

Council of European Energy Regulators (CEER)
28 Rue le Titien
1000 Bruxelles

30 July 2012

Draft CEER 2013 Work Programme

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy broadly agrees with CEER's priorities for 2013 as set out in the document. We comment on each of the themes identified in the document in turn and then make some general comments on the document.

Customers

Customers, and more particularly 'engaged' customers, are crucial to assisting the development of energy retail markets. However, customers have competing objectives: secure supplies, low carbon and affordability. For example, the huge investment required to ensure we have low carbon supplies will initially have consequences for prices and impacts on affordability. We believe a key task of CEER is to help identify fairly the optimum balance between these objectives. It is important that CEER recognises that customers are not homogeneous – they have differing attitudes, needs and behaviours. This means that suppliers offer a selection of innovative tariffs and services, with an appropriate balance between choice and simplicity. EDF Energy has already supported simplifying tariffs and other aspects of the UK Retail Market Review to assist customers to compare tariffs and to improve their engagement in the market. All parties, not just energy companies, but also regulators, politicians, and consumer groups have a responsibility to work together to rebuild customer trust in the energy market.

EDF Energy agrees with CEER on the central importance of energy customers to the development of energy policy. There is a risk that customers, energy efficiency or sustainability can be sidelined in the development of functioning wholesale and retail markets. But for the same reasons the benefits of the customer vision need to be carefully quantified. For example, costly IT changes to suppliers' systems to harmonise European retail market systems will only assist those customers who have retail accounts in more than one Member State, and yet the cost of change would be spread across all customers. Furthermore, in those Member States in which general consumer law is applied to the energy sector, implementation of this objective may not be the responsibility of energy regulators alone.

CEER needs to have a clear vision of what constitutes customer interest. For example, there may be multi-dimensional trade-offs between cost, quality and timing. This will mean there are no clear answers for customers, as the outcome may favour some customer groups over others. This is also true of the work to identify the involvement of customer groups in regulation. We do not believe there is a definitive answer to this question.

EDF Energy urges CEER to consider these issues at the planning stage and incorporate measures such that the work plan has:

- Customers' interest identified and built into the plan from the beginning
- A well developed approach to cost benefit analysis of any resulting policy proposals, given that this will not be simple.

It would also be helpful to customers and industry alike for CEER to delineate better, as part of its coordinated work plan with ACER, the different roles and responsibilities of each organisation.

Development of Competitive Wholesale and Retail Energy Markets

We agree that CEER should continue its efforts to develop further elements of the Gas Target Model by reviewing the implementation of the various recommendations it contains and continuing its work on incremental gas capacity. This is a matter of urgency as both the gas balancing code and capacity allocation mechanisms are well advanced to the point where ACER / ENTSOG are close to the final texts and the comitology process is approaching completion.

We note that the technical aspects of the development of wholesale markets need to be expanded, as the current description in page 7 is too vague.

Care must be taken in developing the work plan, as this is a crowded regulatory space, given that we now have ENTSOE and ENTSOG developing detailed European codes. CEER should be precise about exactly what it intends to add to the debate.

We welcome CEER's commitment to sharing best practice and international experiences, and believe this will make future EU regulatory change more efficient, effective and sustainable. In this respect it would be useful if CEER could work more closely with ENTSO-E and ENTSO-G, to improve governance processes for effective consultation with all stakeholders, to the ultimate benefit of customers.

New Legislative/Policy Developments

We agree that the energy regulators should be committed to driving the EU energy debate and to serving other European Institutions in shaping energy policy and legislative proposals. It is harder to see how achievement of this objective will materialise in 2013, given the focus on implementing the Third Package. We would like to see what will be the specific deliverables for reacting to "initiatives from the

European Commission which impact on energy markets, as and when such proposals arise.”

Sustainability

We agree that we have witnessed a rapid rise of sustainability issues to the very top of the European policy debate, where they are manifest in agendas such as the EU’s 20-20-20 goals, the Energy Efficiency Directive and the Roadmap 2050. However, we are uncertain what additional value CEER can deliver, given the diverse set of statutory duties regarding sustainability and economic objectives across the European regulators and their national energy ministries. We would like to see more detail on how this work will be progressed.

New Infrastructure

EDF Energy supports the regulators’ involvement in this activity. We see this as being pivotal in the protection of customers through developing the right incentives to invest in new and economically efficient infrastructure. We support the prioritization of this work stream.

Market Integrity

The development of REMIT, and the related fields such as MiFID and MAD / MAR, has required the dedication of significant amounts of resources by the industry. We welcome the development of comprehensive guidance for compliance, as at present we have not seen any prohibition that goes beyond our existing national financial regulations.

