



# **European Energy Regulators'**

## **2011 Work Programme**

### **Draft for Public Consultation**

**Ref: C10-WPDC-20-07**  
**8 September 2010**

## INFORMATION PAGE

### Abstract

On 13 September 2010, the European energy regulators launched a public consultation on the draft CEER 2011 Work Programme. This document outlines CEER's work plan for 2011, centred on seven key areas.

### Target audience

Energy suppliers, traders, electricity and gas customers, electricity and gas industry, consumer representative groups, network operators, Member States, academics and all other interested parties.

### How to respond to this consultation

Deadline: **8 November 2010**

This public consultation is carried out through a dedicated **online questionnaire** on the European energy regulators' website. To participate in the consultation, please go to

[http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/WP%202011](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/WP%202011)

and fill in the login request form. You will be provided with a login and technical instructions for the questionnaire.

If you have any queries relating to this consultation paper or the online consultation, please contact:

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All responses except confidential material will be published on the website [www.energy-regulators.eu](http://www.energy-regulators.eu).

### Treatment of confidential responses

In the interest of transparency, CEER:

i) will list the names of all respondents (whether confidential or not) or, alternatively, make public the number (but not the names) of confidential responses received;

ii) request that any respondent requesting confidentiality submit those confidential aspects of their response by marking them as “confidential” in the online questionnaire. CEER will publish all parts of responses that are not marked confidential.

This CEER public consultation is carried out in line with the ERGEG Guidelines on Consultation Practices<sup>1</sup>.

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<sup>1</sup> [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/E07-EP-16-03\\_PC-Guidelines\\_2009-Mar-11.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/E07-EP-16-03_PC-Guidelines_2009-Mar-11.pdf)

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## 1. INTRODUCTION

### Background

Since 2000, the Council of European Energy Regulators (CEER) has been representing Europe's energy regulators through voluntary cooperation between the national regulatory authorities. Above all, our work aims at improving market functioning across Europe and at ensuring a fair and predictable regulatory framework for all market participants, ultimately to the benefit of all consumers.

During 2011, a new organisation of energy regulators will also take up this mantle and will continue the work undertaken by European energy regulators through a European Community structure with clear competences. The Agency for the Cooperation of Energy Regulators (ACER) has been established following the entry into force of the 3<sup>rd</sup> Package on 3 September 2009 and has been assigned a series of tasks and responsibilities as regards Europe's electricity and gas markets. Being set up during 2010 and fully operational from 3 March 2011, ACER will provide the regulatory framework necessary to establish an integrated European grid in electricity and gas. ACER's independence will help to safeguard the interest of Europe's consumers.

### Focus

The year ahead will be a year of transition for the European energy regulators in cooperation with the newly established ACER. In building up the Agency, the European energy regulators will continue their voluntary cooperation on energy issues through CEER and will provide input to the European Commission and ACER not only on institutional, practical and organisational challenges but also on the preparatory work on framework guidelines (which set the scope for EU-wide network codes in 12 different areas).

The European energy regulators' work programme for 2011 is set against a background of increasing demands on the regulators by stakeholders and the European Commission. Though we have maintained our ambition and pursue our goals as decidedly as ever, we have adopted a more restrictive approach for our work programme – as in 2010 – which is centred on seven key areas. We will continue with a stronger focus on fewer issues, but with those issues having been prioritised not only by the regulators but also by stakeholders. At the same time, we will also keep in mind the responsibilities that national regulators will be taking on through ACER.

Building from European energy regulators' work to date, regulators will continue to prioritise issues such as: smart grids and smart meters; quality of electricity supply; renewables and energy efficiency; financial services; gas storage and LNG; and retail market monitoring. Furthermore, European energy regulators will continue to strengthen their international cooperation with other regulators, including through the Energy Community of South East Europe, the Mediterranean working group for electricity and gas regulation (MEDREG) and the International Confederation of Energy Regulators (ICER). The full range of the 2011 work is explained in the following sections.

## Structure

This document sets out a proposal for individual deliverables and their provisional timelines (see Chapter 5). For each of these deliverables, stakeholders will find information on the different possibilities for stakeholder interaction as well as the publication intentions, according to the following abbreviations.

- *PC – public consultation*
- *PH – public hearing*
- *WS – workshop*
- *FF – Florence Forum*
- *MF – Madrid Forum*
- *LF – London Forum*
- *BF – Bucharest Forum*

## 2. QUESTIONS FOR PUBLIC CONSULTATION

Following the appreciation expressed by stakeholders in 2010 for the first ever public consultation on the European energy regulators' work programme, CEER has decided to repeat the exercise for 2011 and to seek the views of stakeholders on the proposed range and detail of work in 2011. The present document will be open for public consultation for an 8-week period from 13 September to 8 November 2010.

