



European
Commission



2nd Trilateral CEER-ECRB- MEDREG Workshop : Clean Energy Package – consumers in focus

Ivan PEARSON, 25/06/2019

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1. **Why** we needed to update retail markets?
– General objectives
 2. **What** is the regulatory framework? – The Market Design Initiative (MDI)
 3. **How** will we achieve the objectives?
 4. The role of **Regulatory Authorities**
 5. **Conclusions**

1. General objectives

Our vision is of an Energy Union with citizens at its core, where citizens take ownership of the energy transition, benefit from new technologies to reduce their bills, participate actively in the market, and where vulnerable consumers are protected.

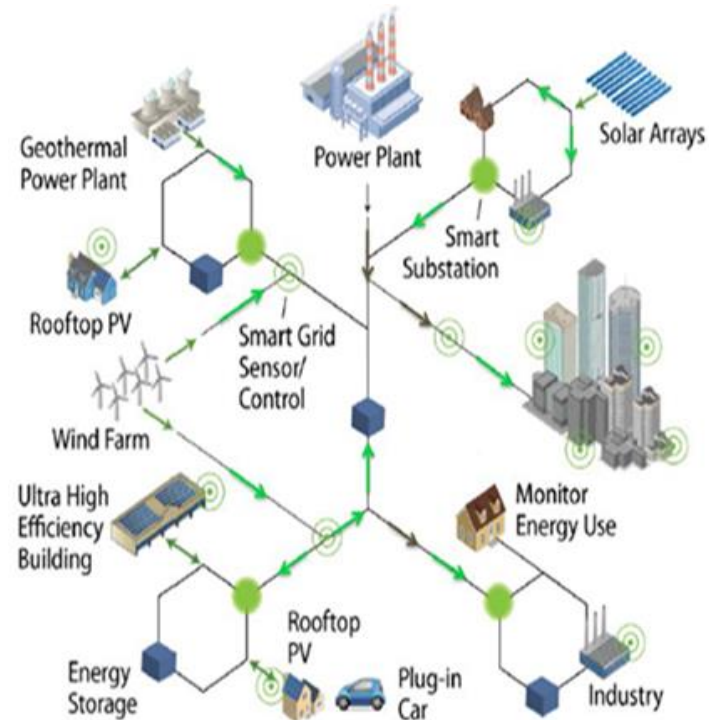
Energy Union Framework Strategy

Issues

- Poor consumer satisfaction
- Poor competition
- Unable to harness benefits of new technologies
- More RES-E

Key principles

1. Information
2. Empowerment
3. Protection



2. The regulatory framework - CEP



3. How?

Overview

BETTER INFORMED

- Clearer energy bills
- Certified price comparison tool
- Access to fit-for-purpose smart meters

PROTECTED

- Monitoring of energy poverty (governance)
- No prepayment meter surcharges
- Out-of-court dispute settlement

EMPOWERED

- Easier switching conditions
- Reward demand-response
- Active customers and Citizen Energy Communities

