

CEER Work Programme for 2021

A Eurelectric response paper

August 2020

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow

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Customers & Retail Services Committee
Markets & Investments Committee
Distribution & Market Facilitation Committee

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1. CEER proposes that the 2021 Work Programme should focus on these priority areas:

- Digitalisation in the consumer interest;
- Decarbonisation at least cost;
- Dynamic regulation: European solutions for adaptive regulation in a fast-changing world;
- Clean Energy Package Implementation; and
- Significant recurring work.

Do you support that these areas should be the priorities or should some areas be deleted and others included?

Eurelectric welcomes the focus given on the “3D” Strategy defined by CEER in 2019. This is a very useful framework to tackle the challenges that the energy sector is facing today. We also appreciate the focus given to the Clean Energy Package implementation, which is also crucial and needs to be efficiently monitored.

Digitalisation:

We welcome the objective to make the most of the opportunities created by digital tools in the energy transition. Together with CEER, Eurelectric is strongly committed to promoting a properly regulated digitalisation, bringing opportunities across the whole electricity value-chain actors: generation assets, transport/distribution grids, and end- consumers. Eurelectric would also like to underline the key principles that should apply :

- First, it is essential not to consider digitalisation as a target in itself but as a catalyst to facilitate new businesses, cost savings and consumer empowerment, as well as an efficient operation of the grids; particularly when taking into account changes in the functioning of economy and companies related to Covid-19 crisis.
- Second, as the digital transformation is ongoing in various sectors (energy, telecoms...), regulators should aim at developing a cross-sectoral approach. Eurelectric strongly approves CEER’s intention to promote cooperation between sectorial authorities, namely through its PEER initiative launched in 2017.
- Regulators should avoid the definition of unilateral standards responding to political considerations rather than technical feasibility. Bottom-up approach should be favored in order to allow for a real flexibility and freedom of choice in the market.
- Regulators should create the right incentives also for digitalisation investment so DSOs can contribute to network operation efficiency.
- Finally, as shown in our “15 pledges for consumers” initiative (see below), Eurelectric would like to highlight the essential role of energy suppliers in helping consumers through the digital services and solutions as to contribute to costumer empowerment.

Decarbonisation :

Ensuring a decarbonisation process at least cost and leaving no one behind is the cornerstone of the work of Eurelectric. We therefore fully support all the initiatives taken by CEER to achieve this goal, particularly in the new framework defined by the EU Green Deal and EU Recovery plan

following the Covid-19 crisis. Eurelectric believe that this unprecedented crisis will have very heavy consequences all over the continent and must therefore encourage the EU economy to build the Green Recovery. Eurelectric is also convinced that decarbonised electricity can play a key role in this time and has developed a set of recommendations to tackle the impacts of the crisis all across the electricity value-chain, in order to ensure that the potential of electricity is fully used to reach the EU decarbonisation target.

Dynamic Regulation:

Eurelectric fully endorses CEER's objective to define efficient and adaptable regulation, but also to assure regulatory certainty over a multiannual perspective as a key point of its strategy. Eurelectric has been advocating for many years for more principle-based regulation, meaning that enforceable principles should be preferred to rigid rules prescribing how things should be done. The different initiatives included in the Draft Programme, particularly the CEER's Roadmap to well-functioning retail energy markets, are very useful tools to achieve this goal. However, sufficient time for implementation of current regulations should be ensured.

We would like to highlight the importance of the workstream aiming at reflecting on lessons learned about the Covid-19. Since the beginning of this unprecedented crisis, Eurelectric has led an in-depth work to understand and assess its consequences on the whole electricity value-chain. Specific recommendations have also been defined in order to prepare the Recovery. The analysis of these consequences is still ongoing and we would be very interested to contribute to the work of CEER on this topic.

Clean Energy Package :

Eurelectric believes that the implementation of the texts of the CEP is an essential step of the energy transition and must therefore be monitored efficiently. We have been leading follow-up works on all relevant articles, through the publication of dedicated reports or best-practices sharing between our members. We therefore welcome the priority given by CEER to this important element.

