forward.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<b>Supply (SoS) Regulation</b>				<p>including the application of the N-1 formula.</p> <p>Two respondents suggested that part of the review should be the costs and benefits having supply standards set at a different level than the maximum level and making sure that competent authorities consider several solutions when defining supply standards.</p> <p>One respondent proposed to widen the review by looking at solidarity approaches, including compensation mechanisms.</p> <p>One respondent suggested that LNG terminals could play a role in diversifying the supply sources compared to default transport via pipelines of natural gas.</p> <p>One respondent asked to support the approach to harmonise the gas quality requirements for L-Gas in gas market.</p> <p>One respondent said that CEER could focus on possible market based measures that could be taken by the market participants to contribute to a high level of gas supply in Europe and should continue to ensure the involvement of market participants so that all voices interest in SoS are heard.</p>	
9	<b>Report on Removing Barriers to LNG in European Gas Markets</b>	1	11	4	<p>One respondent suggested that the focus should be on removing barriers for LNG through improving interconnectivity and implementation of 3<sup>rd</sup> Package, associated Network Codes and Regulation on Gas SoS.</p> <p>Three respondents noted that they were not aware of barriers to access the LNG in European Gas market other than commercial barriers arising from global LNG price dynamics and cost to access the system.</p>	We will consider these comments in taking this work forward.





No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>One respondent suggested that remaining regulatory barriers need to be addressed – i.e. to make EU an attractive market place for LNG, introduce the Tariff Network Code currently discussed.</p> <p>One respondent said that CEER should work on ensuring the access of LNG to all EU Member States according to market principles and price signals.</p>	
10	<b>Status Review on the Development of Europe's Gas Storage Market</b>	0	11	6	<p>One respondent encouraged CEER to review existing storage obligations and administrative measures with a view to restrict them to situations where there is a proven market failure.</p> <p>Two respondents suggested that CEER should look at potential barriers for gas storage companies to provide innovative underground storage products.</p> <p>Two respondents noted that CEER should consider the possibility to review the GGPSSO in order to foster innovative products reflecting individual customer needs.</p> <p>One respondent would find useful to analyse the benefits of storage to ensure SoS. A particular focus should be put on the filling levels of gas storages necessary to maintain gas supply in crisis.</p> <p>Three respondents suggested that remaining national regulatory barriers should be addressed especially with regards to transmission tariffs and cross-border access to storage.</p> <p>One respondent considered that the study should analyse</p>	We will consider these comments in taking this work forward.



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					the nature of storage obligations where they are in place and their impact on the market as well as undertake a scrutiny of different approaches to strategic storage.	
	<b>Cross - sectoral</b>					
11	<b>Guidelines of Good Practice on Distribution Network Tariffs</b>	4	10	21	<p>Two stakeholders stressed that DSOs should be allowed to develop their tariff structure without unnecessary regulatory restrictions.</p> <p>Five stakeholders noted that CEER recommendations should only include high-level principles and that network tariffs should be customised to the circumstances of each DSO. Several stakeholders stressed that there is no one-size-fits-all solution and that there is no need for common rules at EU-level. One stakeholder, however, argued that the EU could implement high-level guidelines on fix and variable parts of distribution tariff.</p> <p>A study of EU best practices regarding the way in which tariffs structure could provide better signals (increased use of self-consumption; integration of RES; etc.) is welcome.</p> <p>Two stakeholders noted that further work is needed to determine who has priority to distribution network connected assets.</p> <p>Tariffs should encourage overall system efficiency in the long</p>	<p>CEER considers that tariff structures can play a critical role in encouraging efficient investment and efficient market operation. CEER agrees that the minimum of regulation should be applied consistent with achieving these outcomes.</p> <p>We will consider these comments in taking this work forward</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>run through price signals incentivising efficient distribution infrastructure services provided. There should be a balance between desired objectives (revenue adequacy, cost reflectiveness, economic efficiency) and the final price structure.</p> <p>Several stakeholders stressed that the regulatory framework should ensure stable and predictable revenues for DSOs in order to ensure SoS. At the same time, it should not hamper the development of distributed generation and the achievement of the EU’s energy policy objectives and keep the door open for the development of grid-optimised flexibility services. Regulation also should not prevent the development of integrated networks.</p> <p>One stakeholder did not believe that comparison of grid tariffs at EU-level is promising.</p> <p>Three stakeholders noted that it would not be meaningful to look at tariffs in isolation – one must also consider connection costs and connection charging policy.</p> <p>CEER should identify the differences between electricity and gas and provide an explanation of the specificities unique to each of the sectors.</p> <p>Six stakeholders advocated a more power based grid tariff structure.</p> <p>One stakeholder suggested using a toolbox-based approach.</p>	
12	<b>Guidelines of Good Practice on Incentives</b>	1	11	20	Two stakeholders recommended the UK RIIO framework, which has contributed to providing incentives for network companies to innovate.	We will consider these comments in taking this work forward.