The purpose of the public consultation is to increase transparency and to provide us with valuable feedback from stakeholders. All comments from the stakeholders are welcome. As is our standard practice, all responses received will be published on our website ([www.energy-regulators.eu](http://www.energy-regulators.eu)), unless otherwise requested by the respondent.

We would appreciate comments on all aspects of this document and would in particular be interested in your views on the following **questions for public consultation**:

- a) How do you assess our general approach and objectives?
- b) On the seven key areas: do you consider that the deliverables we have proposed in their entirety appropriately address and cover the key objectives?
- c) On the individual deliverables (Chapter 5, CEER documents):
  - i. Please indicate the deliverables you consider as "very important", "important" or "not important".
  - ii. For the deliverables with consultations, hearings, workshops etc. do you intend to actively participate?
  - iii. Do you have any specific comments on any of the individual deliverables?

Stakeholders are invited to participate in the public consultation via a dedicated online questionnaire on the CEER website. After requesting a login for the questionnaire (instructions provided online), stakeholders can complete it (the questions are as detailed above). The deadline for comments is **8 November 2010**.

### 3. KEY AREAS OF WORK IN 2011

The 2011 work programme of the European energy regulators focuses on the seven areas listed below.

#### ① 3<sup>rd</sup> Package implementation

The Agency for the Cooperation of Energy Regulators (ACER) will become operational from 3 March 2011. The European energy regulators will continue to provide support to ACER to ensure that it can take up its responsibilities without delay and in an efficient manner. Within the context of the implementation of the 3<sup>rd</sup> Package, the European energy regulators will continue to provide substantial support, in particular as regards the development of Framework Guidelines (FG). European energy regulators will also continue their cooperation and dialogue to ensure a consistent and harmonised understanding of the 3<sup>rd</sup> Package provisions for the purposes of national implementation.

#### ② Security of supply and infrastructure issues

The European energy regulators will continue to contribute to a well-functioning and non-congested European energy infrastructure system. The main message of the European energy regulators remains that the completion of the single EU energy market is vital for Europe's security of supply. This is particularly relevant in view of the global financial crisis and the austerity measures which may affect investments. Understanding the treatment of generation adequacy in Europe is an important factor in ensuring security of supply and in improving certainty for investors, generators, network planners and electricity market participants in general. In this context, the European energy regulators will closely cooperate with ACER in developing the relevant FG and will provide ACER with input related to the ENTSOs' 10-year electricity and gas network development plans. The latter will be particularly important as regards future infrastructure development. European energy regulators will further contribute to shaping the future networks, including as regards the role of smart grids and smart meters. The European energy regulators will also provide input to the European Commission's energy infrastructure package expected to be proposed during 2010.

#### ③ Affordability and consumer issues

The implementation of the 3<sup>rd</sup> Package provisions will continue to be a main objective for 2011. The policies in place are clear but concrete implementing measures need to be developed. The European energy regulators will in particular address the issues of retail market design, provisions on customer empowerment and energy poverty and smart metering as well as sharing experiences and good practice. More generally, regulators will continue their commitment and engagement with stakeholders and the European Commission's bodies to promote customer benefits in the energy sector, in particular through the Citizens' Energy Forum.

#### ④ Climate change, renewable energy issues and energy efficiency

The European energy regulators will continue to address the impact of climate change policies on the regulation of networks. The steps towards reaching the ambitious targets that the EU has set for itself have an impact on the regulators' work, who at the same time have to ensure that customer interests are always taken into account and that competition is not distorted. To this end, the European energy regulators will continue to provide advice to the European Commission



at EU level and share experiences and good practices among themselves. The European energy regulators will cooperate with other regional regulatory associations through the International Confederation of Energy Regulators (ICER), and will take a leading role with respect to work on sharing information and best practice on the international regulatory response to climate change.

#### ⑤ Financial services and energy trading

The European energy regulators are committed to protecting energy market integrity and to removing major barriers to competition and liquidity, in particular in relation to energy trading transactions. That is why in previous years European energy regulators have made concrete proposals to the European Commission on this issue and are actively following up on the implementation on a tailor-made framework for energy on market abuse and on transparency, record-keeping and exchange of information between energy regulators and financial supervisors.