International Work

While we would expect CEER to be interested in developing its relations with non-EU regulators, through bilateral ties (as, for instance, with Russia and with the US), it is also the case that we are in a period of austerity. International work is resource intensive and it could be argued that it delivers lower returns relative to mainstream regulatory activities. We note that traditionally it is Member States’ energy ministries and foreign offices that have conducted this type of work. It is not always the case that national regulators have the mandate to be active in international relations, especially in the context of the increased role for the Commission in representing Europe in foreign affairs, including energy issues.

Conclusion

As a planning document we would like to see more clearly the allocation and prioritisation of resources than is presently shown, rather than just the helpful timetable for implementation and a brief description of the work. It would also be useful to outline CEER’s strategy to achieve its objectives and relative resources deployed. Finally, we do not see any provision for contingency planning.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact my colleague Nigel Edwards (+44 20 3126 2506 nigel.edwards@edfenergy.com) or myself.

I confirm that this letter and its attachment may be published on CEER's website.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director

Attachment

Draft CEER 2013 Work Programme

EDF Energy's response to your questions

Work plan	Comment
CEER Advice on Data Management for Better Retail Market Functioning	<ul style="list-style-type: none"> • It is difficult to see how technical the advice will be as suppliers in Member States face different requirements. • Need to agree what constitutes better functioning of the market in terms of cost/ quality/ timing
CEER Status Review on the Involvement of Consumer Organisations in the Regulatory Process	<ul style="list-style-type: none"> • The issue may well cover general consumer policy. For example customer focus covers energywatch's remit integrating general and utility specific consumer policy. • It is clear that there will be no single solution to solve the problem. • The status review will have to consider what options are actually available for energy regulators if they want to remedy any issue.
CEER Status Review of Regulation on Smart Metering, Including an Assessment of Roll-Out	<ul style="list-style-type: none"> • This is an interesting status review • It would be useful to see the progress of smart metering to reform the UK debate • We would hope that the balance of the report will be evaluative rather than descriptive
CEER Advice on DSO Prosumer / Consumer Services, with a Focus on Connection/Disconnection, Service Activation/De- activation, and Maintenance	This is an important topic worthy of progression. A definition of what CEER means by Prosumer would be helpful.
CEER Status Review of Customer access to the cost of energy and efficiency schemes	We agree that this is an important topic but will require sensitivity to different national delivery regimes.
Joint CEER/ACER Market Monitoring Report on the Internal Electricity and Natural Gas Markets	We agree this will be a significant monitoring report.
CEER Status Review on the Transposition of Unbundling Requirements for TSOs and	We agree this will be a significant monitoring report but question how much

DSOs	an issue this really is
CEER Status Review on Blackout Prevention and Restoration Planning	We agree this will be a significant status review
CEER Advice on the Annual Update of QoS Data	We agree this will be a significant update
CEER Status Review on European Regulatory Approaches Enabling Smart Grids Solutions (“Smart Regulation”)	We agree this will be a significant status review and an area of work where CEER could do very well
Guidelines of Good Practice Demand Side Management: Realising the Energy Efficiency and Wider Services Potential	May be difficult to create single set of guidelines which work across Europe given the diversity of climate as some measure may not be economic for some countries?
CEER Report on Flexibility Tools for Future Electricity Markets	We agree this will be a significant report. The key challenge will be to identify interactions between systems.
CEER Monitoring Report on the LNG Transparency Template and the Consistency of European LNG Provisions with Future Network Codes	We agree this will be a significant monitoring report.
CEER Compliance Monitoring Report on the Implementation of Transparency Rules according to Art. 19 Regulation (EC) 715/200	We agree this will be a significant monitoring report.
CEER Status Review of the Implementation of the GGPSSO for CAM and CMP for Storage	We agree this will be a significant monitoring report.
CEER Monitoring Report on the Implementation of the Gas Target Model	<ul style="list-style-type: none"> • We agree that this will be an important monitoring report • The usefulness of the report will be based on its speedy delivery given that the codes are still under development • The target model itself is not as refined as we would like.
CEER Advice on Auctions and Network Development Plans as Mechanisms for the Identification and Allocation of Incremental Capacity	<ul style="list-style-type: none"> • We agree that this will be an important set of advice • The usefulness of the report will be based on its speedy delivery given that the codes are still under development

Revision of the CEER Guidelines of Good Practice on Open Season Procedures (GGPOS)	<ul style="list-style-type: none">• We agree that this will be an important set of advice• The usefulness of the report will be based on its speedy delivery given that the codes are still under development
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July 2012