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<p><b>Schemes including Innovation - Conclusions paper</b></p>				<p>DSOs should be incentivised to procure flexibility and other innovative services from commercial parties to avoid grid investment and system management cost, as long as this is more cost-efficient solution.</p> <p>NRAs should give DSOs appropriate incentives to implement the necessary innovative initiatives that support the transformation of the DSOs' business models.</p> <p>Despite DSOs' strong innovation effort, the share of DSOs' turnover invested in innovation remains limited due to the lack of clear incentives for the development and deployment of new technologies. Support from NRAs is key to facilitate the deployment of smart grids.</p> <p>One stakeholder highlighted the importance of taking a holistic view on all financial elements of NRA regulation to incentivise investments in innovation at distribution grid level.</p> <p>CEER should take into account specific national circumstances. One stakeholder believes that within the European Internal Energy Market framework, the core approaches are best determined nationally.</p> <p>Four stakeholders noted that the CEER Work Programme 2016 consulted stakeholders on GGP on Incentive Schemes, which are not expected to be published before 2017. CEER should have first published the GGP before announcing a conclusion paper. The conclusion paper should make recommendations to NRAs on how existing national incentive regulations can be improved in order to make more investments (and innovation activities) into the grid more</p>	<p>CEER considers that a Conclusions Paper should be prepared in advance of drafting the GGP since the Conclusions paper will establish the principles on which the GGP can be based.</p>



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					attractive to DSOs.	
13	<b>Guidelines of Good Practice on Flexibility Use at Distribution Level</b>	0	17	15	<p>In order to deliver local solutions to local problems, active participation of all stakeholders is needed together with robust technologies, systems based on common standards and rules of operation. The final solution must be cost-effective.</p> <p>Two stakeholders noted that a clear market model and definition of conditions is needed to avoid market distortions when DSOs have to play a role in flexibility, storage etc.</p> <p>The report should consider that incentives to customers to use electricity flexibly must be easy to understand and that contradicting incentives from suppliers and DSOs should be avoided.</p> <p>One stakeholder expressed that CEER should make a differentiation according to the use of flexibility located in the distribution grid by the DSO and by the TSO. One stakeholder noted that the Guidelines should take into account the expected rapid rate of growth of energy storage, a key tool in achieving a truly flexible electricity system.</p> <p>Two stakeholder argued that DSOs should be encouraged to procure flexibility services locally as long as this is cost-efficient. Moreover, DSOs should be allowed to own and operate flexibility assets when this does not interfere with market arrangements.</p> <p>Two stakeholders noted that high-level guidance on flexibility use could be helpful with a definition of roles and the</p>	We will consider these comments in taking this work forward.



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>conditions in which flexibility can be used by DSOs, recognising the differences in market models.</p> <p>One stakeholder suggested extending the Guidelines to transmission level.</p> <p>Three stakeholders noted that the report should acknowledge that the needs for flexibility services differ in various networks and Member States.</p> <p>One stakeholder noted that a harmonisation of principles would be an important first step while harmonisation of practices may not be necessary. Before considering harmonisation, Member States and the EC should investigate definition and implementation of flexibilities.</p> <p>One stakeholder noted that the work item should carefully consider the relationship to the functioning of the downstream and upstream energy market.</p> <p>One stakeholder noted that it is essential that the market design for the procurement of demand-side flexibility complies with the DSOs' regulated and market neutral activities and fulfils transparency obligations.</p> <p>Two stakeholders inquired on the way this work will fit with CEER's work on consumers and retail markets, as well as with the European Commission's work on market design and the anticipated new network codes. Is there a risk of duplication?</p>	<p>CEER co-ordinates its work internally across all work streams.</p>
14	<b>Report on New</b>	1	13	21	Several stakeholders noted that there should not be a rigid	We will consider these comments in