2. Within each priority area, do you think the Work Programme focuses on the right deliverables or should some be deleted or added?

Eurelectric regrets that the opportunity of the upcoming review of the Energy Taxation Directive is not mentioned in CEER 2021 Work Programme. This question is indeed a crucial tool of consumer's empowerment and of the attractiveness for consumers of decarbonisation/electrification technologies. With regards to the digitalization priority, we could also regret the lack of work items on cybersecurity. It has been addressed last year and could be a priority topic taking into consideration the announced recasts of both NIS and Critical Infrastructures Directives, the future cyber network code...

In total, there are 24 work items proposed in the draft CEER 2021 Work Programme divided into several areas:

Customers and retail markets, Electricity, Gas, Distribution systems and Cross-sectoral.

Work item 1:

Title: Self-Assessment Status Report 2019 for the Roadmap to 2025 Well-Functioning Retail Energy Markets

Description:

This second Status Report continues to implement the framework developed by CEER in its roadmap to well-functioning retail energy markets in Europe that are expected to deliver reliable, affordable and simple-to-use services to protect and empower consumers by the year 2025. This exercise starts for each NRA with data collecting on the basis of CEER's established 25 metrics, continues with the actual self-assessment together with a gap analysis, which leads up to national recommendations and monitoring of the implementation of those recommendations. By identifying a gap between the national data for a metric and the national objective for that metric, each NRA can target improvements and seek ways to achieve those improvements.

3D Strategy: Dynamic Regulation

Do you have any specific comment on this individual deliverable?

We highly value this report as it provides very useful input for evidence-based discussion on major issues related to consumers in the context of the implementation of the CEP and of the future legislative initiative on "Empowering customers in the energy transition".

Work item 2:

Advice on trustworthy information on green electricity contracts/the origin of electricity and consumer protection against misleading marketing ("greenwashing")

Description:

In the context of both the related provisions in the revised renewable energy directive 2018/2001/EU and the European Commission's forthcoming legislative initiative on "Empowering the consumer for the green transition" led by DG JUST, CEER will look at how green contracts are marketed and how customers are informed about them, both at the pre-contractual as well as in the contractual phases, and which role these contracts might play in delivering the renewable penetration goal at least costs. It will also consider the relationship between Guarantees of Origin (GOs), Green Certificates (GCs) and other support schemes and whether the current governance of the GOs is fit for any new role that they might be called to play in the future.

3D Strategy: Decarbonisation and CEP Implementation

Do you have any specific comment on this individual deliverable.

Eurelectric is very interested in the topic of green electricity contracts, which is key to consumer's trust in the market. After having discussed the question of consumer empowerment in various Member-States and following the publication of the "15 pledges for consumers" document last March 2020, we believe that ensuring information and awareness of consumers in the energy is crucial, and play a key role in encouraging them to participate in the energy transition.

While we still do not have a final position on the question of green electricity contracts, we will be working on this topic in the coming months and are therefore willing to contribute to CEER reflection on this question.

Work item 3:

Guidelines of Good Practice on future-proof comparison tools for the energy sector

Description:

Insights gained from the PEER cross-sectoral and cross-authority Regulatory Roundtable on "Challenges for Comparison Tools of New Services and Intermediaries" (to be organised by CEER in Q3/4 2020) will inform the review of CEER 2017 "Guidelines of Good Practice for comparison tools for electricity and gas contracts" for both publicly run (e.g. by energy regulators) and privately run comparison tools, in light of the even more dynamic nature of contracts in various market places (due to digitalisation, technology developments and decentralisation). The challenge of incorporating into comparison tools the risks and benefits of dynamic offers, allowing consumers to make informed choices, will also be addressed.

3D Strategy: Digitalisation; Dynamic regulation and CEP Implementation

Do you have any specific comment on this individual deliverable?

Eurelectric believes that the implementation of CEP is an essential step that needs to be properly achieved. We have been leading follow-up works on all relevant articles, through the publication of dedicated reports or best-practices sharing between our members.

