



European Energy Regulators’ 2011 Work Programme

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1. INTRODUCTION

Background

Since 2000, Europe's national energy regulators (voluntarily) have been cooperating through the Council of European Energy Regulators (CEER) in an effort to improve market functioning across Europe and ensure a fair and predictable regulatory framework for market participants, ultimately to the benefit of all consumers. CEER is legally established as a not-for-profit association under Belgian law.

In recognition of the benefits of the regulators collaborative efforts under CEER, the European Commission (in 2003) decided to establish the European Regulators' Group for Electricity and Gas (ERGEG) as its official advisory body. ERGEG supports the European Commission by advising it on regulatory issues including on draft energy legislation.

During 2011, a new organisation of energy regulators will continue the work undertaken by ERGEG but through a formal European Community structure with clear competences. The Agency for the Cooperation of Energy Regulators (ACER), established following the entry into force of the 3rd Package on 3 September 2009, has been assigned a series of tasks and responsibilities in relation to Europe's electricity and gas markets. Being fully operational from 3 March 2011, ACER will provide the regulatory framework necessary to establish an integrated European grid in electricity and gas in the interest of Europe's consumers.

The European Commission has signalled its intention to discontinue ERGEG when (or shortly after) ACER assumes its full responsibilities and powers in March 2011.

2011 will therefore be a year of transition, marked not only by organisational overhaul but also a period of establishing the working arrangements of ACER, an independent European agency, with its seat in Ljubljana, Slovenia. The responsibilities of ACER will include parts of the work which has so far been undertaken by ERGEG, while some of ERGEG's other tasks will be taken up by CEER. CEER will continue to exist as a platform for Europe's energy regulators to develop common interests that are of pan-European or even wider significance but which do not fall within the current remit of ACER's work (e.g. international energy issues).

In building up ACER, regulators, through CEER, 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 twelve different areas). For a more detailed explanation of the interrelation between CEER and ACER, please refer to Chapter 4 of this document.

Focus

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 focused approach for our work programme – as in 2010 – which centres on seven key areas. We will concentrate on a limited number of issues, but on those issues that have been prioritised not only by the regulators but also by stakeholders. We are mindful also of the responsibilities that national regulators will be taking on through ACER.

Building on European energy regulators' work to date, we 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, we will continue to strengthen our international cooperation with other regulators, including through the Mediterranean working group for electricity and gas regulation (MEDREG) and the International Confederation of Energy Regulators (ICER). The full range of the tasks to be undertaken in 2011 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

While European energy regulators have taken great care in the preparation of this document and have anticipated future developments as much as possible when proposing the CEER work programme for 2011, unforeseen events and ad-hoc necessities that require appropriate reaction by energy regulators may arise in the course of the year. Such developments can impact on the work plan and create the need for certain adaptations both in terms of topics, and timelines. European energy regulators therefore ask stakeholders for a certain degree of flexibility in terms of planning; however, to ensure the best possible information of stakeholders at all times, public consultations, workshops and other opportunities for stakeholder interaction with CEER are continuously announced by way of a rolling calendar in the European energy regulators' monthly newsletter and on the website (www.energy-regulators.eu) itself. European energy regulators encourage interested parties to subscribe on the homepage to this free monthly newsletter.

2. OUTCOME OF THE PUBLIC CONSULTATION

In 2010, for the second time, CEER submitted its work programme for the following year to a full public consultation. A total of 37 stakeholders submitted responses, the vast majority of whom expressed appreciation for the opportunity to comment upon and shape CEER's 2011 work programme.

The use of an online public consultation tool greatly increased the number of responses to the public consultation and provided an easy and straightforward process. The few improvements to the system which were suggested by stakeholders will be taken into consideration.

In response to the feedback from the public consultation, CEER has made a number of adaptations to its 2011 work programme. In particular, our contribution to energy efficiency has been emphasised, particularly in key area 4 where a deliverable to underline CEER's commitment to this area of work has been added. For a detailed assessment of all responses received and CEER's reaction to them, please consult the corresponding evaluation of comments (Ref. C10-WPDC-20-10).

In addition to stakeholders' comments, a number of changes to the retail market and customers-related deliverables have been incorporated following the London Forum in October 2010.

