

THE BRIDGE TO 2025

Overview

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ACER BoR Chair and CEER President

POLICY CONTEXT

The “Bridge” is the title of a formal Recommendation from ACER to the European Parliament, the Council and the Commission. Based on the challenges over the next decade of EU energy market integration. **Completion of the IEM and implementation of the Target Models remain our top and urgent priority.**

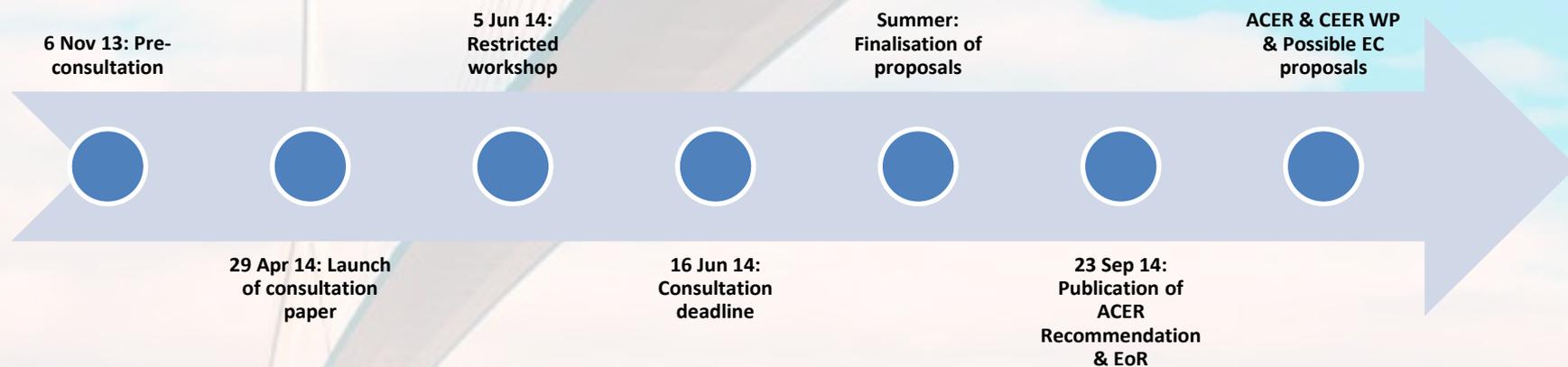
- **Focus of Conclusions Document (consultation confirmed stakeholders shared our assessment of developments in the next decade):**
 - ❖ By 2025, moving to **low-carbon society** with smart responsive energy supply and increased non-programmable RES - greater need for flexible response (including from demand side)
 - ❖ Real **changes in how consumers engage with the market** - consumers must be protected whilst changes in technology (smart grids, smart meters) will enable, and empower, smaller consumers
 - ❖ Uncertainty over the **future gas market** but new applications for gas for flexible power generating stations, to respond to greater levels of RES
 - ❖ **Competition must be ensured:** transparency and non-discrimination
 - ❖ We must **strengthen interactions with our geographical neighbours**

DOCUMENTATION AND PROCESS

- **In paper form and available today:**
 - ❖ Executive summary and action list
- **Available on the web:**
 - ❖ ACER Formal Recommendation (the “Bridge” conclusions document) and Evaluation of Responses

- Bridge sets out a **process** involving stakeholders/consumers/Institutions – not a single event
- **Work Programmes** of ACER & CEER already reflect many of these initiatives. 2015 Programmes will consolidate these and some of our new proposals (a few will be for later years)

THE PROCESS



THE CONSULTATION RESULTS



We asked four questions:

1. Have we identified **the correct issues** within each of area of the energy sector?
2. Have we identified the correct **regulatory actions**?
3. Which regulatory actions are **most important** and should be prioritised?
4. Are there **other areas** where we should focus?

➤ **141 responses provided rich feedback from a broad range of stakeholders (in addition to feedback from the November "pre-consultation")**

KEY OBJECTIVES

The Bridge Recommendation reflects regulators' ambition to achieve five 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 IEM

3. Moving to a low carbon society with increased renewables and smart, flexible responsive energy supply

4. Developing a functioning retail market that benefits consumers

5. Building stakeholder dialogue, cooperation and new governance arrangements

PROPOSALS FOR ACER & CEER I

To bridge any energy policy gap before 2025 we make cross-cutting proposals.
Our key proposals include

- ❖ **Implement fully the Third Package framework, network codes and Target Models for electricity and gas**
- ❖ **Develop the Electricity Target Model (where appropriate) and Gas Target Model in particular to help manage the uncertainty about future gas demand**
- ❖ **Promote security of supply and more coordinated and consistent approaches to assessing system adequacy**
- ❖ **Facilitate flexible response, including participation of the demand side**

PROPOSALS FOR ACER & CEER II

- ❖ **Establish common criteria for a well functioning retail market and develop a roadmap aimed at competitive and innovative retail markets by 2025**
- ❖ **Protect and empower consumers to participate actively in energy markets through developing CEER/BEUC vision**
- ❖ **Establishing stakeholder panels of energy actors and consumer representative bodies**

PROPOSALS FOR ACER & CEER III

- ❖ **Ensure that the market for new service providers is not foreclosed by incumbents**
- ❖ **Review and improve regulatory oversight of ENTSOs and of other bodies (e.g. NEMOs)**
- ❖ **Strengthen interactions with our geographical neighbours' regulatory bodies – more formal participation of certain third country regulatory authorities in the work of ACER and parallel treatment of those countries in CEER**

NEXT STEPS (1)

The Bridge is not a single event. It is a continuous process with full engagement of all in collectively developing a strategic and holistic view on developments across gas and electricity markets. We commit to develop our proposals in full dialogue and consultation with the energy sector and the European Commission and will regularly review and strengthen our conclusions and their implementation

NEXT STEPS (2)

- Full transposition and implementation of the current Third Package provisions and Codes with **voluntary implementation** of current rules. (If the EC considers it appropriate, new legislation will be needed)
- Some immediate (some already ongoing), and longer term regulatory measures identified for regulators (ACER/CEER). Actions also recommended for the **European Commission, Member States and for energy market actors (and consumers)**. Further advice will be provided in 2015 by ACER.
- Hope that DG Energy services will use our thinking in their advice to the new Climate and Energy Commissioner and the Energy Union Vice President
- Formal ACER Recommendation will be presented to the European Parliament along with our joint Market Monitoring Report in early November. Both are consistent.

NEXT STEPS (3)

This autumn publication of:

- ❖ The **ACER and CEER WPs** (for December) for 2015
- ❖ The third edition of the joint ACER-CEER **MMR**
- ❖ The updated **Gas Target Model**
- ❖ Consultation on the role of **distribution network operators**
- ❖ Advice on **service quality levels** for key distribution services
- ❖ There will be **conferences and workshops** on a range of issues

We shall regularly review and collectively seek to strengthen the 'Bridge to 2025'

**THANK YOU
FOR YOUR ATTENTION**