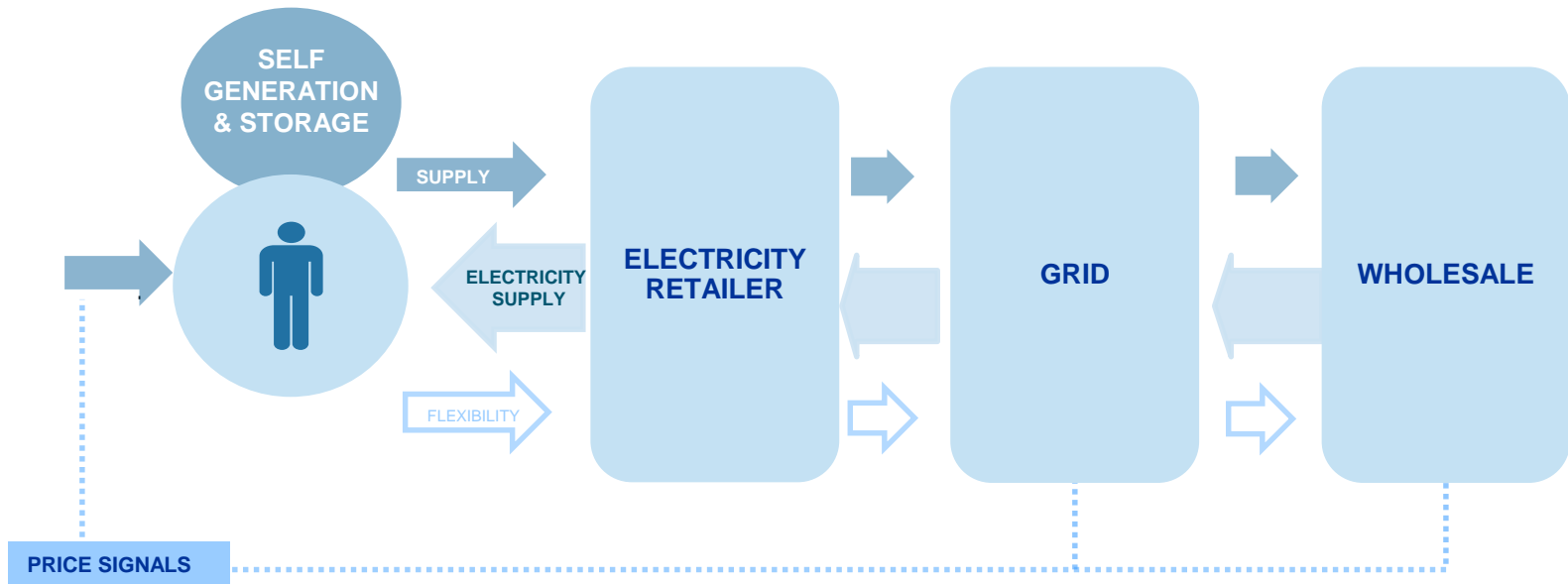
COMPETITIVE RETAIL MARKETS

- A framework for regulated prices
 - Fair market access for new market players (e.g. aggregators, CECs)
- Distribution operators become neutral but active market facilitator / Establishment of the EU DSO body
 - Flexible network management
- Non-discriminatory data access, interoperable data

3. How?

3.1 – Active customers

ACTIVE CONSUMERS ARE KEY TO DELIVERING A MORE FLEXIBLE ENERGY SYSTEM...



- Active customers can: Consume, store or sell-self generated electricity or participate in flexibility or energy efficiency schemes

3. How?

3.1 – Active customers

- All final customers in the system, provided that their electricity activities “do not constitute [their] primary commercial or professional activity”.
- Geographical boundary optional.
- Network charges must “account separately for the electricity fed into the grid and the electricity consumed from the grid”.
- Member States can treat individual and jointly-acting active customers differently “with respect to taxes and levies”
- Phase out of net metering schemes.
- Active customers with an energy storage facility cannot face double charges for any grid services they provide.

3. How?

3.2 – Citizen Energy Communities

WHAT

- Association, cooperative, partnership, NGO, other legal entity
- Controlled by members or shareholders
- Value driven, as opposed to profit maximising
- Supply, distribution, aggregation

HOW

Level-playing field

- Recognised market players for generation, distribution, supply, aggregation, storage
- Non-discriminatory, fair, proportionate and transparent treatment
- Subject to same(ish) rules as other market players

Market and system integration

- Access to all electricity markets and balance responsible
- Participation is voluntary and members retain rights as (active) customers
- DSOs to facilitate electricity transfers within communities
- Right to share electricity to members from own generation

3. How?

3.2 – Citizen Energy Communities

- Must be ‘effectively controlled’ by one or more natural persons, local authorities, or small enterprises. Financial profits cannot be the ‘primary purpose’ of a CEC. Instead, they must “provide environmental, economic or social community benefits to... members or shareholders or to the local areas”
- No geographical boundary.
- Treated “in a non-discriminatory and proportionate manner” with regard to their activities, rights and obligations.
- Electricity sharing between CEC members.
- Optional elements:
 - Cross-border participation
 - Network ownership and operation
 - Exceptions for closed distribution systems

4. The role of Regulatory Authorities

- Regulatory authorities are at the forefront of the energy transition.
- Safeguarding the market – effective separation of network activities.
- Consumer protection.
- Market monitoring.
- New tasks:
 - Dynamic price contracts
 - Contract exit fees
 - Comparison tools
 - Electricity sharing
 - Framework for demand response
 - Consumption data

4. Conclusions

- The Market Design Initiative will usher in significant change.
- Regulatory authorities are our eyes and ears in national markets.
- They will play an essential role in ensuring a 'level-playing field' for new products and services.



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Thank you for your attention!

