


ACER

 Agency for the Cooperation
of Energy Regulators

Key elements of the 2025 vision on Electricity

Martin Crouch

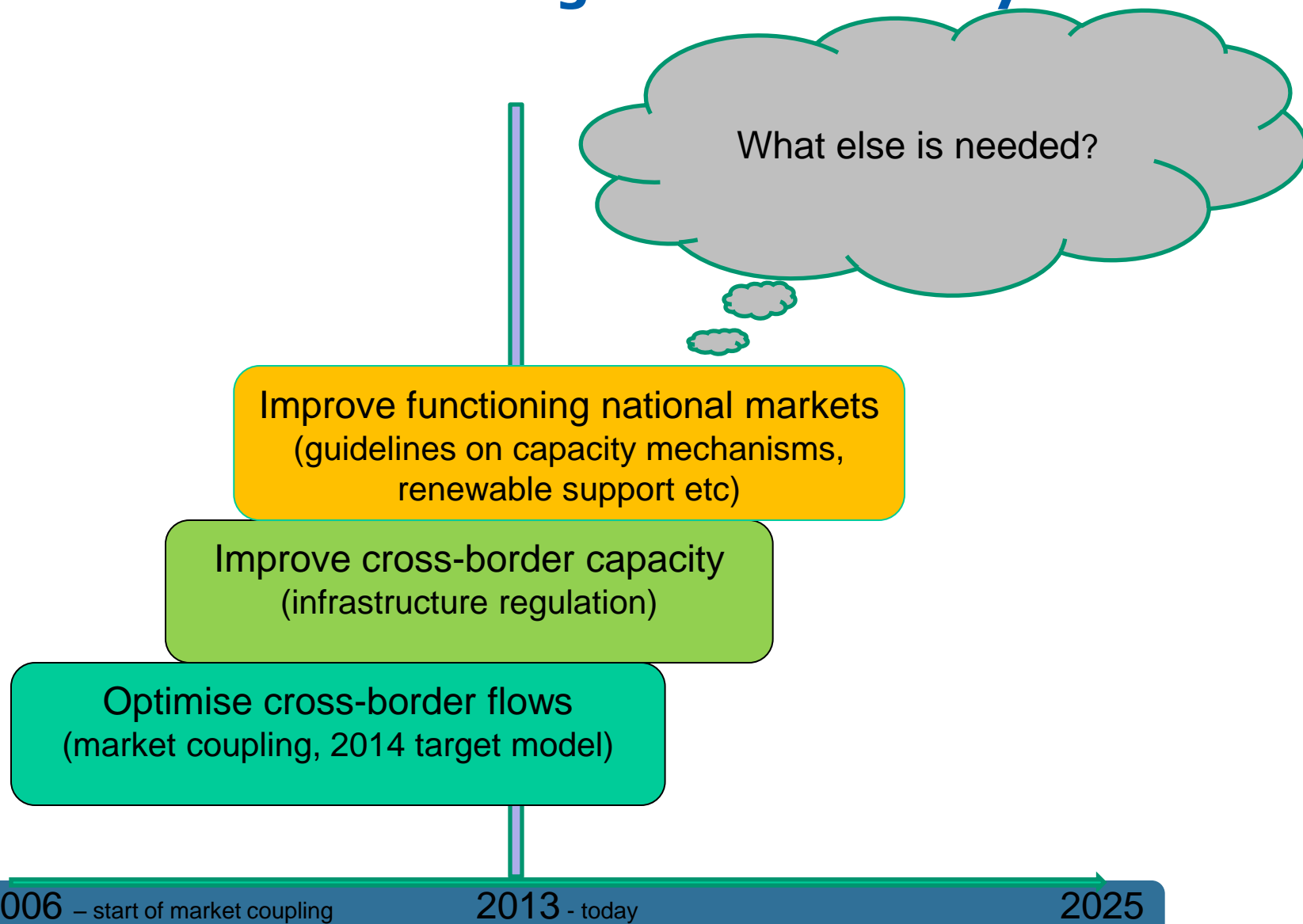
ACER Electricity Working Group Chair

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

Overview of Electricity Paper

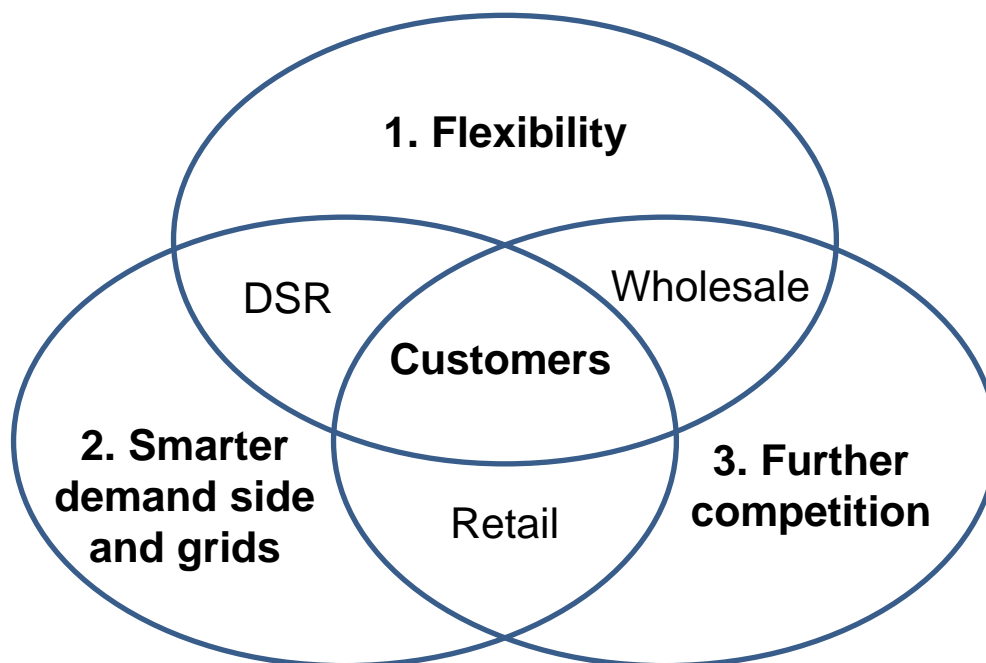
- Current actions:
 - » Implementing Third Package (Network Codes), Infrastructure Package, REMIT, etc
 - » Early implementation projects through cross-regional roadmaps
- Look beyond this: what's in the water?
 - » Increasing share of RES
 - » Concerns over generation adequacy
 - » Concerns over flexibility
 - » Concerns on affordability
 - » Very low carbon prices
- Potential responses:
 - » Enhanced tools to deal with flexibility challenge – generation response, demand response, storage
 - » 'Fresh thinking' about role of consumers, retailers, aggregators and DNOs
 - » Further extension of effective competition – a true internal market

Foundations of the bridge for electricity



Three Interrelated Challenges

- Overlaps and inter-relationships are more important than standalone issues
- These issues address how the electricity system will best meet the needs of future customers



1. Flexibility Challenge

- Intermittent RES impacts on markets and system operation
 - » Challenges in forecasting, difficulty setting reserve margins, need for flexible response services
- Possible adaption/mitigation measures:
 - » Incentivise better forecasting
 - » Ensure value of flexibility is appropriately reflected in price signals
 - » Provide market based routes for flexibility
 - » Encourage greater TSO cooperation
