



## **Evaluation of Responses**

# **Stakeholder comments on CEER Work Programme 2014**

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## **EXECUTIVE SUMMARY**

The Council of European Energy Regulators (CEER) appreciates the comments and feedback received to the public consultation on its 2014 draft Work Programme (WP). A total of 25 respondents submitted their views. We received both general remarks on the WP as well as remarks on the priority areas and individual deliverables. Overall, respondents expressed strong support for our proposed 2014 objectives.

There was also a broad consensus on the importance and choice of the priority areas. Respondents welcomed the possibility to submit comments and appreciated the transparent drafting process for the WP.

Following the input received, CEER has reviewed its draft 2014 Work Programme to take into account suggestions made and provided further clarification and detail on the planned deliverables.

The present evaluation of responses accompanies the final CEER 2014 Work Programme and provides CEER's consideration of the comments submitted.

## 1 STAKEHOLDER FEEDBACK AND COMMENTS

In order to provide a comprehensive picture of regulatory activities in the year ahead, CEER has aligned the timing of the process for its 2014 WP with that of the Agency for the Cooperation of Energy Regulators (ACER). CEER presented its draft 2014 WP to the Members of the European Parliament on 29 May 2013. On the same day, CEER launched a public consultation where all stakeholders were invited to submit comments to the CEER 2014 WP via an online questionnaire by 21 June 2013.

A total of 25 respondents (of which 2 confidential) took advantage of this opportunity and submitted written comments to the draft CEER 2014 WP. The comments represent a broad variety of organisations (Annex II). CEER appreciates the input from different stakeholders.

Overall, CEER received strong support for the proposed 2014 WP both for the general scope and the individual deliverables. The present document summarises the views expressed by respondents and presents the conclusions CEER draws from them.

### 1.1. GENERAL COMMENTS ON THE DRAFT CEER 2014 WP

Several comments indicated that there remains some confusion among respondents over the role of CEER and ACER. Some expressed this explicitly, whilst others propose tasks for CEER which properly are for ACER or are already being addressed by ACER.

While the majority of respondents welcomed the detailed WP and its transparent drafting process, some expressed a need for a more holistic approach.

CEER was also invited to publish an explicit overview of its results, comparing the approved work programme against the outcome delivered.

## 1.2. COMMENTS ON THE PRIORITY AREAS OF THE DRAFT CEER 2014 WP

### **A. Do the deliverables appropriately address the key objectives?**

Respondents expressed a broad consensus that the CEER draft 2014 WP addressed the right objectives. They reaffirmed and strongly supported the choice made in the focus areas and issues. Positive feedback was received on individual priorities, confirming their respective importance.

#### **1.2.1 Customers**

In total, 15 stakeholders gave comments on this issue. Most of them (12) strongly support the focus on customer issues. Some considered that the deliverables proposed correctly address customer issues and are in line with the 2020 Vision to put consumers at the heart of the internal energy market.

One respondent highlighted that they support the focus on customer roles and rights. However, they emphasised the need to take a holistic view of the energy system since energy objectives sometimes conflict with one another. Hence, it is important to undertake a cost-benefit analysis in order to determine the consequences of new reforms, regulations and demands to ensure that all actions give true benefits for the customer at minimum cost.

Another respondent noted that a reliable certification of origin scheme is needed to enable consumers to choose electricity products as easily as they can choose supplier.

One respondent stated that regulators should examine how to overcome the obstacles to consumers, both smaller industrial and domestic, realising the value of demand response. They encouraged CEER to remember the needs and rights of European smaller industrial, commercial and SME customers as well as residential consumers.

One respondent pointed out that CEER's proposed strategy only covers passive consumers, whereas there is a need to include citizens that are producing energy and "prosumers" as they have an increasing role on the energy market.

One respondent encouraged CEER to explicitly acknowledge in its work programme that engagement with industry and supplier representatives is key when working on documents and

research which address the consumer experience.

Finally, one respondent suggested that an additional focus should be on smart metering and customers.

