Market Design Reform

- Retail market reforms
- Wholesale market reforms

=> Value for consumers
Background
Our energy market needs to be re-designed to integrate a growing share of renewable energy sources at the lowest possible cost.
THE CLEAN ENERGY FOR ALL EUROPEANS Package

Consolidation and prioritisation

Putting energy efficiency first

Delivering a fair deal for consumers

Global leadership in renewables

Energy Union Governance


Renewables (Revised Renewable Energy Directive)

New Electricity Market Design

Energy prices and costs report
Intro: Flexibilisation

Old Electricity World

New Electricity World

80% erneuerbare Energie
2035+
Market Design Reform
-
Retail market measures
Market Design Reform

- Retail market reforms
- Wholesale market reforms

=> Value for consumers
Update Retail Markets
Retail: Three main measures

- **EMPOWER ENERGY CONSUMERS** - facilitate access to relevant and timely information and provide tools for active participation in the market.

- **REMOVE BARRIERS TO MARKET COMPETITION** – open markets to new actors, introduce price signals and incentivise innovation.

- **ENSURE CONSUMER PROTECTION AND SOUND MANAGEMENT OF CONSUMER DATA** – set common principles, monitor and assist Member States.
Active consumers can save & even earn money

- Classic: Pay backup generation
- **Alternative:** Postpone consumption... (...and earn money...)
- Classic: Curtail generation
- **Or:** Activate consumption (and save money...)
ENGAGEMENT: COMPETITIVE PRICES, DEMAND-RESPONSE, SELF-GENERATION, NEW SERVICES

• 17 Member States maintain some form of price regulation for either electricity or gas services for households.
• In some Member States self-generating and self-consuming electricity is effectively banned.
• Most consumers in the EU do not have access to independent aggregators which are the gateway to trading self-generated electricity and to effectively benefit from demand response schemes.

• Progressively phase-out energy price regulation and encourage dynamic price contracts for consumers.
• Grant consumers the entitlement to generate electricity and either consume, store or sell back on the market.
• Ensure fair and full market access for independent aggregators and other third party service providers.

Competition within the retail energy market is key for unlocking efficient consumer behaviour and keeping the cost of the energy transition at check.
INFORMATION: SMART METERS, CLEARER BILLS, RELIABLE PRICE COMPARISON TOOLS & SWITCHING

- Smart meters are currently only widely available in 4 Member States. 14 Member States plan large scale roll-out by 2020.
- Stakeholders across the EU report on difficulty in reading energy bills, lack of access to and quality of price comparison tools
- Switching rates remain extremely low in many Member States.

- Give all consumers the right to a smart meter equipped with fit for purpose minimum functionalities.
- Ensure that all consumers have free-of-charge access to at least one certified energy price comparison tool.
- Ensure all energy bills are clear, understandable and contain key information for consumers.
- Prohibit all switching related charges.

Better access to relevant and timely information is a prerequisite for fair competition and more active consumer engagement with the market.
CONSUMER PROTECTION & SOUND DATA MANAGEMENT

- The affordability of energy services is becoming a concern in many Member States.
- Progressive digitalisation of the retail electricity market requires sound management of data to ensure level playing field for all market actors and to deliver benefits from sharing data to consumers.
- Monitoring of energy poverty.
- Investments in domestic energy efficiency which benefit those in greater need.
- Set principles for granting access to consumer data, with the explicit consent of the consumer, including non-discrimination, transparency and easy access.

Inactive consumers should not be left behind.

Smart meters generate roughly 3000 times as much information as the analogue meters.
General principle:

All consumer prices shall be freely set by the suppliers after the entry into force of the Directive

Transition period for vulnerable and energy poor consumers
• A sufficient timeframe (5 years after entry into force) to allow a smooth transition from regulated prices to an adequate protection

Permanent exception in case of extreme urgency
• Price regulation for vulnerable household
• Subject to scrutiny by the Commission
Market Design Reform

- Retail market reforms
- Wholesale market reforms (update)

=> Value for consumers
Upgrading Wholesale Markets => Saving consumers' money!

Upgrading the Wholesale Market

Level Playing Field

Tariffs

Transmission tariff structures

Priority access and dispatch

Connection rules

Balance responsibility

Curtailment rules

Self-consumption

Exist Barriers

Regional procurement

Regional dimensioning

Art 15 revision

consistent products

Gate closure times

Consistent market times

Day-ahead/Intraday

Decision-making on BZ configurations

Revision of Rules in Annex I

Locational Signals
Coordinate State Interventions (capacity mechanisms/RES subsidies) => Saving consumers‘ money!

- Strategic reserve
- Decentralised mechanisms
- System wide central mechanism
- Capacity payment

Rol/NI: Considering to move to a system wide central mechanism (reliability options)
Foster Regional TSO-Cooperation => Saving consumers’ money!

Centres organising regional cooperation between the 43 TSOs ("ROC"), e.g.

- Central ROC
- Nordic ROC
- BI ROC
- Iberian ROC
- SEE ROC
Adapt Institutional Framework

Avoiding fragmented regulatory solutions

=> saves consumers’ money!

ACER
Agency for the Cooperation of Energy Regulators

DSOs

ENTSO-E

European Commission

Europex

Association of European Energy Exchanges
Thank you