Directorate-General for Energy and Transport

EUROPEAN COMMISSION

3rd internal market package

“Czech Energy at a Crossroads” conference

Castle Mělník 22 June 2009

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Electricity and Gas Unit

Outline of the presentation

- Status and content of the third package
- What to do in the interim period?
- Challenges to be tackled
- Conclusions

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Package no	Action	Date
	Delors Commission: 1985 to 1994	
1	Commission working document	May 1988
	Commission proposal	March 1992
	Adoption	December 1996
	Santer Commission: January 1995 to July 1999	
	Prodi Commission: September 1999 until November 2004	
2	Green paper on security of supply	November 2000
	Commission proposal	March 2001
	Adoption	June 2003
	Barroso Commission: November 2004 to xxxx	
3	Energy policy for Europe	January 2007
	Commission proposal	September 2007
	Adoption	June 2009

3rd package: main measures

- Effective unbundling of transmission networks
- EU Regulatory Agency
- Cooperation of network operators (ENTSO)
- Stronger powers for national regulators
- Also
  - Transparency
  - Retail market & consumer protection
  - Third country clause
  - Level playing field

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Adoption and implementation

- Adoption by Council 25 June 2009
- Agency operational in 2011
- ENTSO statutes to be provided to the Agency and the Commission 18 months after entry into force of the Regulation
  - » Starting to prepare codes and guidelines in practice

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National Regulatory Authorities

- **Management**
  - Budget implementation autonomy
  - Board appointments for 5 to 7 years – renewable once
- **Tasks and duties**
  - Energy efficiency and consumer orientation
  - Recommendations on investment plans
  - Monitor transparency of wholesale prices
  - Monitor restrictive contractual practices & contractual freedom
  - Ensure enforcement of effective consumer protection
  - Information on TPA refusal and network expansion
  - TSOs to submit congestion management rules to NRA
  - Fix provisional tariffs
  - Justify and publish decisions
- **Coordination on a regional level:**
  - Codes and congestion management
  - Co-operative agreements between NRA's

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Retail markets and protection of vulnerable customers

- Smart meters
  - Implementation subject to **cost benefit analysis** within 3 years
  - Preparation of timetable for implementation
  - Interoperability of metering systems
- Change of supplier within 3 weeks
- Final account closure after 6 weeks
- Supply to all customers by any supplier in the EU
  - Subject to trading, balancing and SoS rules
- Define the concept of vulnerable customers
- Consumers ' access consumption data
- Single contact point for consumer rights & Energy Ombudsman

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Setting up the Agency

- **Budget & Staff:**
  - » About 40-50 people
  - » Annual budget around €6-7 million
  - » ACER resources will depend on work and know-how contributions from NRAs
- **Seat:**
  - » Decision expected under Swedish presidency
  - » Candidates are Romania, Slovakia and Slovenia
- **Director:**
  - » Selection procedure needs to start in autumn 2009 at the latest.

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Interim period

- Electricity TSOs have established ENTSO-E
- ERGEG prepares the work of the Agency

- Framework guidelines and codes
- 10-year network development plan
- Annual work programme