#### ⑥ Regional market integration

The 3<sup>rd</sup> Package explicitly envisages the development of regional markets as a stepping stone to a single European energy market. The European energy regulators are committed to adapting the role of the existing Regional Initiatives (RI) in the context of these strong regional cooperation elements of the 3<sup>rd</sup> Package. At the same time, efforts in the electricity and gas regions will continue to ensure delivering progress in market integration and a convergence of regional markets towards a single European reality.

#### ⑦ External relations

In 2011, European energy regulators will continue their work to promote a shared view of open, transparent and competitive energy markets on an international stage, whilst seeking to influence the global debate on regulatory issues pertinent to the development of secure, sustainable and affordable energy supplies. On the one hand, we will remain actively involved in the activities of the International Confederation of Energy Regulators (ICER) and will pursue the promotion and the development of the International Energy Regulatory Network (IERN). On the other hand, we will promote further exchanges of best practices in cooperation with our various counterparts, including longstanding partners from South East Europe and the Euro-Mediterranean countries as well as associations of regulatory authorities from producing, transit and other consuming countries.

For the most part, European energy regulators' activities under this key area do not involve individual deliverables or documents; rather they consist of ongoing contacts, exchanges and dialogue with regulatory counterparts around the world. To learn more about the joint work of the world's energy regulators through ICER, visit [www.icer-regulators.net](http://www.icer-regulators.net).

## 4. CEER AND ACER ACTIVITIES

The present work programme for 2011 provides a comprehensive overview of the activities of European energy regulators during the year. These activities will take place either under the umbrella of the Council of European Energy Regulators (CEER) or as part of the tasks and responsibilities of the Agency for the Cooperation of Energy Regulators (ACER).

In addition to the CEER deliverables outlined in Chapter 5, we felt it might be useful to note the activities which ACER will undertake during 2011, as indicated at the Florence and Madrid Fora during 2010 in the European Commission's "3-year plan". By providing a comprehensive picture of the topics regulators will be examining during 2011 (as CEER or ACER), we hope to facilitate timely planning and clarity for all interested stakeholders.

Whilst the ACER 2011 Work Programme has not yet been finalised, regulators expect that they will address the issues listed below, building on the priorities set by the European Commission and on input work (e.g. pilot FG) prepared by European energy regulators during 2010. We would like to underline that in accordance with Article 13(5) of Regulation 713/2009 (ACER Regulation), the ACER work programme will be adopted by the Administrative Board before 30 September. It will then be transmitted to the European Parliament, the Council and the Commission and made public. The deliverables listed below could therefore be subject to changes that may be introduced in the finalised ACER work programme for 2011.

### **ACER tasks foreseen for 2011:**

- Framework Guideline on capacity allocation and congestion management in electricity
- Framework Guideline on electricity grid connection
- Framework Guideline on operational security in electricity
- Framework Guideline on electricity balancing
- Public consultation on the assessment of the necessary ITC compensation
- Framework Guideline on capacity allocation mechanisms in natural gas
- Framework Guideline on gas balancing rules
- Framework Guideline on harmonised gas transmission tariff structures
- Framework Guideline on gas interoperability
- Annual report on the results of monitoring of the internal electricity and natural gas markets
- Monitoring report with a status review of the Regional Initiatives

## 5. CEER DOCUMENTS

#	Sector	Title	Description	Key areas	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-1	cross-sectoral	CEER Benchmarking Report on the roles & responsibilities of NRAs in customer empowerment and protection as of 1 January 2011	The 3 <sup>rd</sup> Package bestows new responsibilities in consumer protection and empowerment on NRAs. The Benchmarking Report will assess NRAs' current situation and activities, including their work with the industry, consumer representations and public authorities, and the resources upon which they rely in informing consumers, handling complaints/disputes, promoting energy savings/smart use of energy and protecting vulnerable customers.	① ③				LF publication on website	LF
C-2	cross-sectoral	CEER Advice following the EC/DG SANCO retail market survey to be released at the 3 <sup>rd</sup> Citizen Energy Forum	Depending on the results of the retail market survey to be presented by the EC (DG SANCO) at the 3 <sup>rd</sup> Citizen Energy Forum in London, CEER will embark on follow-up activities to the Survey.	① ③		WS	PC	LF publication on website	LF
C-3	electricity	CEER Advice on the take-off of a demand response electricity market with smart meters	Within the greater framework of progress on smart metering, this CEER Advice will particularly focus on the roles for DSOs vs competitive players regarding customer services offered through smart meters; and balancing and settlement arrangements that could incentivise suppliers to make develop time of use offers to customers.	① ③ ④		WS		PC LF	LF publication on website
C-4	cross-sectoral	CEER Guidelines of Good Practice on retail market design, with a focus on supplier switching and billing	Depending on the conclusions of the 3 <sup>rd</sup> Citizen Energy Forum in London, CEER will embark on follow-up activities to the Retail Market Design report presented by the EC. The GGP will address the roles and responsibilities of market players, including the DSOs role as neutral market facilitators.	① ② ③		WS	PC	PC publication on website	LF