Comparison tools are very useful tools that can be very helpful for all consumers. We will therefore follow with interest the planned Guideline of good practice on future-proof comparison tools for the energy sector.

Work item 4:

Paper on digitalisation as a driver for better retail market functioning - key challenges and recommendations

Description:

In considering the implications of digitalisation for the energy system, the NRAs' objective is to enable the benefits to consumers and to protect them against risks. For example, one key consideration will be how to use data in increased and more efficient forms whilst satisfying the requirements of the General Data Protection Regulation (GDPR). Following the observations made, CEER would then make recommendations on how those challenges could be overcome.

3D Strategy: Digitalisation

Do you have any specific comment on this individual deliverable?

We fully support the planned publication of this paper. Eurelectric is directly involved on these topics through various Working Groups of its Structure of Expertise. As highlighted in our answer to question 1, we believe that key principles should be respected in order to ensure an efficient use of digital tools in the energy transition.

Moreover, in line with our [answer to the European Commission consultation on an EU strategy for data](#), we think that more data should be available to ensure the success of the energy transition (for example for improving mobility, and reducing energy consumption), and we also acknowledge the objective of CEER to promote interoperability of data format.

However, while we agree that a strong focus should be given to privacy and data protection, we think that additional consumer protection measures on which CEER is considering to work should not lead to disproportionate obligations for energy operators.

Work item 5:

ACER-CEER Market Monitoring Report

Description:

This annual ACER-CEER Market Monitoring Report covers wholesale gas and electricity markets and monitors consumer empowerment and retail markets developments across Europe. The report will include deep insights into retail market developments, incl. prices, price regulations and market structures, and standing and new consumer issues such as energy poverty and active energy consumption. The primary data source of CEER inputs is CEER's national indicators and respective surveys.

3D Strategy: Dynamic regulation

Do you have any specific comment on this individual deliverable?

Eurelectric considers the ACER-CEER Market Monitoring Report as a key document to understand the evolutions and trends of both wholesale and retail electricity markets. Following the joint publication of the 2018 edition of the Market Monitoring report (Electricity Wholesale Markets Volume) by ACER and CEER, the experts of Eurelectric's structure of expertise elaborated a feedback questionnaire to ACER & CEER after a detailed analysis of the report. This feedback has been sent to ACER and CEER in order to contribute to its continuous improvement.

Eurelectric would be happy to engage bilateral discussion with ACER and CEER to exchange on the upcoming editions of the Market monitoring Report.

Work item 6:

CEER Customer Conference

Description:

CEER's flagship event to engage directly with consumer representatives on how the Clean Energy for All Europeans legislation can be best implemented in practice, with a focus on empowering and engaging consumers to become fully-fledged market players.

3D Strategy: Digitalisation, Decarbonisation and Dynamic regulation

Do you have any specific comment on this individual deliverable?

The focus given by CEER on customer empowerment following the implementation of the Clean Energy Package seems very relevant.

Our “[15 pledges for consumers](#)” initiative, launched in March 2019, has allowed us to get a very good understanding of the needs of consumers in the energy transition. Our report, developed after a series of 8 workshops which took place all through the EU, has shown that supplier could play a crucial role to help consumers to take part in the energy transition, particularly on the 3 following domains:

- Empowering customers with new services and electric solutions
- Striving for an affordable and inclusive energy transition
- Improving customer’s energy experience through simplicity and transparency

More than 90 signatories have therefore committed to help their consumers in these 3 key pillars.

In 2021, Eurelectric intends to work concretely on the follow-up of this initiative by continuing the promotion of the new products and services and working to break all barriers that could hamper this movement. As underlined by CEER, the implementation of the CEP is of course a first essential step of this objective, which Eurelectric also fully endorses. Other legislative initiative on “Empowering the consumer for the green transition” are also directly related to this workstream. Based on the outcomes of our discussions on this topic, we will of course be very interested to participate to the future Customer Conference.