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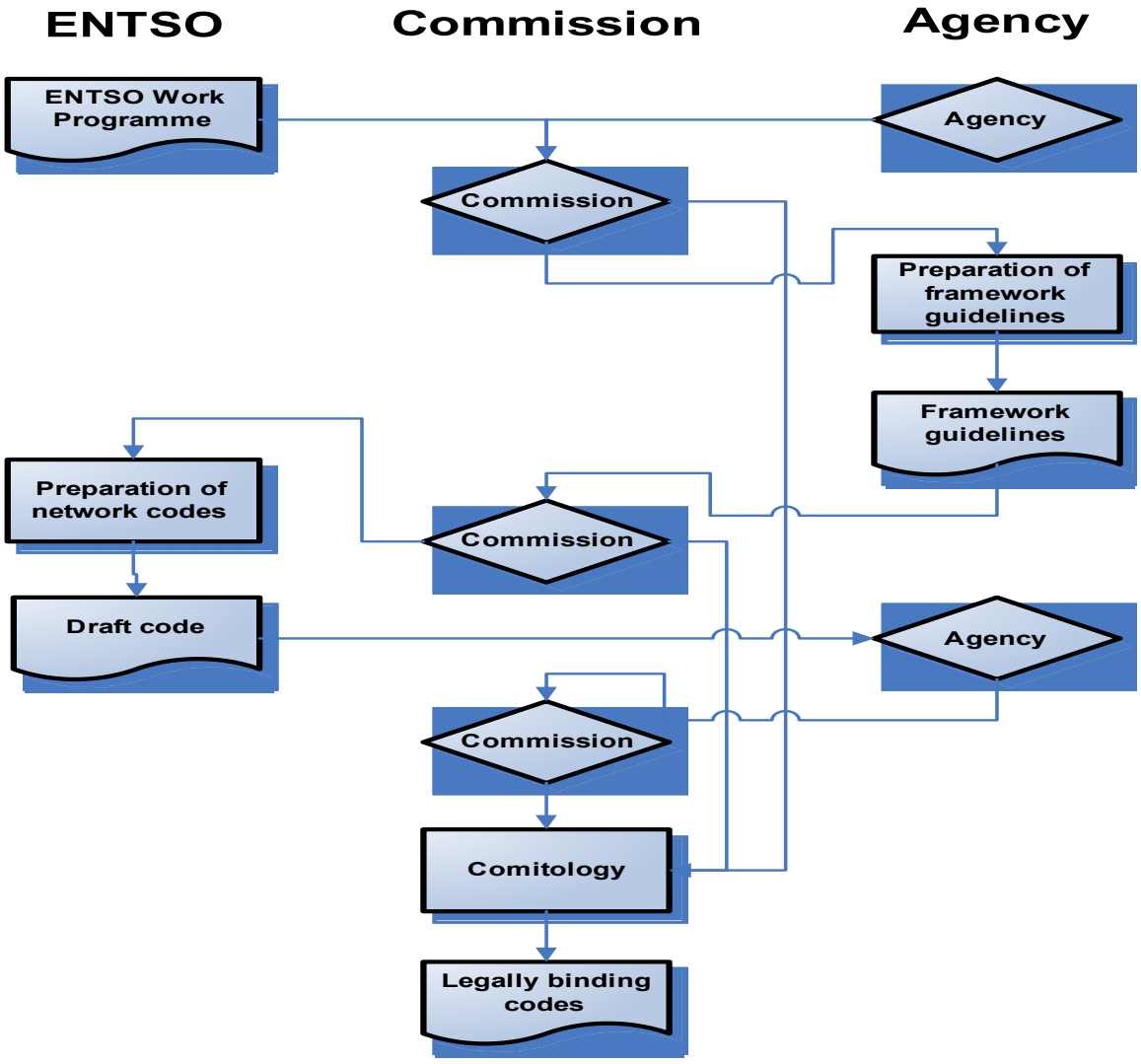
Network codes



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Network codes, Article 8 of Electricity regulation

1. network security and reliability rules including rules for technical transmission reserve capacity for operational network security;
2. grid connection rules;
3. third party access rules;
4. data exchange and settlement rules;
5. interoperability rules;
6. operational procedures in an emergency;
7. capacity allocation and congestion management rules;
8. rules for trading related to technical and operational provision of network access services and system balancing;
9. transparency rules;
10. balancing rules including network related reserve power rules;
11. rules regarding harmonised transmission tariff structures including locational signals and inter-TSO compensation rules;
12. energy efficiency regarding electricity networks

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Legally binding guidelines Article 18 of Electricity regulation

1. Inter TSO compensation mechanism
2. Tariff harmonisation rules
3. Congestion management rules
4. Safety and operational rules
5. Provision of information rules
6. Trading of electricity rules
7. Investment incentive rules