3. KEY AREAS OF WORK IN 2011

Work of European energy regulators in 2011 will focus on the seven areas listed below. Regulators would like to underline that these are not separate work packages but are intrinsically linked with each other. For instance, CEER work on affordability and consumer issues will of course take into account security of supply considerations, and by the same token infrastructure issues are closely interlinked with renewable energy and energy efficiency. Every one of the seven key areas of work below must be seen against the backdrop of the other six.

① 3rd 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 3rd 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 3rd 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 framework guidelines 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 and will also provide input to the European Commission's energy infrastructure package. In this regard, financing mechanisms and cost allocation principles for future infrastructure projects will be addressed.

③ Affordability and consumer issues

The implementation of the 3rd 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 protection of vulnerable customers 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 (London) Forum.

④ Climate change, renewable energy issues and energy efficiency

The European energy regulators will continue to address the impact of climate change requirements 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 (for example our advice on the implications of non-harmonised renewable support schemes) and share experiences and good practices among themselves. The European energy regulators will also continue to take a leading role in the international regulatory response to climate change through chairing the climate change working group of the International Confederation of Energy Regulators (ICER). Through ICER, CEER has already contributed, in 2010, to major efforts in energy efficiency (see the ICER report: A Description of Current Regulatory Practices for the Promotion of Energy Efficiency; I10-CC-02-04; 21 June 2010). Regulators again commit to this important topic at both EU and worldwide level through continued action in this vein (for example the CEER Guidelines of Good Practice on Energy Efficiency). Regulators' ongoing work on smart grids and smart meters, and our advice on the take-off of a demand response electricity market with smart meters also is a significant contribution to improving energy efficiency.

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 (jointly with the financial regulators) have made concrete proposals to the European Commission on market abuse and on transparency, record-keeping and exchange of information between energy regulators and financial supervisors. The Commission's REMIT proposals (December 2010) for a sector specific energy market integrity regime draw upon many of our recommendations. CEER will actively follow up on the implementation of a tailor-made framework for fostering energy market integrity.

⑥ Regional market integration

The 3rd 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 3rd Package. Efforts in the electricity and gas regions will, in parallel, continue to ensure delivering progress in market integration and a convergence of regional markets towards a single European reality. European energy regulators will pursue regional issues, including the Regional Initiatives, through our work in ACER, where they are already firmly rooted in the ACER 2011 work programme.

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 at the forefront of activities in 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.

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 announced at the Florence and Madrid Fora during 2010 in the European Commission's "3-year plan" and as reflected in the ACER 2011 work programme. 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.

The ACER 2011 Work Programme was published in autumn 2010 and contains provisions for the below deliverables.

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	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-2	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

* The key areas listed in this column indicate the major focus of each deliverable, i.e. the big strategic line each of them was derived from. Please note, however, that regulators always bear in mind all of the seven key areas of CEER's work when developing an individual deliverable.

#	Sector	Title	Description	Key areas *	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-3	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			BF PC		publication on website
C-4	electricity	CEER Guidelines of Good Practice on energy efficiency (based on ICER Report and Bucharest Forum)	In the June 2010 ICER report on energy efficiency, we committed to follow up work to elaborate good practices. Meanwhile the European Commission is continuing to develop policy on energy efficiency, including through a revised action plan. The purpose of this work is to develop further a CEER position that can be used as the basis for input to both these areas.	④			BF		PC
C-5	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 (IEM). 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				WS PC	publication on website
C-6	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-7	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

#	Sector	Title	Description	Key areas *	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-8	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-9	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
C-10	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 4 th 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-11	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-12	gas	CEER Guidelines of Good Practice for storage system operators (GGPSSO) 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 GGPSSO. CEER will finalise the revision of the GGPSSO, which was started already in 2010. It will be presented at the beginning of 2011.	① ②	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-13	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 15 th 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-14	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-15	cross-sectoral	CEER Status Review on TSO and DSO unbundling	Unbundling is a central concept in the 3 rd Package, therefore 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-16	Retail market & customers	CEER Benchmarking Report on the roles and responsibilities of NRAs in customer empowerment and protection as of 1 January 2011	The 3 rd 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			WS	LF	LF publication on website