Eurelectric will follow with interest CEER customer conference, particularly as a follow-up of this initiative and in the context of the future initiatives of the Commission on this topic. We’ll be happy to share the views and opinions gathered in our work with CEER.

Work item 7:

Updated Paper on unsupported RES

Description:

The 2019 CEER paper on unsupported RES showed how RES electricity is handled in the Member States after their financial support time ended. One of the main conclusions of that paper was that starting from 2020, the support time for more and more RES installations will end throughout Europe. Therefore, this paper aims to provide an updated overview and will include a short questionnaire to NRAs.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

We are looking forward to further CEER analysis as the amount of unsupported capacity grows. In this perspective, some clarifications should be made. It is important not to just consider the support scheme but all the indirect subsidies. The report could provide a more detailed insight on the national situations, on the breakdown of those facilities opting for repowering, going on the market, with what kind of contracts, the durations, etc.), their strategies and operational practices.

The study may benefit from including a reference to power purchase agreements (PPAs) for renewables as well as proposed measures at the Member State level to modernize some of RES installations for example hydropower plants.

Work item 8:

ACER-CEER contribution(s) on revision of TEN-E Regulation

Description:

This paper will analyse the proposed revision (planned for Q4 2020) of the Trans-European Networks for Energy (TEN-E) Regulation and to share the views of the European energy regulators.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

We welcome the objective of CEER to work on the revision of TEN-E Regulation as part of the Decarbonisation priority. Eurelectric thinks that the current TEN-E regulation is not fit for purpose to drive Decarbonisation, and therefore needs to be revised. The review of the TEN-E Regulation should incorporate climate neutral targets as an element of the integration of the energy EU markets. In particular, a key focus should be on projects fostering electrification and direct use of electricity supplied from renewable and low carbon sources, i.e. on the key means of decarbonisation.

More specifically, the number of eligible DSO projects targeting the upgrading of grids and their digitalisation should be significantly increased to facilitate the integration of renewable and electrification of use, and the demand response and other flexibility tools, which can be seen as alternative to transmission interconnection lines promoting the EU markets integration. To date, there are no alternative financial instrument to promote and support financially the deployment of smart grids projects. According to our analysis of the use of EU funding during the past 5 years, the share of funding allocated to distribution projects has been systematically lower¹ compared to transmission assets (gas and electricity). Indeed, TEN-E and PCI label might be crucial to receive financial assistance towards the CEF but also other

¹ For CEF, 134 million for distribution grids, 1055 million for electricity transmission, and 1051 million for gas networks. For CF/ERDF Funds, 860 million went to distribution while 1015 million for electricity transmission and 960 for gas networks.

financial institutions such as the European Investment Bank. A shift of mindset is needed towards the importance and EU relevance of local and small scale infrastructure projects. Most of future investment will take place at LV and MV grids. The increasing digitalisation and decentralisation of the networks increase their EU relevance and should be taken into account. The Treaty objectives, namely the interconnection and interoperability of networks mentioned at article 170 doesn't contradict with the widening of the scope of TEN-E to smaller scale projects. These projects will help to achieve the regional development as well as strengthening of the economic and territorial cohesion which are also underlying objectives of the Article 170.

In addition, we would welcome an increasing oversight by ACER and CEER towards the TYNDP process to make sure that methodologies, scenarios are aligned with the decarbonisation objectives, ensure the energy efficiency principle, transparency and avoid any conflict of interests that might arise during the selection process. Eurelectric has published various paper on the matter and will be happy to further exchange with CEER on the topic.

Eurelectric is currently performing a study to map the investments needed in distributions grids for the next decade in EU 27+UK countries to achieve the climate targets. Eurelectric hopes to provide first results by November and seeks to demonstrate the future role of EU instruments such as TEN-E Regulation in triggering and channeling adequate investments towards distribution grids.