… and all items on the Article 8 list

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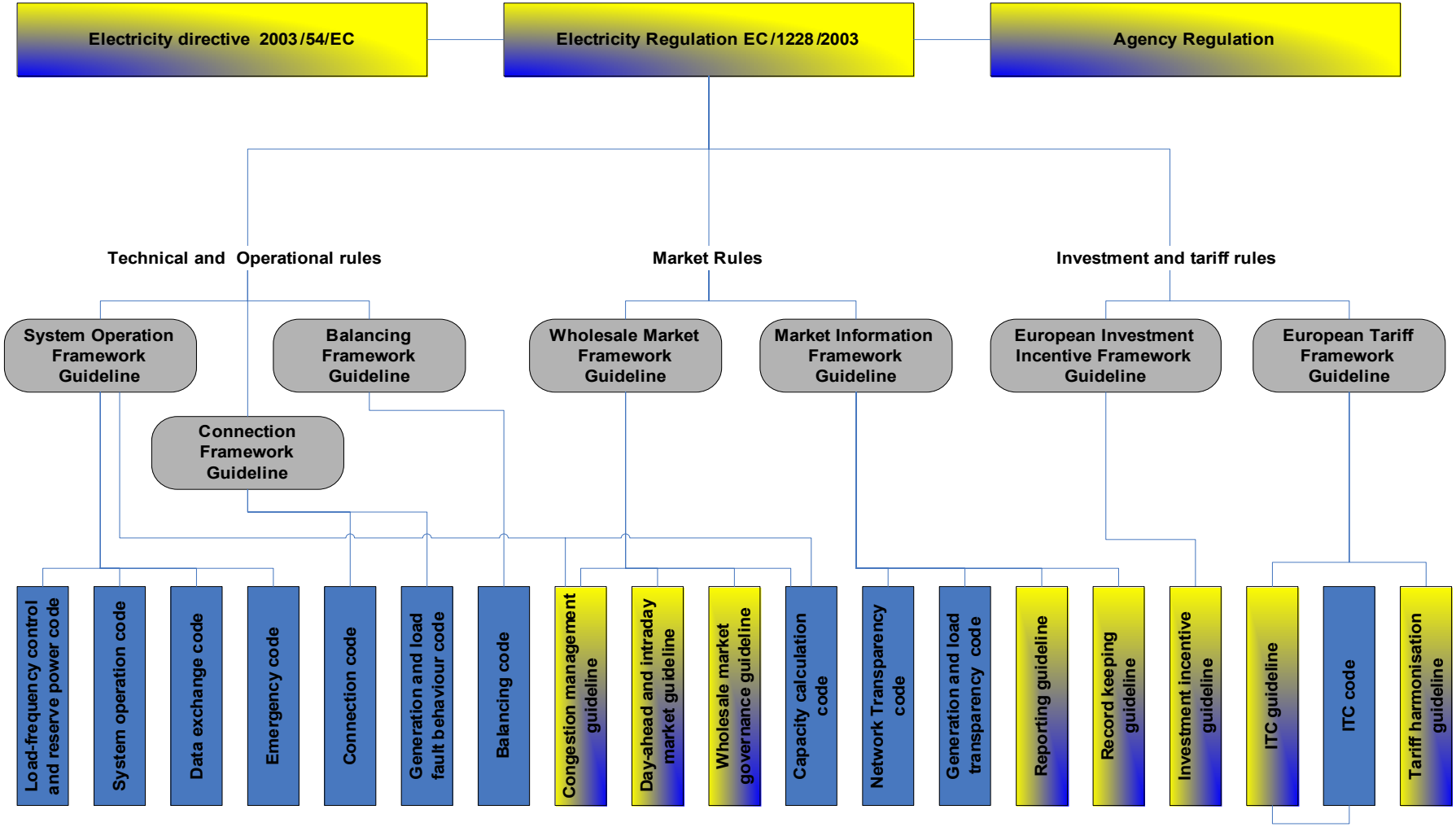
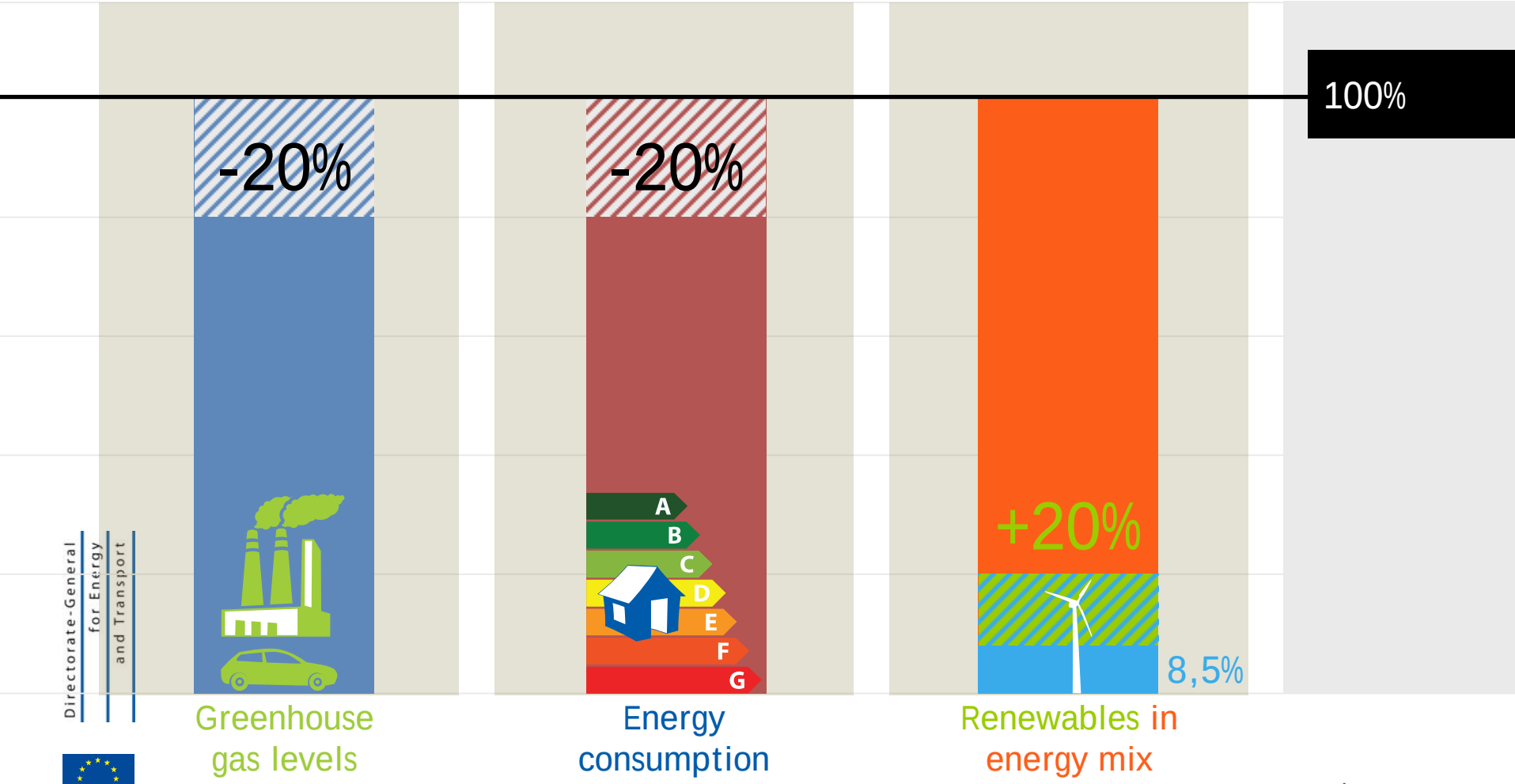
European Electricity Rules