### **1.2.2 New legislative/policy developments**

In total, 14 stakeholders commented on this issue. Several stakeholders underlined the need for a common European approach and coordination that leads to new legislative and policy developments. A number of areas were suggested.

One stakeholder made the following suggestions: A) the European Electricity Certificate Standard (EECS) as provided by the Association of Issuing Bodies (AIB), should be considered as the European standard for the cross-border trade of Guarantees of Origins (GOs). B) The advice of European sponsored projects, like Reliable Disclosure Systems for Europe (RE-DISS) should be taken into account and made mandatory in all Member States. C) Supply-sided support systems for national renewables development must be avoided as they distort the electricity market. Support schemes for renewables must be more market-based – meaning demand-driven support systems should be promoted. They support a strengthening of cooperation mechanisms between Member States and suggest that CEER review possible new legislation to strengthen this part of the electricity market.

One stakeholder believed that the integration of renewable energy into the electricity market has been problematic due to subsidies to renewables, that consumer prices are still regulated in some countries, that renewable generators do not pay for balancing costs in all countries and that demand flexibility is not developed as much as needed. Further, the expansion of renewable electricity has been faster than the grid expansion. It was recommended that CEER and ACER should work closely together regarding these areas.

One stakeholder highlighted that the development of distributed renewable energy will cause a paradigm shift in the electricity system. The regulatory frameworks and market design have to be developed in order to maintain a level playing field. Distribution Systems Operators (DSOs) are at the core of this paradigm shift. It is of utmost importance that CEER in its activities in 2014 will look into the changes in the value chain of the future energy system and in depth into the alteration of roles and responsibilities needed.

One stakeholder noted that CEER should begin work in 2013 to improve the consistency of capacity contract terms and conditions.

One respondent called for greater transparency into how CEER and ACER cooperate and divide the work between each other. Another stakeholder explicitly mentioned that there was a need for a coordinated effort by ACER and CEER concerning streamlining data reporting obligations upon energy market actors. Furthermore, a third stakeholder welcomed the joint effort of coherence between CEER and ACER and underlined that it was essential that the work programmes of both organisations are consistent and coordinated.

### **1.2.3 International work**

Out of the 9 stakeholders who made comments on this priority, one noted that international work should not be a top priority, whereas 8 were supportive of CEER's focus on this work.

One of the respondents mentioned that it is interesting for CEER to take advantage of the international experience of non-European countries on issues where these countries are more advanced (e.g. for demand response and smart meters there are interesting experiences from USA on roll out, on customers benefit and behaviour, etc.).

Another respondent underlined that the international work of CEER should aim to limit barriers to trade supported by GOs.

## **B. Scope of the WP. Should CEER include other priorities?**

Regarding the question whether the stakeholders agreed with the scope of the work plan, 17 stakeholders answered "yes" and 2 "no".

One respondent out of two who answered "no", mentioned that at European level, there is not a level playing field for regulated companies to recover the cost for research. The respondent suggested CEER develop best practices among National Regulatory Authorities (NRAs) on the amount of money that should be committed to R&D, and on the income to be generated out of tariffs to recover these amounts. Regarding distribution grids, another stakeholder underlined the need for national regulatory frameworks to stimulate investment in innovation and not only reduce

costs.

Another respondent shared CEER's view regarding the importance of the developing role of DSO and demand side resources. However, it stressed that to enable competition CEER should also consider the role of other stakeholders and encouraged CEER to look also at the interrelation and communication requirements between retailers, aggregators, Transmission System Operators (TSOs) and DSOs rather than the role of DSOs only. Further, it was mentioned that currently within Europe there is insufficient contractual and regulatory clarity for those wishing to provide consumers with demand response services. It is critical that regulators become aware of these issues and begin to address them.

Respondents who answered "yes" also made some suggestions for other priority issues:

One stakeholder thought CEER was the most appropriate body to take the lead in the development of Guidelines of Good Practice for Gas Hub Operators, and Guidelines for Good Practice for Credit Arrangements in relation to TSO transportation and balancing services.