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
	<b>Services and Associated Activities for DSOs</b>				<p>framework for the role of DSOs, as it is not known what the network will look like in the future and therefore the role of the DSO must be allowed to evolve.</p> <p>One stakeholder suggested turning around the work item and analysing how regulation affects emerging services, associated activities and the future role of DSOs.</p> <p>One stakeholder inquired on the possibility of developing a regulatory framework that encourages investment in smart technologies by the DSO, provides an opportunity for the development of new services but also allows the DSO to benefit from those investments and new technological developments.</p> <p>Many stakeholders noted that the focus of the work item should be on the DSOs' role as the network optimiser and neutral market facilitator and on their responsibility to secure energy supply. A clear market model and definition of conditions – e.g. traffic light approach - is needed to avoid any market distortions when DSOs have to play a role in flexibility, storage and electrical vehicles for grid operation purposes.</p> <p>Two stakeholders proposed developing a set of agreed high-level principles that can be applied to any new services as they develop rather than analysing separate services.</p> <p>Two stakeholders noted that in the report CEER should also think about the new market players other than the traditional DSOs and TSOs will be regulated, as well as the possible fusion of services and products and consider how these would relate to the present regulatory framework.</p>	taking this work forward.



No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>One stakeholder suggested for CEER to examine how the regulation of emerging services and associated activities should be adjusted to complement the developments in the energy sector.</p> <p>One stakeholder proposed that the report should look at: non-discriminatory access to data for the different market players upon consumer consent; DSO requirements related to the provision of flexibility services by their customers; and DSO requirements regarding self-generation and injection into the grid.</p>	
15	<b>Report on Investment Conditions 2017</b>	1	15	12	<p>One respondent acknowledged the value of the report and proposed that we could rather further analyse the difference between Member States than to compile an inventory of facts.</p> <p>One respondent suggested to share the way NRA make sure that potential flexibility (e.g. aggregated demand response) is duly considered in the network investments conditions.</p> <p>For cost-effective investments, one respondent suggested that CEER should identify unnecessary regulatory barriers and ways how to remove them quickly.</p> <p>Two respondents reflected that the report should on one side reflect on the drivers behind the regulation and investment conditions and on the other side analyse the effects it causes in the various Member States.</p> <p>One respondent noted that CEER should take into account investment climate principles that have been formalised by other intergovernmental organisations such as the Energy</p>	We will consider these comments in taking this work forward.





No.	Sector Title of work item	Not important	Important	Very important	Stakeholder comments	CEER views
					<p>Charter or the World Bank, or the work currently undertaken by IGU. Then it could be discussed further at the global level within ICER.</p> <p>One respondent suggested that the report could review the ability for energy consumers to finance energy efficiency investments, demand response programmes, and bundled investment.</p>	



## 2. Conclusions

### 2.1. CEER evaluation of stakeholder comments

CEER appreciates the valuable feedback and comments received. In light of the reactions, we consider that our effort to set up a meaningful work plan for 2017 is widely endorsed by respondents.

Our views to the specific comments received are reflected in the table above, but overall, stakeholders strongly supported that the work items we have proposed appropriately address CEER's key priority areas. In many areas, whilst supporting the proposals overall, some respondents have taken the opportunity to contribute views on the substance of the proposed work items. In these cases, we will take full account of these comments in our work on each topic area. Some respondents would appreciate an overview of CEER's activities and results in the past years. For this we refer to CEER's Annual Reports.

The CEER's focus on consumer and retail markets is broadly supported. Generally, stakeholders considered that the work items proposed correctly address consumer issues and will contribute to stronger consumer participation in the energy market. Some respondents considered that CEER should add a number of other consumer and retail market-related tasks to its work programme. Whilst we have sympathy with this view, we also have to balance these additional commitments with available resources.

Some respondents mentioned that even if the work is underway on Price Comparison Tools (PCTs), no specific reference is made to continuing work on this issue. CEER will introduce references to continuing work in 2017 on comparison tools and entry barriers for suppliers.