The 20-20-20 EU policy by 2020



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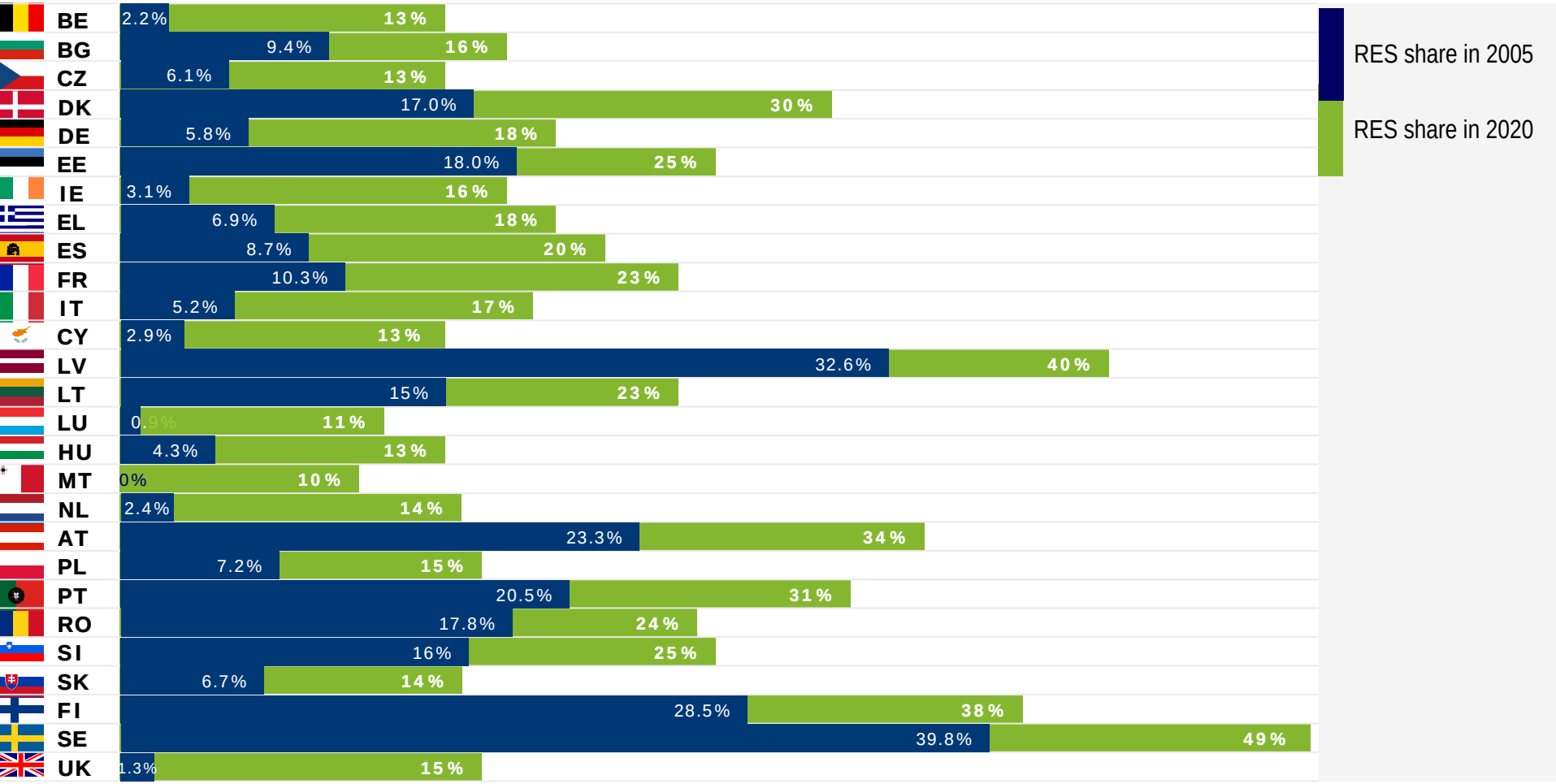
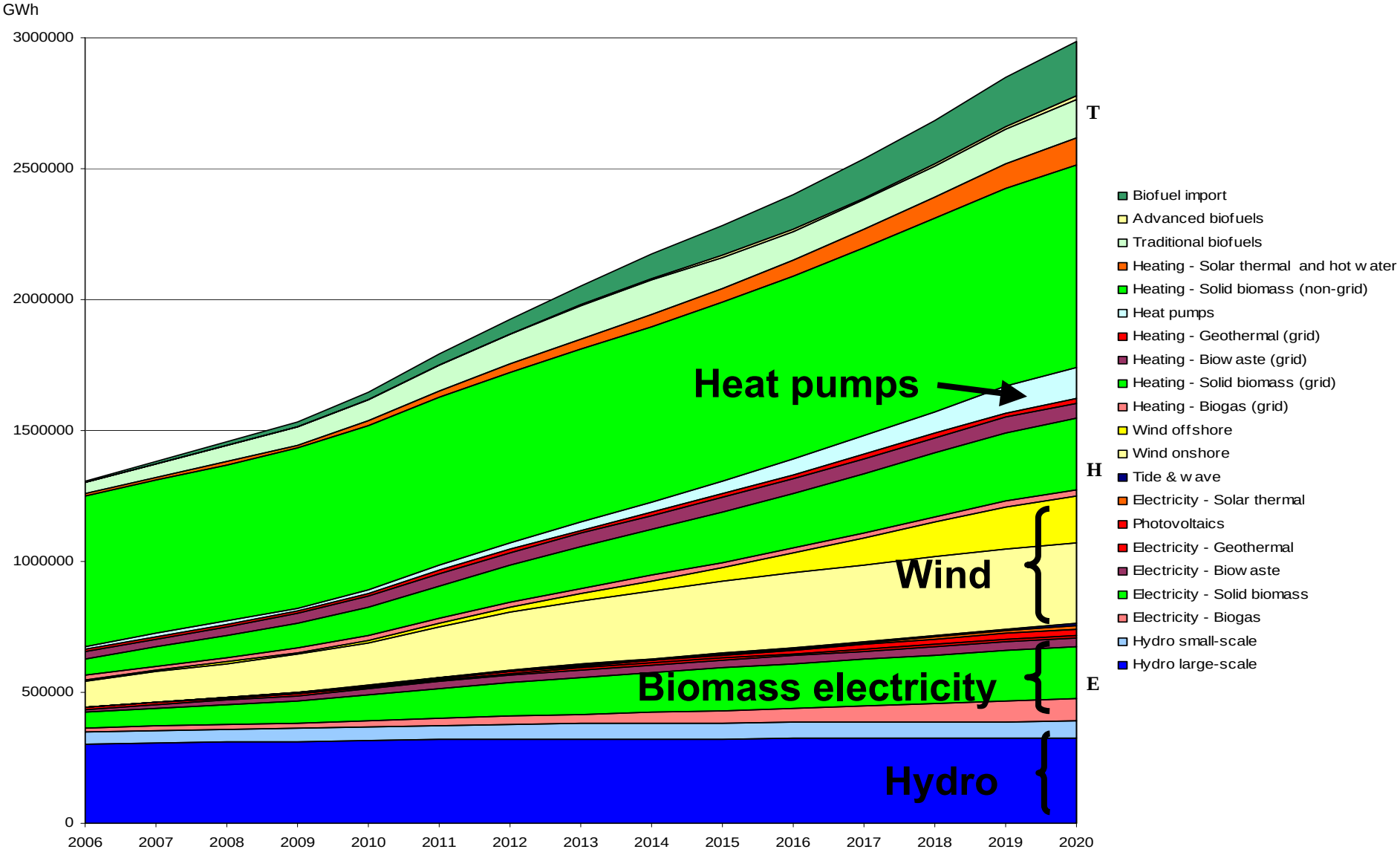
Member States' targets