#	Sector	Title	Description	Key areas*	Timeline of stakeholder involvement				
					2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4
C-17	Retail market & customers	CEER Advice on price comparison tools	Based on the results of the retail market survey presented by the EC at the 3 rd Citizen Energy Forum in London, CEER will embark on follow-up activities notably related to customer information.	① ③			WS	LF	LF PC WS
C-18	Retail market & customers	CEER Status Review of the implementation of the GGP on complaint handling as of 1 January 2011	As agreed during the 3 rd London Forum, CEER will issue a Status Review of the implementation of the GGP on complaint handling as of 1 January 2010.	① ③				LF	LF Publication on website
C-19	Retail market & customers	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 as well as balancing and settlement arrangements that could incentivise suppliers to make develop time-of-use offers to customers.	① ③ ④		WS	PC	WS LF	LF publication on website
C-20	Retail market & customers	CEER Guidelines of Good Practice on retail market design, with a focus on supplier switching and billing	Following the 3 rd London Forum, CEER will embark on the follow-up 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	WS LF	LF Publication on website

ANNEX I: LIST OF ABBREVIATIONS

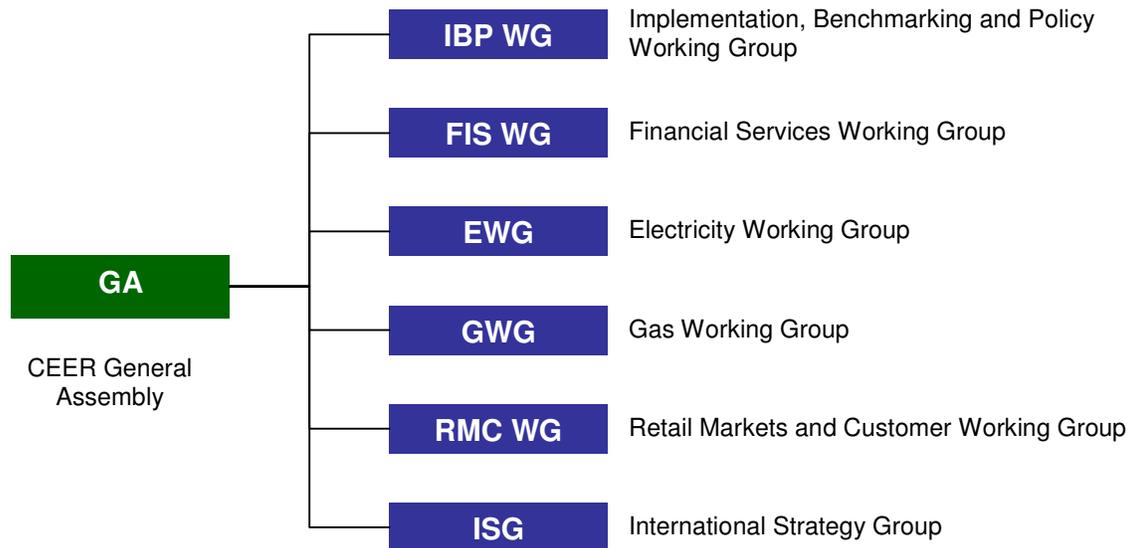
ACER	Agency for the Cooperation of Energy Regulators
CAM	Capacity Allocation Mechanism
CEER	Council of European Energy Regulators
CMP	Congestion Management Procedure
DSO	Distribution System Operator
EC	European Commission
ENTSO	European Network of Transmission System Operators
ERGEG	European Regulators' 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

ANNEX II: CEER DOCUMENT TYPES

CEER produces 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 European 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.

ANNEX III: ORGANISATION OF CEER WORKING GROUPS



The work of the European energy regulators is structured according to a number of working groups that are composed of staff members of national regulatory authorities. These working groups deal with different topics in line with their members' fields of expertise:

The Implementation, Benchmarking and Policy Working Group (IBP WG) provides advice on the implementation of the 3rd Package, will continue its benchmarking activities and will assume responsibility for evolving policy responses to new challenges.

The Financial Services Working Group (FIS WG) deals with the interdependencies between financial and energy markets.

The Electricity Working Group (EWG) addresses issues related to European electricity grids and the EU electricity market.

The Gas Working Group (GWG) addresses regulatory matters in relation to the European gas markets.

The Retail Markets and Customer Working Group (RMC WG) will continue its work on customer empowerment and retail market functioning to facilitate the development of competition in the energy consumers' interests.

The International Strategy Group (ISG) is responsible for coordination of the European energy regulators' activities in the field of international cooperation and training.