

# XXXII EU ELECTRICITY REGULATORY FORUM

17-18 May 2017

## CONCLUSIONS

### Revision of the RES Directive

The Forum agrees on the importance of developing a robust and stable regulatory framework for renewables to ensure a cost-effective achievement of the EU-level binding renewable target of at least 27% by 2030.

The Forum supports the overall framework on renewables for the period after 2020 proposed in the Clean Energy Package. In particular, the Forum welcomes the market-based approach proposed for financial support for renewables and stresses the importance of having common rules on support schemes that facilitate further convergence of the internal energy market.

The Forum notes that the cross-border participation in support schemes should take place gradually and progressively alongside interconnection development. The Forum has diverging views as regards the degree of technology-specificity that renewable auctions should have in the future. The Forum welcomes the balanced approach proposed for self-consumption while emphasising the need for cost reflective tariffs. Finally, the Forum advocates further sector coupling along with the electrification of the transport, heating and cooling sectors, alongside the necessary development of the grid.

### Regional coordination

The Forum acknowledges the need for enhanced regional cooperation on system operation to address the challenges arising from an increasingly decarbonised and integrated electricity system. The Forum largely welcomes the legislative proposals concerning the cooperation of TSOs at regional level. The Forum calls on all stakeholders to engage in a constructive, open and detailed dialogue with a view to improving the Commission's proposals to address remaining concerns, notably on the regional operational centres' decision-making competence. The Forum also stresses the need for better political and regulatory cooperation at regional level also to better frame regional TSO cooperation and for mechanisms to share the costs and benefits to ensure a cost efficient outcome.

### Risk preparedness

The Forum widely supports the Commission's proposal on risk preparedness in the electricity sector. It stresses the need for common methods to identify and assess risks. The Forum also acknowledges the need for national risk preparedness plans, drawn up in a transparent and inclusive manner involving all stakeholders, notably the industry and consumers, and based on regional agreements reflecting a spirit of solidarity. Careful consideration of cybersecurity issues is needed and confidentiality of sensitive information should at all times be protected. The Forum also takes the view that crisis situations should be handled in a spirit of transparency, solidarity and co-operation and in full respect of market rules, whereby non-market measures can be introduced only as a measure of last resort. The rules and procedures contained in the risk preparedness proposal are very much welcomed in this respect.

## Institutional framework

The Forum welcomes the legislative proposal from the Commission designed to reinforce ACER in its coordinating role, also on regional matters. It acknowledges the need to reinforce the competences of ACER, while maintaining the character of ACER as a coordination body of national regulators, to ensure that it can exercise an adequate oversight over EU-wide and regional bodies, including ensuring access to information. It calls on the Commission to reflect on other means of facilitating regional decision-making within the Agency. It raises concerns with respect to the proposed shift towards a simple majority vote in the Board of Regulators and the proposed changes to the adoption procedures for Network Codes. The Forum underlines the need to give ACER the resources needed to fulfil its tasks.

The Forum acknowledges the important role of DSOs in the energy transition and largely supports the Commission's proposal in the Clean Energy Package for the formal representation of DSOs in the European institutional framework and the enhanced cooperation with TSOs through the establishment of the EU DSO entity for Electricity. The Forum recognises the need for strong independence requirements and calls for a wide and efficient representation of DSOs that encompasses all Member States and includes also small DSOs under the new EU DSO entity. Concerning the scope of the tasks to be undertaken by such an entity, the Forum supports the general direction proposed by the Commission but sees the need for further adjustments. The Forum encourages the Commission to facilitate the earliest possible establishment of the entity seeking consensus among all DSOs.

## Retail markets

The Forum supports the Commission's proposal to incentivise the use of demand side flexibility. All sources of flexibility, including generation, storage and demand response, should be treated equally and have access to all markets to ensure the least cost for the system.

The Forum underlines the importance of data management, the access to markets for new actors and the role of aggregators including independent aggregators to ensure functioning markets. It stresses the need for further cooperation among stakeholders, particularly between the DSOs and TSOs.

The Forum encourages the Commission to continue the work on the deployment of demand side flexibility, in particular to address the possible gaps at EU level, such as for financial compensation, to identify best practices and achieve consensus among key stakeholders.

Regarding ownership of storage facilities, the Forum agrees that the storage services shall be provided by the market, but asks the Commission to consider the operation of storage by DSOs/TSOs for purely security purposes, under the oversight of the NRA.

The Forum supports the removal of barriers to local energy communities, as proposed by the Commission, which ensures consumer rights and obligations, including the right to switch and the quality of network services. The Forum encourages Member States, Regulators and System Operators to consider ways to avoid cross subsidy between consumer groups inside and outside energy communities.

## Wholesale markets

On the bidding zone review decision-making process, the Forum has a range of views on the Commission proposal. Some express the concern that the current process as set out in the Capacity Allocation and Congestion Management Guideline might lead to an impasse and others that the process to legally decide on the configuration of bidding zones needs to be clarified. Some express the need to involve Member States in the respective decision-making process.

The Forum underlines the importance of developing and implementing transparent, efficient and non-discriminatory capacity calculation methodologies.

The Forum welcomes the legislative proposal from the Commission designed to integrate renewables into the market and ensure a level playing field, in particular the introduction of the general principles of balancing responsibility and the harmonisation of dispatch provisions. Different views were expressed regarding the exemptions envisaged in the proposals with regards to priority dispatch and balancing responsibility.

On adequacy assessments, the Forum acknowledges the value of a harmonised resource adequacy methodology to be developed by ENTSO-E but stresses the importance to ensure coherence between more granular national and regional assessments and the proposed EU wide assessment. The Forum emphasises that Capacity Mechanisms should only be introduced as a last resort, while market reforms have to be carried out. Some express concerns with regard to the introduction of Emission Performance Standards as criteria to permit capacity mechanisms while others supported the introduction of such measures.

## Energy Community

The Forum welcomes the work of the Energy Community contracting parties in adopting and implementing the EU network codes and guidelines as coordinated by the Energy Community Secretariat. The Forum calls upon the Commission to facilitate the adoption of network codes and guidelines in the Energy Community as soon as possible. The Forum encourages the Commission and the Energy Community Secretariat to jointly facilitate the early implementation of market coupling in South East Europe.