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Council of European
Energy Regulators



European regulators' view on how to develop the key role of consumers in the new energy model

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A quick reminder on European Energy Regulators

Council of European Energy Regulators

Voice of Europe's national energy regulators at EU and international level

Established in 2000, around 10 permanent staff

Not-for-profit organisation based in Brussels

Focus on retail markets and international cooperation

Work structured around WG staffed by members

Agency for the Cooperation of Energy Regulators

Official European Agency created by the Third Package

Operational since 2011, around 80 permanent staff

Alberto Pototschnig,
Director

John Mogg,
Chairman
Board of
Regulators

Membership restricted to EU Member States

Update on CEER Membership

Members from:
28 EU Member States
+
Iceland and Norway

Observers from:
Switzerland
+
Former Yugoslav Republic of
Macedonia (FYROM)
+
Montenegro and Kosovo



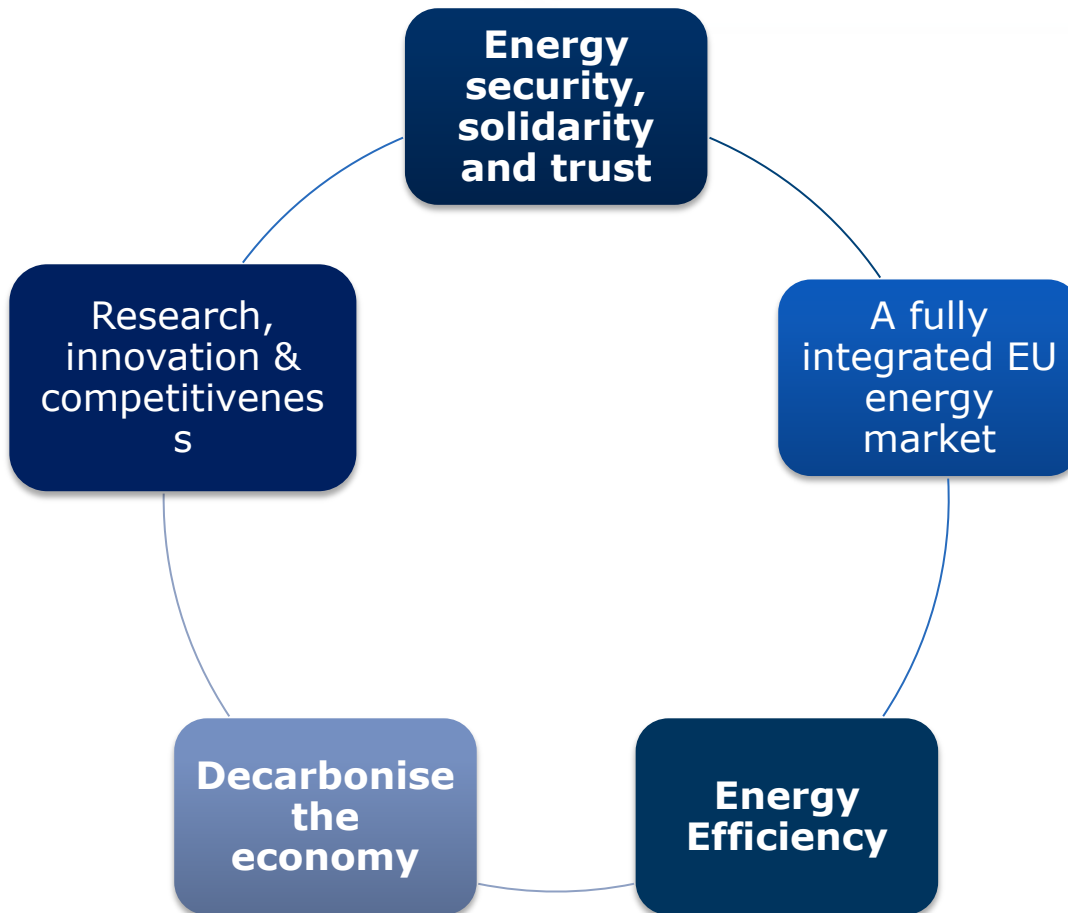
CEER-ACER Bridge to 2025

Our holistic vision

ACER and CEER produced the Bridge to 2025 in September 2014, which represents a joint strategy to shape EU energy policy over the coming decade. The Bridge Recommendations reflect regulators' ambition to achieve 5 key objectives for the Internal Energy Market by 2025:

- 1. Establishing liquid, competitive and integrated wholesale energy markets**
- 2. Enhancing Europe's security of supply and channelling the external element of internal energy markets**
- 3. Moving to a low carbon society with increased renewables and smart, flexible responsive energy supply**
- 4. Developing a well-functioning retail market that benefits consumers**
- 5. Building stakeholder dialogue, cooperation and new governance arrangements**

Why we need a new market model: objectives of the Energy Union (1/2)

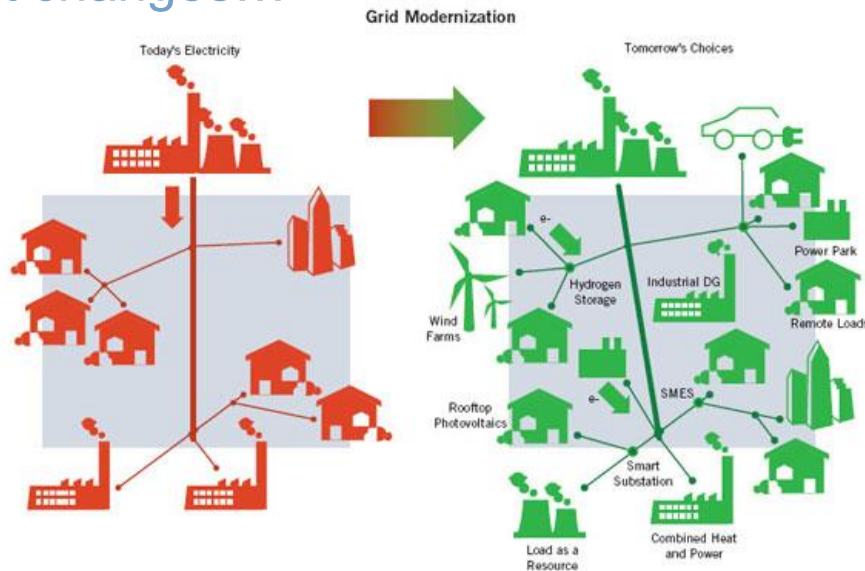


Objective is to:

- Deliver EU citizens a secure, sustainable, competitive and affordable energy
- Establish a well-functioning internal energy market
- Moderate demand
- Become world leader in renewable energy
- Refocus investments in key technologies

Why we need a new market model: EC New Deal Communication (2/2)

- European Commission’s Communication on “Delivering a New Deal for Energy Consumers” highlights concerns about the functioning of retail markets (insufficient competition, lack of information for consumers on costs and consumption, etc.)
- At the same time, energy markets across the EU are undergoing significant changes...



Key is to:

- Reduce complexity
- Inform, educate, & engage consumers

Consumers at the heart of the EU energy market

- The Energy Union outlines a new energy system for Europe, moving away from an economy driven by fossil fuels where energy is based on a centralised, supply-side approach and which relies on old technologies and outdated business models. Instead, it seeks a system that empowers consumers through information, choice and flexibility.
- How can consumers contribute?

