

ACER



Agency for the Cooperation
of Energy Regulators

“Building the Bridge”

Lord Mogg

Chairman of ACER Board of Regulators

**Workshop “Energy Regulation: A Bridge to 2025”
Brussels, 6 November 2013**

2014 IEM deadline imminent

Internal Energy Market nearing 2014 deadline

**Need to develop strategic foresight to guide post-2014 work
and any enhancement of the Electricity and Gas Target
Models**



Vision – A Bridge to 2025

Foundations and drivers

- Explore what needs to be done to provide a bridge of policy adaptation in the coming decade **2025 as our time horizon**
- Main **foundations and drivers** of the vision:

Foundations

- Implementation of the current legislative framework and the target models for electricity and gas
- Current work and the 2014 ACER Work Programme
- Evolving Regulators' consumer vision reflecting current and future dynamics

Drivers

Profound changes to the electricity and gas markets:

- Increase in RES-based generation and its impact on network operation
- Development of non-conventional gas and its impact on the global energy market
- Changing technologies facilitating greater demand side involvement

Key challenges

- To achieve the sustainability targets and ensure security of supply the internal European energy market must operate competitively and efficiently.
- Networks must be flexible enough to adapt to significant fluctuations of supply and demand and by growing price volatility.
- Further action is needed to remove all the remaining obstacles to competition in national wholesale and retail energy markets.
- The requirement for additional flexibility reinforces the need for greater participation from the demand side.
- The necessary investment in network infrastructure should take place in a cost reflective way and take cross-border energy exchanges into account.
- As markets become more integrated and operate at a scale demanding far more cross-border activity, we also **need to see whether the present governance arrangements are fit for purpose.**

The 2025 bridge and its pillars

Overarching paper

“Energy Regulation: A bridge to 2025”

Three more detailed “pillar” documents

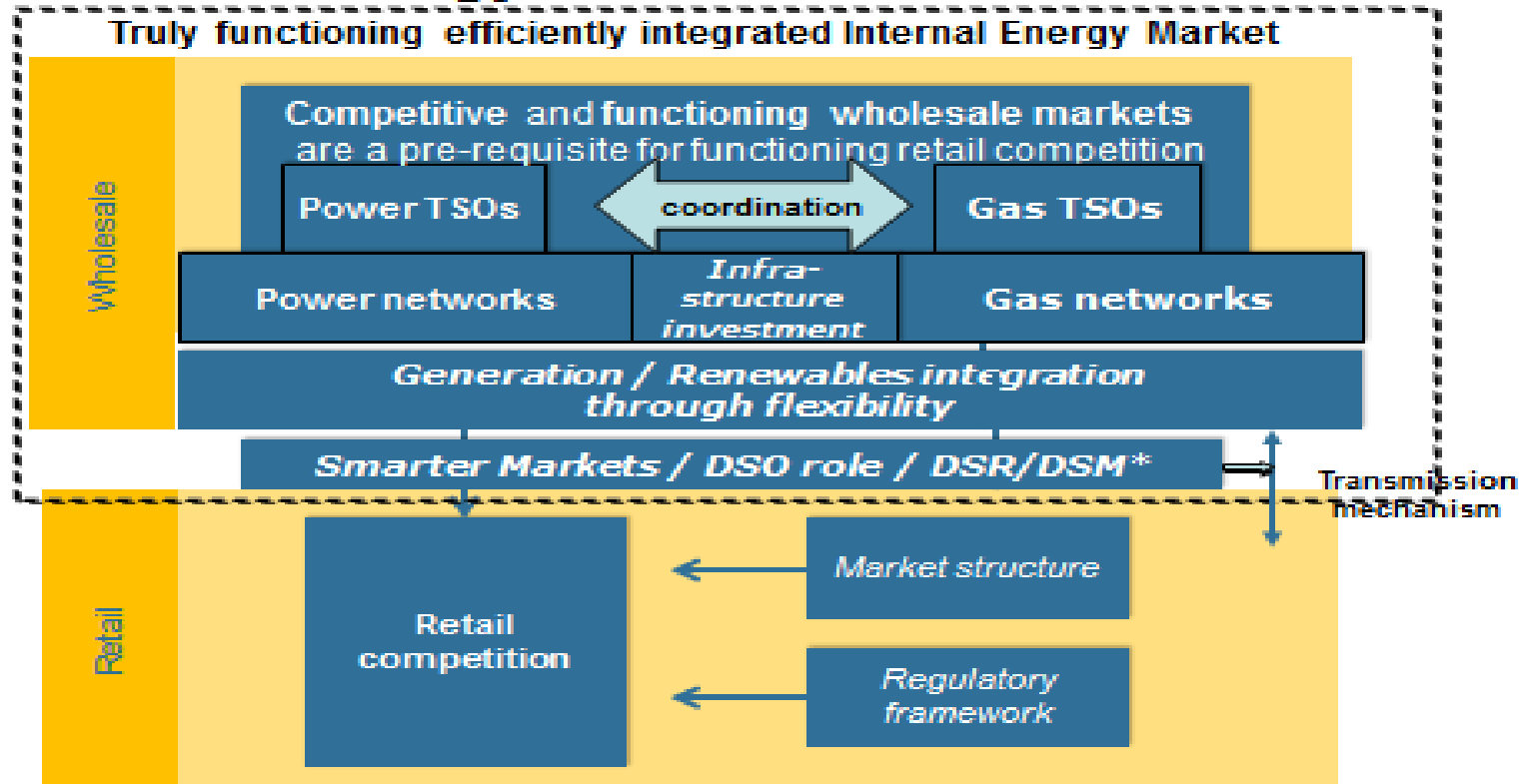
Gas

Electricity

Consumer
policy

2025 Vision

Energy market interactions



*Demand Side Response/Demand Side Management

2025 Vision

Some ways in which Regulators plan to contribute:

1. Flexibility: ensure right price signals, remove regulatory barriers, better forecasting and liquidity, correct use of subsidies and state-aid
2. Smarter demand side: removal of barriers, investment in smart technology, provision of adequate regulatory framework, facilitating innovation
3. Encouraging competition: designing technology-neutral market arrangements, appropriate wholesale gas market arrangements, removal of market entry barriers for new gas sources
4. Empowering Consumers: ensuring that consumers can participate in the market and its development in an informed way

2025 Vision

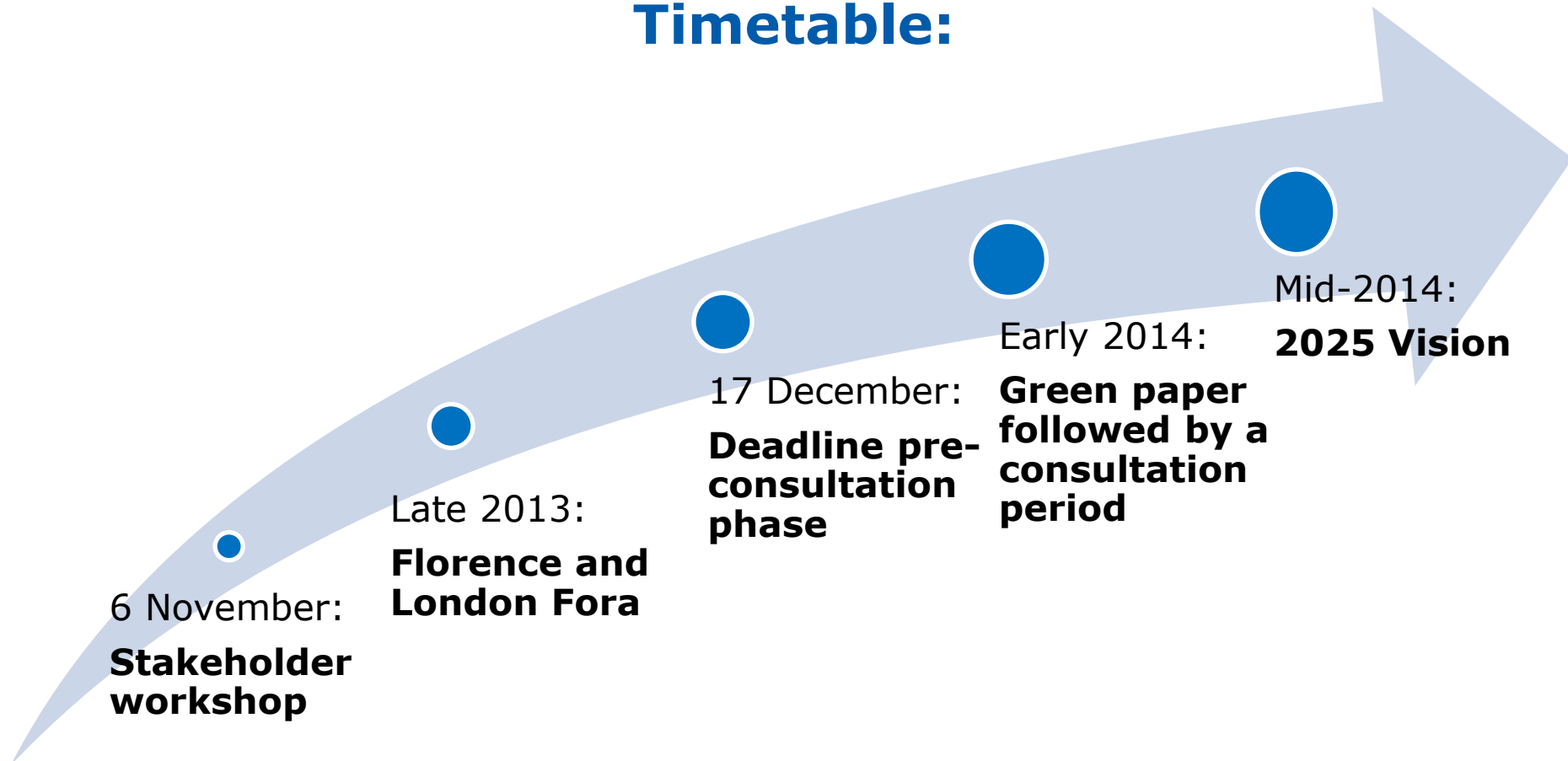
Stakeholder questions focus on:

- 1. The overall approach and the broad analysis*
- 2. The suggested measures*
- 3. Similarity of infrastructure requirements for gas and electricity*
- 4. Ideas on the future impacts on consumers*

Stakeholders' feedback on the overarching paper and the three sectoral papers **by 17 December 2013 to the following address:** consultation2013E05@acer.europa.eu

2025 Vision

Timetable:



Thanks for your attention