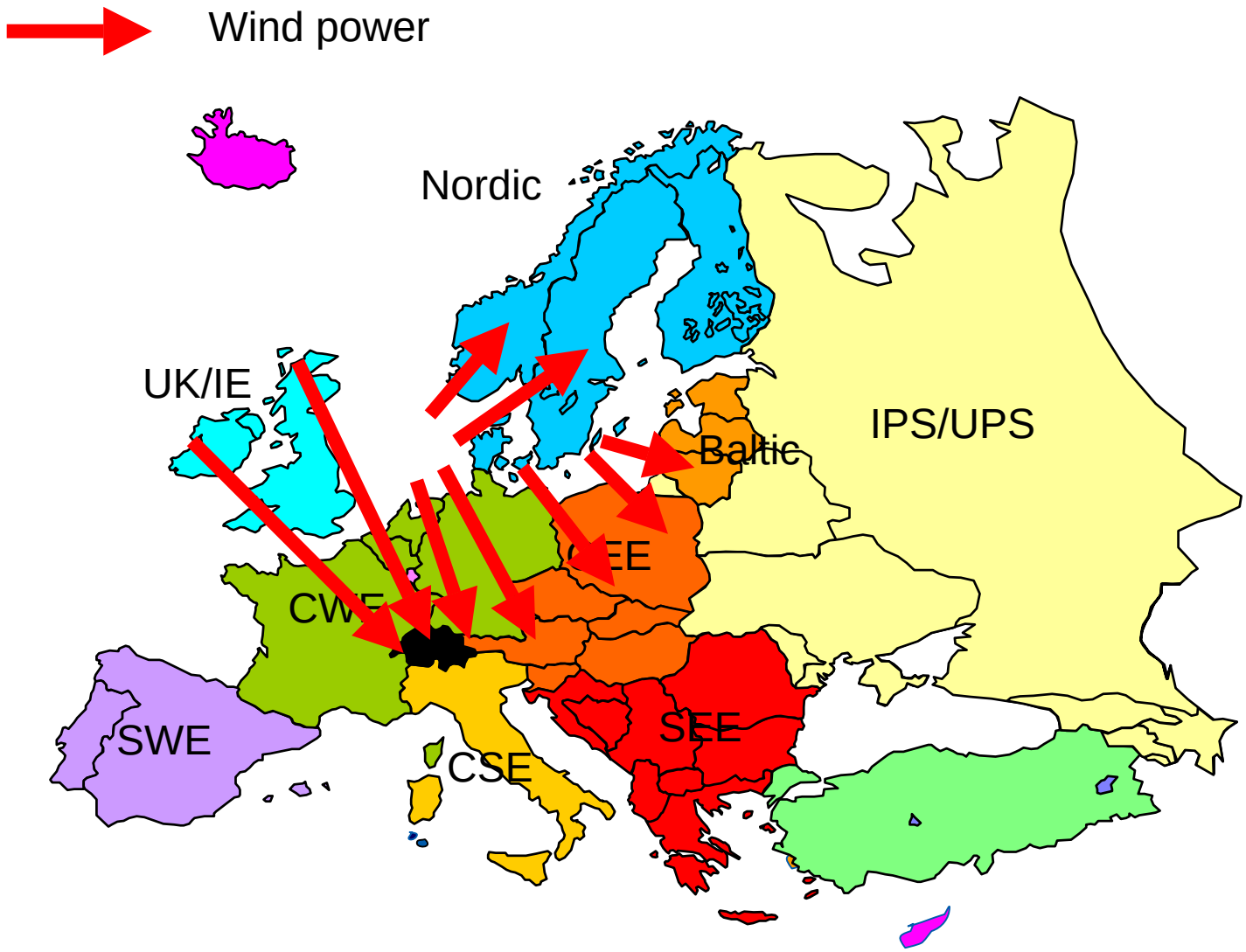


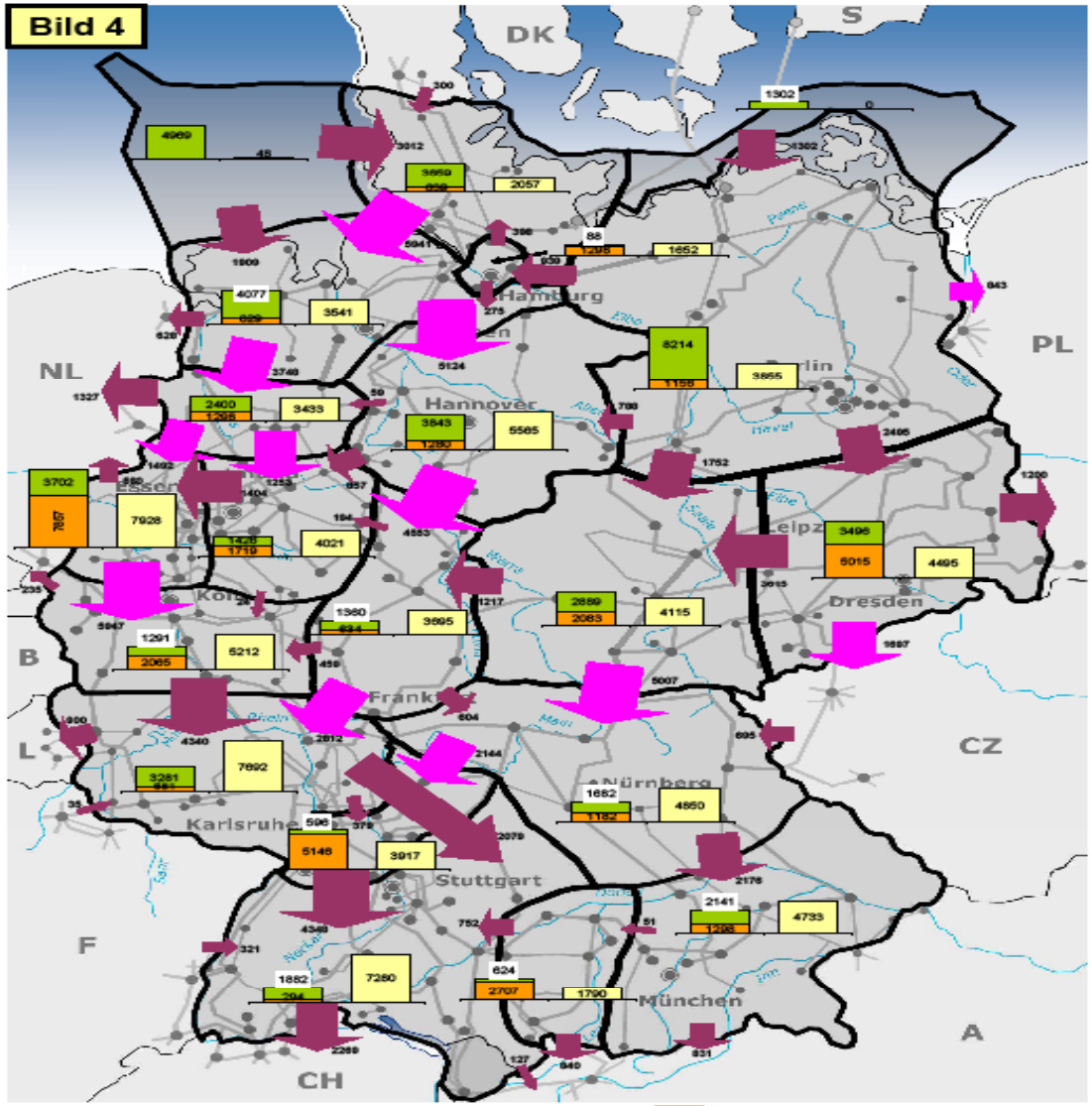
Based on 2005 starting point, recent progress and a balanced sharing of the effort, weighted by GDP/capita

A Commission view on how we get there…



Regional market approach





Regionale Verteilung Erzeugung/Last
Szenario B (2013): Starklast/Starkwind
Stand: März 2009
alle Zahlenangaben in MW

- Konventionelle Erzeugung
- EEG, KWK und prozessgeführte Erzeugung
- Last
- Leistungsfluss (mit Tendenz zum Erreichen der Übertragungsfähigkeit)
- Leistungsfluss

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TSO co-operation in the third package, tasks

- Annual work programme and annual report
- Network codes
  - » Monitoring of implementation of codes
- 10-year network development plan and generation adequacy outlook every two years
- Summer and winter generation adequacy outlooks
- Network operational tools
- Co-ordination of research
- Recommendations on technical cooperation between Community and third-country TSOs
- Regional co-operation

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Summarised

- Gas network infrastructure needs will be driven by SoS
- Electricity network infrastructure needs will be driven by WWW
- Third package provides mandate to meet technical and market challenges
  - » legally binding network codes
  - » work should start now
- Expectations for the Agency and the ENTSOs are high
- Enough room for national energy policy decisions

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