Work item 9:

Sector coupling - integration across sectors

Description:

The energy transition foresees an increasingly important role for electricity because of its role in decarbonisation with a high share of renewables, a growing level of digitalisation in communication and automatisisation in industry and a shifting of energy demand through the electrification of additional areas. It is important to consider how the electricity system needs to adapt to cope with these new developments and requirements.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

Our association is encouraging CEER to continue its work extensively on the topics of sector coupling (electricity-gas) and sector integration. Eurelectric recently published [its recommendations on the topic](#). The energy system integration strategy should (i) unlock all the system benefits resulting from positive synergies among sectors, (ii) foster energy efficiency and (iii) benefit from decarbonised and renewable energy sources across the economy. Electrification will make a key contribution to these objectives by providing concrete solutions for the decarbonisation of transport, building and industry. In this context, we believe that, the coupling of electricity and gas systems, notably through power-to-gas, will be a key link in the transition to a carbon-neutral economy. In a high-renewable future, sector

coupling through e.g. power-to-gas assets will therefore be crucial to support the electricity system to balance the networks and ensure security of supply.

In this context, maintaining leadership and market-based approach in the development of key emerging technologies coming from electricity and gas sector coupling (such as electrolytic hydrogen). Moreover, electricity and gas sector coupling can be consolidated through a clear classification of decarbonised & renewable gases (see [Eurelectric paper on Common terminology for gases](#)) and an updated gas market design suited for cost-effective decarbonisation. For instance, power-to-gas plants, alike gas-fired power plants, are facilities converting an energy carrier to another one which should not be carried out by regulated entities (see more [detailed remarks in Eurelectric response paper on EC questions](#)).

For more general comments on the smart sector integration, please refer to our contribution on Work item 13.

Work item 10:

Paper on the integration of offshore/hybrid grids into the electricity market design

Description:

This CEER paper aims to address how offshore grids are to be integrated in the electricity market. Connecting markets (with interconnectors) and offshore generation (with connection lines) is complex and expensive. Synergies might exist in combining the functions, but roles and responsibilities need to be clear cut and conformity with operational requirements, and market design should be investigated.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

This kind of project will require better coordination in particular on planning between Member States. In the current regulatory and market framework hybrid projects require long-term investment signals.

Work item 11:

Report on regulatory mechanisms to incentivise reductions in methane emissions in gas networks

Description:

The reduction of methane emissions in the gas sector is an important task for the whole gas industry. Through the regulatory framework, NRAs contribute to this task by applying different mechanisms that incentivise network operators to reduce methane emissions in their networks. This report summarises the mechanisms applied. It will cover different aspects including metering actual emissions (tools existing or to be developed), the adaptation of installations to reduce

leakages and regulatory incentives based on the effectiveness of operators' management of emissions reduction.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

Our association welcomes the work driven by NRAs to reduce methane emissions while considering a specific approach for some highly efficient natural gas fired units needed for security of supply. Reaching carbon neutrality by 2050 will require drastic changes in the way we generate, transport and consume energy.

Regarding the gas sector, the decarbonisation challenge is massive while the role of gas will change and its carbon footprint should be aligned with the climate objectives. In the context of the elaboration of the technical screening criteria for the EU Taxonomy, Eurelectric expressed the need for a transitional flexible setup for highly efficient natural gas fired units, especially while large scale deployment of demand response, storage and power-to-gas technologies is yet to happen. In our view, such set up should be clearly defined and should be subject to strict conditions:

- Fugitive emissions (especially methane emissions) across the gas supply chain need to be physically measured rather than estimated.
- New natural gas-fired units must not be developed in replacement of generation units with less carbon emissions and must not be built if alternatives with less carbon emissions are economically and technically viable while ensuring the security of supply.
- Such set up should be used for highly efficient natural gas-fired units (both Combined Cycle Gas Turbines and Open Gas Turbines) according to EU Best Available Techniques reference documents (BREFs).

See more information in [Eurelectric response paper to the TEG report on EU taxonomy for environmentally sustainable activities](#).