Smart metering (residential) and smart energy management (residential) were mentioned as another priority by one stakeholder.

One stakeholder noted that DSO tariff structures could be considered in respect of their role in the development of future local energy systems – district heating and cooling – and smart cities.

One stakeholder thought that regulators should work more on enforcement activities rather than only monitoring.

One stakeholder suggested CEER consider identifying areas where competition is not working for consumers. Another stakeholder encouraged CEER to analyse how regulated prices affect consumers.

Several respondents said that CEER should focus on ensuring robust implementation of the 3<sup>rd</sup> Package. One underlined that the work plans of CEER and ACER should be consistent with each other, focusing on a holistic view of the energy system. Thus, CEER's customer focus should also be reflected in ACER's plan. Some areas, such as integrated markets, should primarily be handled by ACER. However, they ask for greater transparency and clarity regarding the



interaction between CEER and ACER.

### **C. Issues which are likely to impact on the European energy markets in the coming years**

One respondent said that CEER should examine and support mechanisms for production capacity because support mechanisms for renewable sources impact on the competitive market.

Several stakeholders made comments on smart metering and smart grids. One respondent suggested that the communication costs of smart grids and smart metering should be investigated. Another stakeholder highlighted that the role of third party intermediaries will become increasingly important. For competition to work properly, these organisations need to be trusted by consumers and CEER was encouraged to keep abreast of developments and ensure the regulatory framework was adequate. Another stakeholder welcomed CEER's recognition of importance of DSOs.

Two respondents made comments regarding demand response. One commented that NRAs should strengthen consumers' easy access to their own energy consumption data (and all other properties measured by the energy companies/utilities/DSOs). The other mentioned the development potential of demand response services.

Another respondent believed that there are three main measures in order to improve the functioning of the market: (1) expose all market actors to market prices in the energy markets and balancing markets; (2) improve demand flexibility; and (3) strengthen the European transmission grid. In addition, other important elements are also functioning of cross-border markets in all time horizons, "day-ahead", "intraday" and cross-border balancing markets.

One respondent mentioned that the impact on the functioning of electricity markets of RES with variable output, high investment costs and nearly zero marginal cost should be anticipated. The long-term availability of resources to balance load and demand should be particularly focused on with the aim to develop a European framework for market integration.

Another respondent highlighted that the role of the intraday market to help provide balancing resources was becoming increasingly important, as well as consumer access to wholesale markets through aggregation where significant barriers existed in many Member States.

### 1.3. COMMENTS ON INDIVIDUAL DELIVERABLES

178 comments on the individual deliverables were received. Respondents commented in a productive and positive way and showed considerable interest in our work through supporting statements, suggestions and specific questions. The table below provides an overview of the number of comments received to each deliverable:

Deliverable	Comments received	Deliverable	Comments received
D1 Consumer protection and empowerment: ACER-CEER market monitoring report	14	D8 Status Review of the implementation of 2012 GGP on electricity and gas retail market design	13
D2 2020 Vision for Europe's Energy Customers: Report on the implementation by supporting stakeholders	13	D9 Status Review of Renewable Energy and Energy Efficiency Support Schemes in Europe	13
D3 Advice on how to involve and engage customer representatives in the regulatory process	13	D10 Status Review on Ancillary Services	12
D4 Advice on green electricity offers	16	D11 Annual update report of Quality of Electricity Supply (QoS) Data - 2013	11
D5 Advice from a consumer/prosumer perspective on regulating the quality of services by the distribution system operator (DSO)	13	D12 Status Review on monitoring access to EU Liquefied Natural Gas (LNG) terminals	11
D6 Data management: Advice for better retail market functioning	13	D13 Monitoring Report on the implementation of Guidelines of good practice for storage system operators (GGPSSO) for capacity allocation mechanisms (CAM) and congestion management principles (CMP)	12

Deliverable	Comments received	Deliverable	Comments received
D7 Demand Response and energy efficiency services: Benchmarking report/case studies	13	D14 Monitoring Report on the implementation of the GSE Transparency Template	11

Regarding D1, all respondents considered this deliverable to be ‘very important’, or ‘important’. One respondent thought that it would be useful to include in the future work programme the development of a guidance of good practice on the benchmarking of DSO performance regarding network investments.