#	Sector	Title	Description	Key areas	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-5	cross-sectoral	CEER Status Review on TSO and DSO unbundling	Unbundling is a central concept in the 3 <sup>rd</sup> Package, which is why it is likely that the European energy regulators will be approached for their position on this issue. The report addresses this need by gathering information on what unbundling models have been chosen by the Member States for their TSOs and what changes have been introduced in relation to DSO unbundling.	①				publication on website	
C-6	electricity	CEER Status Review of regulatory approaches to smart grids	Progress in smart grids deployment will be a continuous learning process. A Status Review among Member States will support this learning phase. The report will cover the current state of play in "smart" technologies across European grids as well as select and quantify a few promising performance indicators and grid output measures.	① ② ④					FF publication on website
C-7	electricity	5th CEER Benchmarking Report on the Quality of Electricity Supply	CEER periodically surveys and analyses quality of electricity supply levels and policies in Europe to make information available and to enhance the exchange of good practices. The Benchmarking Reports on quality of electricity supply present an overview and analysis of current practices in CEER countries and an assessment of areas where a move towards harmonisation could further improve quality of supply and electricity markets.	②			FF		publication on website
C-8	electricity	CEER Advice on the implications of non-harmonised renewable support schemes	We expect substantial increases in renewable generation driven by support schemes; the CEER Advice will analyse the implications of support schemes for renewables that differ across Member States in type and value. Differences could impact on the location of generation, on markets and competition, and on networks.	④			PC		BF publication on website

#	Sector	Title	Description	Key areas	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-9	electricity	CEER Guidelines of Good Practice on generation adequacy treatment in electricity	The GGP will provide the European energy regulators' views on generation adequacy and how generation adequacy needs to be addressed in the European Internal Electricity Market. Moreover, the GGP should serve as the basis for any future discussions and considerations of respective legislative measures in the EU and/or Member States in relation to generation adequacy treatment.	②				publication on website	
C-10	cross-sectoral	CEER Advice on the legal framework for sector-specific oversight regime - competences and cooperation of regulators	Energy trading is one important element in promoting the IEM; protecting energy market integrity is therefore key. In its Advice, CEER will focus on the competences, roles and responsibilities of NRAs as well as cooperation of the authorities responsible for supervising energy trading.	⑤			PC FF publication on website	PC FF	
C-11	cross-sectoral	CEER Advice on wholesale trading licenses	CEER will develop its Advice from a 2010 study on existing national wholesale trading licensing requirements and possibilities for a single European trading passport.	⑤			PH PC FF	PC FF	FF publication on website
C-12	cross-sectoral	CEER Guidelines of Good Practice on transaction reporting and detecting market misconduct	In the interest of effective transaction reporting and the detection of market misconduct, CEER will assess the status quo in European countries, especially with regard to practical details. The GGP will contain definitions of market misconduct and approaches to its detection.	⑤			WS	PC publication on website	
C-13	gas	CEER Guidelines of Good Practice on Open Season Procedures (GGPOS) – revision	The revised GGPOS will be based on the 2010 monitoring and will address the lack of coordination, the need to increase transparency in several steps of the procedures, the economic test, the tariff structure and the capacity allocation process.	① ②				PC WS MF	MF publication on website

#	Sector	Title	Description	Key areas	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-14	gas	CEER Advice on the regulatory oversight of virtual gas trading points	The development of VTPs is an important step towards the IEM. CEER will develop Advice containing best practice recommendations for implementing regulatory oversight of gas VTPs. It will focus on how to grant fair and continuous functioning of the hub and information delivery.	⑤				PC MF	MF publication on website
C-15	gas	CEER Vision Paper for a conceptual model for the European gas market	The EC called for market coupling by all Member States during the 4th RI Conference. To reach this goal, a conceptual model is needed. Such a model should give an overall vision around the upcoming FGs and NCs, which are in turn the ideal instrument to define detailed rules on specific matters and enable further market integration.	①		PC WS	PC WS	MF publication on website	MF
C-16	gas	CEER Advice on NRA roles in relation to implementing the Security of Supply Regulation, including cost allocation principles concerning cross-border reverse-flow investments	The new gas SoS Regulation includes a provision on cost allocation of mandatory SoS investments without underlying market demand. The CEER Advice will address the need for provisions on how regulators should allocate related costs. This will ensure consistency between decisions across NRAs.	②			PC	WS	WS publication on website
C-17	gas	CEER Guidelines of Good Practice for storage system operators regarding CAM and CMP – revision	Currently, a wide range of different approaches to storage capacity allocation is used, even in cases of congestion. To facilitate CAM and CMP in the future, CEER will amend the GGSSO.	① ②				PC WS MF	PC WS MF publication on website