 - » Continue to improve network infrastructure and interconnection
 - » Consider new role for DSOs
- Questions to stakeholders
 - » What is needed on flexibility? How to fit into the market? Price signals? Institutional arrangements?


2. Smarter Grids and Smarter Demand

- Great potential to provide solutions to the challenges, but will require:
 - » Removing barriers for distributed generation, load and distributed storage to provide reserve & balancing
 - » Encouraging development of storage on transmission and distribution networks and on consumer sites
 - » Effective regulation of smart networks through appropriate network regulation and performance indicators
 - » Enabling consumers to engage but protecting them (see consumer paper)
- **Questions to stakeholders**
 - » **How to facilitate demand response? How to promote smart investment?**

3. Encouraging Competition

- Building on the on-going work (see foundations slide previously)
 - » Distortions from non-harmonised interventions
 - » How can we help to mitigate problems and provide a stable framework for investment?
- Potential measures to support competition
 - » Importance of non-discrimination across all generation and demand and over different time horizons
 - » Limit subsidies to the extent needed for new technologies
 - » Solutions that facilitate efficient cross-border trade
 - » Offering meaningful choices to consumers, building trust
- Questions to stakeholders
 - » How to minimise distortions from legitimate policy interventions? Links to gas market? Removing barriers?
 - » **Overall, what should we prioritise?**

ACER

 Agency for the Cooperation
of Energy Regulators

**Thank you for
your attention !**