

Electricity Directive

Informal EURELECTRIC input on the Council position (REV 2 Electricity Directive Recast)

Overall, EURELECTRIC welcomes the Council's proposed changes to the Commission proposal, particularly for the articles dealing with contractual rights, dynamic pricing, aggregation, and energy poverty.

Regulated Prices

EURELECTRIC supports a complete phase out of regulated prices and remains fully supportive of the Commission's proposal. While we understand that several Member States would like to delay the phase out, we think that the Council's proposed 10-year timeframe is too long and should be reduced. Nevertheless, we welcome the proposed safeguards to limit the impact of public intervention on wholesale market price setting. Finally, we would welcome clarification that Member States who have already phased out regulated prices should not re-regulate them.

Billing / Disclosure of energy sources

EU and national requirements on energy bills are already extensive. Because of this, the bill is often overloaded with information and confusing for consumers. We think the best way to improve the existing framework is to make a clearer distinction between the energy bill – which should only contain key information such as consumption and price to pay – and billing information – which should contain all additional information about consumers' profile and rights (as defined in Annex II) and could be provided in different ways (paper, telephone, apps, webpage, etc.) and at intervals depending on individual consumer preferences. In this regard, we welcome the Council's proposed definition of billing information. However, we would suggest to amend the Council's proposed wording for Recital 30 and Annex II as follows:

“Other information items should be available to final customers ~~in~~, with or signposted to within their bills”.

As for the disclosure of energy sources, we think that it would be much clearer for consumers to receive information about one mix only (and not three as currently proposed). In addition, we think such information should primarily be communicated as billing information and not through the bill itself.

Comparison Tools

We are worried by the Council's proposal according to which Member States may decide not to require verification of private Comparison Tools (CT) if a publicly run CT exists. Private CTs are market parties which need regulatory oversight like any other market player. Indeed, private CTs may rank energy offers/suppliers differently depending on the fees they get from them. If not properly regulated, they can mislead consumers, create distrust in the market and lead to consumer disengagement.

Energy Communities

The Council's approach to Energy Communities is more pragmatic than the original proposal. We are in favour of energy communities being held responsible for imbalances they cause in the system. We further support that customer rights should be equal regardless of participation in an EC. However, for the avoidance of doubt, network charges (Art. 16 2bb) must account for network capacity reserved in addition to electricity fed from main grid to an energy community and vice-versa.

Flexibility for DSOs

The Council proposes, in Article 32.2, an obligation for DSOs to submit their network development plans to the TSO every two years. In our opinion, the obligation should be to send the plan to the respective NRA only. The Commission states that the network development should be made public together with the results of a public consultation.

Tasks of DSOs

The Council proposes that DSOs procure all the products and services for operations in the market, including storage, electricity to cover losses, and other system services (not only non-frequency ancillary services), unless a regulatory authority identifies this process to be economically not efficient. We support this proposal.

Electricity Regulation

Informal EURELECTRIC input on the Council position REV2 from 9 November 2017

Energy Market functioning and Network Codes

- We strongly support the introduction of clear provisions on sharing of re-dispatching and countertrading costs, including a “polluter pays principle” (Art. 14§11). This is a must to ensure TSOs get the right financial incentives and economic signals to maximise cross-border capacities in a cost-efficient way. Unscheduled flows should not be the only “polluter” considered though.
- Regarding the bidding zone review process, we welcome that the Commission shall consult affected Member States and that a clear timeline for implementation is proposed (Art. 13.4). We welcome the clarification in Art. 13.4a. that the intervention of the Commission should only happen in case of disagreement between affected Member States and should be based on an assessment of all available solutions to solve congestions (TSO coordination, use of remedial actions, grid investments, etc...) on an equal footing.

RES Integration

- Whilst we recognise the effort to lower the thresholds proposed by the EC, there is no need to incentivise the development of new exemptions from balancing responsibility or new priority of dispatch provisions based on the size of the projects or the type of technologies (Art. 4, 11). In order not to damage the investment environment in the sector, the existing exemptions should however be kept. Market participants may be incentivized to voluntarily accept new responsibilities against compensation.
- We call for a more flexible use of re-dispatch in order to decrease congestions in the electricity grid with a high penetration of intermittent renewables. Concretely, we recommend allowing distribution network operators to plan for economically efficient limited redispatching up to 5% of “annual produced energy” instead of “installed capacity” (as currently proposed in the text – cf. Art. 12.4.a). This would allow distribution system operators more flexibility and therefore improve efficiency of curtailment where underpinned by a positive cost-benefit analysis. The current proposal impairs more efficient curtailment methods implemented in some Member States and removes the operator’s ability to apply appropriate, more flexible grid and market-related operational measures. These are currently allowing for a more cost-efficient usage of European networks – to the benefit of the consumer.

Capacity Mechanisms and adequacy assessment

We welcome the Council’s approach toward resource adequacy assessment ensuring that European adequacy assessment takes into account national assessment and specificities (Art. 19 & 19.a). We support the Council’s proposals to combine and compare different geographical scopes (national and European adequacy assessments) before implementing security of supply measures.

We support the proposed compromise for the new scope of the EPS implementation (Art. 23.4), although EURELECTRIC reiterates that an EPS coupled with capacity mechanisms does not support cost-effective decarbonisation, increases costs for consumers and creates risks of security of supply and gas import dependency.

However, EURELECTRIC believes that the proposed limitation for the duration of capacity contracts (Art. 23.3.f) goes i) against the objective of capacity markets to provide investment signals for firm capacity needed to ensure SoS (generation, demand response, storage) and ii) does not allow operators to cope properly with the industrial constraint linked to maintenance cycles for existing assets. There is no one size fits all approach to assessing what contract lengths are needed to attract different types of investments. This will depend on a number of factors including different investors’ risk appetite. In principle longer tenure contacts could be needed to underpin significant capital investments, whether that be upgrading existing plants or for building new assets, including carbon-neutral assets providing firm capacity (generation, storage, demand response). Therefore, the Electricity Regulation should not be prescriptive about contract lengths.

ROCs

An approach where TSO coordination aims at optimising regional welfare is a prerequisite to achieve the Internal Energy Market. The framework proposed shall ensure:

- Ambitious and transparent coordinated capacity calculation resulting in the allocation of the optimal volume of cross-border transmission capacity to the market (Art. 14)
- A fully transparent and systematic reporting when TSOs derogate from ROC (or their future name) instructions. Therefore, we fully support the Council’s approach asking for TSOs to transparently report the detailed reason why they opt out (Art.38§2a).
- A greater facilitating role given to ROCs on balancing capacity sizing and procurement (Art. 34 paragraph 1);
- An enhanced regional governance framework for Member States and NRAs (Art. 7 ACER Regulation).

EU DSO Entity (Art 49-51)

We welcome the Council’s approach on the article with regard to open membership. However, we advise against defining the structure and the voting process of the EU DSO Entity in EU legislation. Such details should be established in the statutes analogue to how it was done for ENTSO-E. Enshrining operational principles in legislation may lead to complex and time-intensive legislative review should the need for modification arise.