#	Sector	Title	Description	Key areas	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-18	gas	CEER Status Review of CMP and anti-hoarding mechanisms applied in the European LNG terminals	Different congestion management procedure (CMP) mechanisms are being applied in European LNG terminals. At the 15th Madrid Forum, the European Commission called for an analysis of the need for harmonisation of anti-hoarding rules. The Status Review will put forward a comprehensive overview of the CMP mechanisms in place, taking into account the constraints which influence the LNG business, in order to derive conclusions and recommendations.	①	PC		MF publication on website		
C-19	gas	CEER Advice on LNG terminals' transparency template	The transparency requirements concerning LNG terminals in Regulation 715/2009 (Article 19) are very general. CEER will provide LSOs with guidance on the harmonised publication of information as required by law and possibly above and beyond this.	① ②			WS MF	PC WS MF publication on website	
C-20	electricity	CEER Benchmarking Report on merchant lines	CEER will produce a Benchmarking Report in order to highlight the experience of the different Regional Initiative (RI) electricity regions in implementing Article 7 of Regulation 1228/2003 and compare the handling and criteria applied by different NRAs.	② ⑥			PC	publication on website	
C-21	electricity	CEER Benchmarking Report on intraday capacity allocation	The Benchmarking Report will compare different approaches adopted in different Regional Initiative (RI) gas regions where an interconnection specific approach has generally prevailed so far. It will provide useful input to the intraday project led by ENTSO-E under the AHAG umbrella.	② ⑥			PC	PC publication on website	
C-22	gas	CEER Advice on the role of Regional Initiatives in the intra and inter-regional coordination of Open Seasons	CEER will assess, in its Advice, the role that the Regional Initiatives could play in Open Season procedures. The paper's main emphasis will be on the coordination of all involved parties and the contribution of the regions to transparency and visibility for market participants.	② ⑥			WS MF	MF publication on website	





## ANNEX I: LIST OF ABBREVIATIONS

ACER	Agency for the Cooperation of Energy Regulators
AHAG	Ad Hoc Advisory Group (in electricity)
CAM	Capacity Allocation Management
CEER	Council of European Energy Regulators
CMP	Congestion Management Procedure
DSO	Distribution System Operator
EC	European Commission
ENTSO	European Network of Transmission System Operators
ERGEG	European Regulators' Group for Electricity and Gas
FG	Framework Guideline
GGP	Guidelines of Good Practice
GGPOS	GGP on Open Seasons
GGPSSO	GGP for Third-Party Access for Storage System Operators
ICER	International Confederation of Energy Regulators
IEM	Internal Energy Market
IERN	International Energy Regulation Network
ITC	Inter-TSO Compensation
LNG	Liquefied Natural Gas
NRA	National Regulatory Authority
LSO	LNG System Operator
NC	Network Code
RI	Regional Initiatives
SoS	Security of Supply
TSO	Transmission System Operator
VTP	Virtual Trading Point

## ANNEX II: CEER DOCUMENT TYPES

The European energy regulators produce a variety of public documents, each intended for a specific purpose. These documents are:

- Draft Comitology Guidelines are drafts for guidelines which could subsequently be adopted by the Commission via Comitology in order to make them binding.
- Guidelines of Good Practice are an agreed set of non-binding principles or recommendations that parties should follow on a particular topic. They relate to the implementation of a specific piece of law and are addressed to NRAs, TSOs or others.
- A Benchmarking Report provides and compares information pertaining to two or more parties in an attempt to develop a common “benchmark” or standard, against which something can be measured.
- A Status Review presents the state of play of a particular issue among Member States, without including a best-practice review.
- Advice sets out the European energy regulators’ views on a particular topic. It may be solicited or unsolicited.
- A Vision Paper sets out the European energy regulators’ proposals or high-level views for future concepts.