Regarding D2, one stakeholder considered this deliverable to be ‘unimportant’, whilst all other respondents considered it to be ‘very important’, or ‘important’. One stakeholder considered that strategies played only a limited role. One stakeholder expressed concern that the action plan should be consistent with other related initiatives.

Regarding D3, all respondents considered this deliverable to be ‘very important’, or ‘important’. One stakeholder said that not all appropriate responses would necessarily be of a regulatory nature.

Regarding D4, all respondents considered this deliverable to be ‘very important’, or ‘important’. One stakeholder said that the term ‘green offer’ needed to be better defined. Two stakeholders said that standardising green offers should be a high priority and that there is a need for a regulatory initiative to develop a more cohesive market framework. One stakeholder thought that the issue may be of less relevance for gas.

Regarding D5, one stakeholder considered this deliverable to be ‘unimportant’, whilst all other respondents considered it to be ‘very important’, or ‘important’. One stakeholder believes CEER should develop advice on DSO customer service levels as well as rules to ensure the market neutrality of DSOs.

Regarding D6, one respondent considered this deliverable to be ‘not important’, the rest considered it to be ‘very important’, or ‘important’. One stakeholder was concerned about an

approach to data management which would make DSOs dependent on commercial market participants for data handling which was essential to the secure operation of the network. A number of stakeholders said that CEER should have regard to other related initiatives. One stakeholder drew attention to the distinction between data essential for DSO operations, and historic consumer-related data which was important for market participants.

Regarding D7, one respondent considered this deliverable to be 'not important', the rest considered it to be 'very important', or 'important'. One respondent said CEER has an essential role to identify and adjust regulatory barriers to the development of new business models. Two stakeholders said that DSOs potentially had an important role and should be taken into account. One stakeholder suggested that CEER should investigate barriers to load participation in the wholesale market and the barriers to the role of aggregators.

Regarding D8, one respondent considered this deliverable to be 'not important', the rest considered it to be 'very important', or 'important'. One stakeholder said that it is important that customers are able to choose electricity suppliers in a non-discriminatory way. That requires transparent and clear information to the customer, comparability of suppliers and an easy switching process. It was suggested that this deliverable could be incorporated into another deliverable – D6.

Regarding D9, all respondents considered this deliverable to be 'very important' or 'important'. One stakeholder underlined that by working now on this topic gives CEER the best possible opportunity to shape the future of renewable energy support schemes.

Regarding D10, 4 stakeholders indicated it was 'unimportant'. It was argued that ancillary services are best handled by the market itself since different markets/customers might have different needs for ancillary activities. Thus, there was no need for regulatory action in this field.

Among the respondents who considered this topic 'very important' or 'important', one stakeholder said that attention should be given to the respective roles of TSO and DSOs and cooperation between them. Another stakeholder suggested that the ability of consumers to provide ancillary resources should be included in the scope of this topic. A third stakeholder pointed out that in future DSOs will actively manage their systems in order to provide a stable distribution network in coordination with the TSO.

Regarding D11, one respondent considered this deliverable to be 'not important', the rest considered it to be 'very important', or 'important'. One stakeholder believed the definition of security of supply should be clearer.

Regarding D12, 3 out of the 11 respondents who made comments considered this deliverable as 'unimportant' and 8 considered it as 'very important' or 'important'. Several respondents welcomed this deliverable, and underlined that the LNG market may evolve rapidly, and it is important that the information and data shall reflect the most recent developments. Further, it was suggested that CEER should publish its report within the shortest possible time after the examined period, as the market is evolving rapidly.

