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Statement

ACER public consultation paper „A Bridge to 2025“

Public Consultation of the Agency for the
Cooperation of Energy Regulators,
29.04.2014

Berlin, 16 June 2014. The consultation paper "A Bridge to 2025" accurately outlines the regulatory challenges of future energy markets. Implementing a stable and predictable regulatory framework and strengthening competition will deliver reliable and affordable energy services. To succeed it will be important to find the right balance between a thorough regulation of TSOs and DSOs, a regulatory framework for wholesale markets that sets incentives to stabilise the energy system while reducing risk exposures of participants to an adequate level and protecting customers while leaving room for new products.

The issues and trends laid out in the consultation paper are identified properly and comprehensively. The key to address the fundamental changes in the energy-markets in order to deliver reliable and affordable energy services is to strike the right balance between regulation and market based approaches. Regulation should empower markets to find the appropriate answers to the new challenges in the energy sector.

A precondition for efficient energy markets are neutral and effective system operators. Bne therefore strongly welcomes ACERs suggestion to reconsider the role of DSOs, in particular, to reassess the current ownership unbundling requirements and the de minimis limit. Indeed, in order to act as neutral market facilitators, DSOs should not impede the development of the markets. Beside a compulsory ownership unbundling for all DSOs the precise role of DSOs has to be defined.

It will be decisive to implement a framework that gives appropriate incentives to the markets to “do the right things”. The consultation paper rightly addresses the need for greater harmonization of the rules in the wholesale markets by moving gate closure times and harmonizing market time periods. Those improvements have to reflect the balancing rules of the TSOs, the balancing markets and the tools available to market participants to mitigate risks.

If the framework is well defined, a broad range of players will participate in the markets, resulting in cost-reflective market-prices for energy and flexibility and reducing demand for balancing services. Recalibrating the interaction of wholesale markets and balancing markets should be a priority in the future work program of ACER. Simultaneously a framework for capacity remuneration mechanisms has to be developed and implemented as generation adequacy will not be ensured by the energy-only market.

Future energy regulation should create space for new technologies and for a broad range of sizes of market participants. Existing market barriers, e.g. the requirements to participate in balancing markets, should be removed before implementing new incentives. While protecting consumers is vital in fostering consumer trust and activating customers to participate in the markets, it will be important, to leave space for market driven innovation. It is important to find the right balance between consumer protection and the freedom to test new ideas.



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