Work item 12:

Paper on long-term storage

Description:

Energy storage is an important aspect of sector coupling; solutions to the intermittence of RES power generation are expected to come from the gas sector. Different technologies could be at stake, including power-to-gas, allowing the development of solutions aimed at storing energy to a larger scale than in batteries, for example. New issues would arise in terms of regulatory treatment of installations or storage services, with questions of valuation for users and cost coverage/services pricing. Starting from the experience of underground storage, this CEER paper will investigate the implementation of long term storage under technical, economic and regulatory aspects.

3D Strategy: Decarbonisation

Do you have any specific comment on this individual deliverable?

Eurelectric welcomes the expected publication of this paper on storage. We are currently finalising a report on the same topic, which will be published in autumn 2020. In our view, energy storage as an operational source of flexibility is a significant component in achieving transition to low emission economy with higher share of RES.

Eurelectric has identified technical and economic challenges to the deployment of long-term decarbonized flexible and firm solutions. While the implementation of the CEP will improve the functioning of short-term markets, there are still challenges for providing long-term investment signals especially for storage solutions.

It must be our priority to secure a constant electricity supply at all times and to ensure system stability. Storage technologies (such as batteries or pumped storage, whereas the latter is the best option to store large-scale amounts of electricity with a high round-trip efficiency) providing flexibility as well as essential system services, can and will compete on the market with other flexibility providers such as dispatchable generation assets (like reservoir storage hydropower, storing natural inflow of water in natural or artificial reservoirs for several days, months or even years) and demand side management (prosumers/active consumers with their PVs, EVs and residential batteries). Access to all relevant markets must be possible without any restrictions for all technologies providing these services.

Work item 13:

Paper on regulatory innovations for smart sector integration

Description:

Under the European Green Deal priorities, the EC launched a strategy to meet climate objectives, while also guaranteeing secure and affordable energy for consumers by exploiting the synergies enabled by an integrated energy system. Sectoral integration aims include:

- the electrification of sectors that currently still rely on fossil fuels, for example, electric vehicles in transport sector, or heat pumps for heating buildings;
- renewable and decarbonised hydrogen, gases and fuels for sectors which are hard to decarbonise such as air transport and some industrial processes;
- a more 'circular' and efficient energy system, for example, the use of waste heat from industry or data centres to heat buildings. This strategy naturally entails regulatory challenges for the gas sector. To this end, CEER intends to continue to develop position papers that can contribute to this discussion, investigating the areas of convergence and the associated challenges.

3D Strategy: Decarbonisation and Dynamic Regulation

Do you have any specific comment on this individual deliverable?

Eurelectric fully supports the CEER intention to continue developing position papers that can contribute to the discussion on smart sector integration.

Our association believes that the Smart Sector Integration Strategy should be fully aligned with ambitious decarbonisation goals for 2030 and 2050, with carbon-free electrification and energy efficiency recognized as the main drivers to remove carbon emission in all sector of the European economy.

In this context, Eurelectric highlights that the coupling of electricity & gas systems is a key link in the transition to a carbon-neutral economy (see our comments to Work item 9).

Moreover, different flexibility solutions (Power-to-X, demand-side response including V2G, thermal firm power generation capacity) will compete on a level-playing field. To this end, Europe needs to maintain leadership and market-based approach in the development of key emerging technologies coming from the energy system. This can be done by developing market-based economic signals for all the services provided outside natural monopolies by market parties in competition.

Strong grids will be essential to support the integration of decarbonised and renewable energy carriers in all sectors of the economy, whether they are related to power, gas or heat. In addition to the development of a proper investment framework, we call to identify best links between sectors through coordinated, cost-effective and future-proof infrastructure planning tools.

Finally, in a more decarbonised, decentralised and digitalised energy system, closer cooperation is required among all stakeholders (especially TSOs and DSOs) to anticipate possible evolutions of the electricity, heat and gas networks, supply & demand.