Regarding D13, 3 out of the 12 respondents who made comments considered this deliverable as unimportant and 9 as 'very important' or 'important'. Two of the respondents said that given the current very high availability of free gas storage capacity in Europe this work has less relevance to the market. Availability of cross border gas transportation was pointed out as much more important.

One respondent noted that GSE members are committed to implementing further rules as specified in the GGPSSO including 2011 amendments.

Regarding D14, 3 out of 11 respondents gave the answer 'not important' and 7 as 'very important' or 'important'. One of the respondents argued that little additional transparency will be achieved by the GSE template. More important is to unify, appropriately, rules for gas nominations and other procedures.

## 2 CONCLUSIONS

### 2.1. CEER EVALUATION OF STAKEHOLDER COMMENTS

CEER appreciates the valuable suggestions and comments received. Given the reactions, we consider that our effort to set up a meaningful work plan for 2014 is generally endorsed by respondents.

Stakeholders strongly supported that the deliverables we have proposed appropriately address CEER's key priority areas.

The strong emphasis on customer-related aspects in CEER's work received wide support. It was considered that the deliverables proposed correctly address customer issues and were in line with the 2020 Vision to put consumers at the heart of the internal energy market.

CEER welcomes the support for its proposed work on new legislative/policy developments. Stakeholders' suggestions and comments will be considered as valuable input to CEER's analysis and reactions on new policy legislative developments.

Strong support was also received overall for CEER international work. Many stakeholders recognised the need for European regulators to forge links outside Europe with markets connected to our own, and also more widely to seek out and share good regulatory practices.

While stakeholders' comments signalled for energy regulators to go ahead with most of the proposals, some modifications will be made to the work programme in line with the main thrust of respondents' suggestions.

Several stakeholders wanted greater clarity in the division of responsibilities of ACER and CEER. As a voluntary regulators' association, CEER aims to complement the statutory tasks ACER is required to pursue. CEER undertakes complementary and often related activities of interest to regulators. We will continue to distinguish (in our WP and our on-going activities) CEER's work from any related ACER responsibilities; making clear any cross-linkages or relevance between the two as needed. In order to provide as much clarity as possible, CEER has chosen to prepare its work programme in parallel with that of ACER so that stakeholders can examine both.

CEER will publish an overview of its deliverables as part of the CEER Annual Report.

CEER agrees with the comment that an overall view must be taken of competing energy objectives and this has been a continuing part of the work of CEER. NRAs and ACER undertake impact assessments on significant regulatory proposals as part of their work in ensuring that proposals are cost effective and balanced.

CEER would also like to note the analysis provided by the annual ACER-CEER Joint Market Monitoring Report where competition issues and the status of implementation of 3<sup>rd</sup> Package are considered.

One suggestion was made that CEER should develop best practices among NRAs on the amount of money that should be committed to R&D, and on the income to be generated out of tariffs to recover these amounts. CEER recognises the importance of this issue, however for the coming year considers that other topics must take priority.

Furthermore, we would like to highlight that CEER's proposed strategy not only covers passive consumers, but also active consumers. For example, deliverable D5 (Advice from a consumer/prosumer perspective on regulating the quality of services by the distribution system operator, DSO) includes citizens that are producing energy and "prosumers".

A number of respondents raised points about the developing role of DSOs, the growth of demand side involvement in energy markets, and the emergence of new service providers. Whilst, a number of CEER's proposed deliverables touch on these issues, we recognise that an overall perspective is needed and so have decided to examine these suite of issues as part of our "Horizon" work on DSO and demand-side involvement in grids. As mentioned in our public consultation document, CEER wants to analyse areas where we believe there will be significant change which will impact on the regulation of the energy sector. In 2014, our 'Horizon' focus will be on the future role of DSOs.

Referring to the comment that regulators should examine how to overcome the obstacles to realising the value of demand response, we will clarify in our final work programme that this assessment will fall within the scope of deliverables D6 (Data Management: Advice for better retail market functioning) and D7 (Demand Response and energy efficiency services:

Benchmarking report/case studies), as well as the “Horizon” work on the future role of DSO.