Some respondents commented that papers planned in the 2016 WP had not been published. This included the "Status Review on Self-consumption: Developments in Member States and Key Regulatory Issues", the "Report on DSO-TSO Roles", and the "Consultation on Data Standardisation, Management and Responsibilities". The three papers were published during autumn 2016, according to the planned timeline. The latter paper was completed in a slightly revised form as the 'Status Review of Implementation of CEER Advice on Customer Meter Data Management'.

Respondents expressed their strong support of the CEER's work on the role of Distribution System Operators (DSOs) and examining their changing role in the energy market. The regulatory framework is the important enabler for DSOs to be a market facilitator and allows necessary investments in the network and its optimisation.

Some stakeholders noted that a "regulatory toolbox" was part of the Draft Work Programme 2016 but was dropped from the Final Work Programme in 2016. CEER confirm that in the paper on the new roles of DSOs, we identified the need to develop a "regulatory toolbox". In the 2016 Work Programme, it was more explicit to present the various deliverables which are part of this "Toolbox".

Widely supported was also the third priority area on new legislative/policy developments. CEER will ensure its flexibility and active role in light of the upcoming European legislation and will advise the European Commission on regulatory aspects in a range of areas.

CEER's proposals for its international work beyond the EU borders evoked different views from



stakeholders. Some consider international collaboration as important for the development of expertise and exchange of regulatory experiences whilst some others considered that regulators should not engage in such work. CEER continues to believe strongly that its international engagement results in real benefits for European consumers.

The comments received in response to this consultation will be reflected in the development of CEER's 2017 work programme and, where appropriate, in later Work Programmes from 2018 and onwards.

As developments unfold, CEER will update the Work Programme 2017 to reflect any unforeseen changes.



## Annex 1 – List of Respondents

Organisation
AMPACIMON
ASSOCIATION OF ISSUING BODIES
BDEW BUNDESVERBAND DER ENERGIE - UND WASSERWIRTSCHAFT
BEUC, THE EUROPEAN CONSUMER ORGANISATION
CEDEC
CLIENTEARTH
DTEST
EDSO FOR SMART GRIDS
EFET
ELECTRICITY STORAGE NETWORK
ENA
ENAGAS
ENEDIS
ENEL SPA
ENGIE
ESMIG
EURELECTRIC
EUROGAS
FRENCH CONSUMER ASSOCIATION
GAS INFRASTRUCTURE EUROPE (GIE)
GEODE
GRDF
INNSBRUCKER KOMMUNALBETRIEBE
NEON
NETZ BURGENLAND STROM
OESTERREICHS ENERGIE
RWE GASSPEICHER
SMART ENERGY DEMAND COALITION
STROMNETZ BERLIN
SWEDENERGY
THE AES CORPORATION
TINETZ-TIROLER NETZE
VATTENFALL AB
VATTENFALL ELDISTRIBUTION AB
VERBAND KOMMUNALER UNTERNEHMEN



## About CEER

The Council of European Energy Regulators (CEER) is the voice of Europe's national regulators of electricity and gas at EU and international level. CEER's members and observers (from 35 European countries) are the statutory bodies responsible for energy regulation at national level.

One of CEER's key objectives is to facilitate the creation of a single, competitive, efficient and sustainable EU internal energy market that works in the public interest. CEER actively promotes an investment-friendly and harmonised regulatory environment, and consistent application of existing EU legislation. Moreover, CEER champions consumer issues in our belief that a competitive and secure EU single energy market is not a goal in itself, but should deliver benefits for energy consumers.

CEER, based in Brussels, deals with a broad range of energy issues including retail markets and consumers; distribution networks; smart grids; flexibility; sustainability; and international cooperation. European energy regulators are committed to a holistic approach to energy regulation in Europe. Through CEER, NRAs cooperate and develop common position papers, advice and forward-thinking recommendations to improve the electricity and gas markets for the benefit of consumers and businesses.

The work of CEER is structured according to a number of working groups and task forces, composed of staff members of the national energy regulatory authorities, and supported by the CEER Secretariat. This report was prepared by the CEER's Work Programme Drafting Committee.

More information at [www.ceer.eu](http://www.ceer.eu).