Energy efficiency

- Control over the level of consumption
- Low carbon offers

Demand response

- Flexibility of consumption

Self-generation

- Engagement at individual / community level

Key features of a new consumer-centric energy model (1/2)

- Energy efficiency:
 - ▶ (On-line) Easy access to consumption data by consumers: from a yearly to a monthly and “near real time” frequency of **smart metering data** for all
 - ▶ **Labelling** for appliances
 - ▶ Availability of offers with **guaranteed origin of electricity**
- Demand response through flexible consumption
 - ▶ Availability of **time-of-use/hourly metering** and different pricing schemes offers from suppliers
 - ▶ Availability of **aggregation services** from third-party companies
- Self-generation at individual and community level
 - ▶ Solar panel / battery / **technology** decreasing costs
 - ▶ A fair **regulatory framework**



Key features for a new consumer-centric energy model (2/2)

Well-functioning energy retail markets

1-Competition and innovation

There is a high degree of competition and innovation thrives to the benefit of consumers. Distribution system operators provide quality services and facilitate a level playing field by acting as neutral and efficient market facilitators.



2-Consumer involvement

Consumers are aware of key features of energy markets; they are empowered and are enabled to engage in market activities through which they can acquire further trust in the market and its actors. Energy supply is ensured for all energy users, and vulnerable consumers are provided with extra protection where needed.





What regulators can do to facilitate the development of well-functioning retail energy markets?



On the Supply Side (1/2)

- Tackle market entry barriers for new suppliers and third parties
 - ▶ Easy access to **wholesale markets** and **licensing / balancing** regimes
 - ▶ Make sure **DSOs** act as neutral market facilitators
 - ▶ Phase out end-user **regulated prices** (notably below costs)
 - ▶ Put in place **common standards** for consumer data and for DSO-supplier contract / or **data hub**
 - ▶ Support the roll out of **smart metering** / time-of-use metering

On the Supply Side (2/2)

- **Monitor** the relationship between wholesale and retail **prices**
 - ▶ Correlation and mark up
- Ensure the regulatory framework allows (and incentivises) the availability of **a range of offers**
 - ▶ Pricing and billing options
 - ▶ Services for implicit demand response and self-generation
 - ▶ On-line offers
 - ▶ Explicit demand response offers
 - ▶ “Green” offers

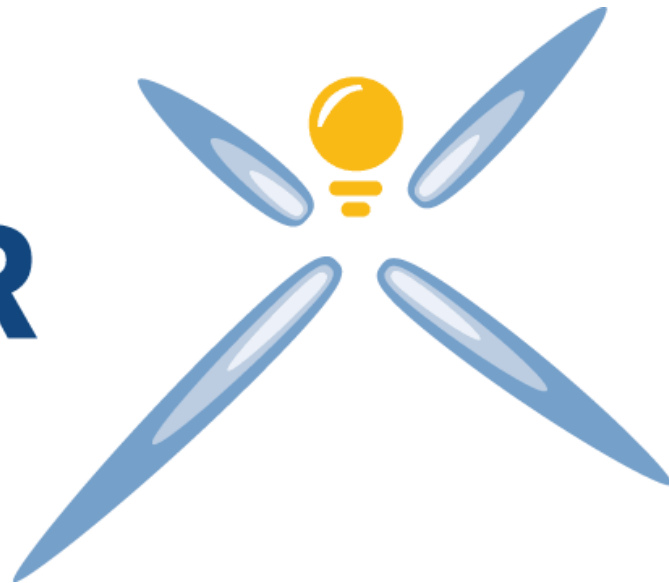
On the Demand Side

- Ensure **most consumers** have a **minimum knowledge** of the most relevant features for engaging and trusting the market
- Ensure the availability of **empowerment tools**
 - ▶ Access to independent and verified comparison tool
 - ▶ On-line access to historical consumption information
 - ▶ Free-of-charge and fast (24hour is the goal) supplier switching process
- Ensure a **minimum level of engagement**
 - ▶ Encourage sticky consumers to compare offers
 - ▶ Ensure there are no regulatory barriers for consumers to become prosumers
- Ensure **appropriate protection**
 - ▶ Monitor the number of disconnections (for non-payment)
 - ▶ Monitor the use of minimum standards for key information in advertising and bills

Thank you for your attention!

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