Several respondents noted there was a need for a better definition of the term ‘green offers’ and that standardisation of green offers should be a high priority, and that a more cohesive market framework was needed. CEER will take this into account during its work on this issue.

Related to the suggestion that CEER should develop advice on DSO customer service levels as well as rules to ensure the market neutrality of DSOs, we can inform that CEER already produces, periodically, a report on quality of electricity supply (QoS). D11 (Annual update report of Quality of Electricity Supply- QoS- Data 2013) will also examine DSO independence. This topic is also related to the “Horizon” issue.

## 2.2.CHANGES IN THE FINAL 2014 WORK PROGRAMME FOLLOWING THE CONSULTATION

CEER will not pursue D8 (Status Review of the implementation of 2012 GGP on electricity and gas retail market design) in our 2014 WP. We accept the comment that D8 could overlap with several deliverables in the customer area which will be completed in 2014.

Regarding D10 (Status Review on Ancillary Services) it was argued that ancillary services are best handled by the market itself since different markets/customers might have different needs for ancillary activities. Thus, there was no need for regulatory action in this field. Ancillary services are normally purchased by the TSO and so contract have only one counterparty. This potentially limits the scope for a fully competitive market since market power may work in both direction in such cases. However, several stakeholders said that this deliverable was not important to pursue as some others and, thus CEER will delete it from the 2014 WP.

As regards the work on D11 (Annual update report of Quality of Electricity Supply- QoS- Data 2013), NRAs will look into whether there is a need to define security of supply (SoS) further.

In undertaking our strategic analysis of our chosen horizon topic for 2014 on the future role of DSOs, CEER will endeavour to consider the myriad complexities of this issue, including the aspects raised by stakeholders in this consultation exercise (e.g. demand response, the roles of various market participants, data management, changes in market structure/design, etc.).



CEER's final 2014 Work Programme, as well as the non-confidential responses to our online consultation, are available on the [CEER website](#). In line with our current practice, opportunities for stakeholder involvement in our work (public consultations, workshops and hearings) will be communicated online and updated on a rolling basis.

## **ANNEX I: CEER**

The Council of European Regulators (CEER) is the voice of Europe's national regulators of electricity and gas at EU and international level. Through CEER, a not-profit-association, the national regulators cooperate and exchange best practice. A key objective of CEER is to facilitate the creation of a single, competitive, efficient and sustainable EU internal energy market that works in the public interest.

CEER works closely with, and supports, the Agency for Cooperation of Energy Regulators (ACER).

ACER; which has its seat in Ljubljana, is an EU Agency with its own staff and resources. CEER, based in Brussels, deals with many complementary (and not overlapping) issues to ACER's work such as international issues, smart grids, sustainability and customer issues.

The work of CEER is structured according to a number of working groups and task forces, composed of staff members of the national energy regulatory authorities, and supported by the CEER Secretariat.

This report was prepared by CEER's Work Programme Drafting Committee.

## ANNEX II: List of Respondents

Organisation	Abbreviated name
Gas Infrastructure Europe	GIE
Eurogas	
Federal ministry of labour, social affairs and consumer protection	
Energia Concorrente	
Électricité Réseau Distribution France	ERDF
Fortum Markets	
Swedenergy	
RECs International	
CNAFC/independent consultant energy	
Eurelectric	
Gaz de France Suez	GDF Suez
Mälardalen University	
CEDEC – European Federation of Local Energy Companies	CEDEC
GEODE	GEODE
European Network of Transmission System Operators for Electricity	ENTSO-E
Smart Energy Demand Coalition	SEDEC
EDSO for Smart Grids	
Cooperatives Europe	
Association of Issuing Bodies	AIB
Consumer Council	
Trilliant Inc.	
MEDGRID	MEDGRID
ECOHZ AS	ECOHZ AS