The issue of the weight of taxes and levies and their impact on electrification should also be raised in order to make the most out of the potential of smart sector integration. For more details of Eurelectric views on successful smart sector integration, please consider the following documents:

- [Eurelectric recommendations](#) for a Smart Sector Integration Strategy
- [Eurelectric response paper](#) to European Commission consultation on an EU Strategy for Smart Sector Integration

Work item 14:

Short paper on the market test on flexibility and storage

Description:

This short paper is to provide guidance for DSOs on the market test for flexibility and storage, as a requirement in case DSOs want to own storage following Article 32(1) of the Electricity Directive. The paper would also look to clarify the issue of double charging network tariffs to storage facilities. Additional, the paper plans to include information on the platforms, and it follows up on the priority area of ensuring effective price-signals from the CEER (2019) Digitalisation paper.

3D Strategy: Digitalisation, Dynamic Regulation and CEP Implementation

Do you have any specific comment on this individual deliverable?

Eurelectric welcomes this initiative as this particular provision in the CEP is only superficially outlined and any such market test should follow common principles among all NRAs while still respecting the variety of distribution network characteristics that need to be taken into account when conducting such an assessment.

The question of double grid fees, tariffs and taxes for storage at large should also be raised.. In some Member States, the electricity storage (e.g. EV – V2G technologies, pumped hydropower storage) and power-to-gas systems are exposed to double taxes and levies and/or to grid tariffs. With regard to levies and grid tariffs,, it has to be acknowledged that, while all service providers should be able to fully cover their costs and a fair burden sharing should take place, market distortions compared to other flexibility options have to be avoided. Grid tariffs always have to be cost-reflective and non-discriminatory.

Work item 15:

Short paper on distribution network planning

Description:

This paper will focus on distribution network planning and will be a follow-up from the workshop to be organised by the end of 2020. The paper intends to include Distribution Network Development Plans (DNPs), while also touching upon current challenges such as sector coupling, whole system approach and stranded assets. With the development plans, NRAs will be able to monitor DSOs network development, especially on flexibility and energy storages. Plans will help NRAs to see whether DSOs are considering alternative solutions to traditional network investments. They will enhance the possibility to follow DSOs investment cost efficiency and measures done for energy efficiency.

CEP Implementation

Do you have any specific comment on this individual deliverable?

Eurelectric welcomes this paper as useful publication, and will be interested to contribute to the workshop organized in Q4 2020. It is important that DSOs consider flexibility provisions in their network development plan. To this end, different remuneration models for system operators should be considered by NRAs as incentives to procure flexibility. We believe that CEER should focus on the level of cooperation between TSOs and DSOs as well, in order to make sure that inputs delivered by DSOs are reflected by TSOs for the development of National Development Plan.

Work item 16:

Paper on tariffs for sharing for energy communities

Description:

This paper will be a more specific follow-up from the 2019 CEER report on regulatory aspects of self-consumption and energy communities. As the concepts of jointly acting active consumers, jointly acting renewable self-consumers and citizen and renewable energy communities are being transposed into national law energy sharing will become more prevalent across Europe. Network

tariffs applied to sharing schemes are an important factor for the "business model" of such schemes and need to be in line with the general principles of network tariffs. Directive 2019/944 (Art 16.3) for instance says that "For the purposes of point (e) [sharing] of the first subparagraph, where electricity is shared, this shall be without prejudice to applicable network charges, tariffs and levies, in accordance with a transparent cost-benefit analysis of distributed energy resources developed by the competent national authority." CEER could evaluate what such a CBA could look like and how cost-reflective tariffs could be implemented for communities in different tariff systems.s.

CEP Implementation

Do you have any specific comment on this individual deliverable?

Following the publication of our report on Energy Communities (May 2019) and our future report on network tariffs (Q2 2020). We will be very interested to follow the work of CEER on tariffs for sharing for energy communities. Consistency should be ensured with the good practices paper to be drafted by ACER.

Work item 17:

Report on Quality Regulation

Description:

The report should give an overview of the use of quality regulation regimes among the Members and Observers of CEER. This report will focus on national regulatory regimes that use bonus and penalty system based on continuity indicators in the electricity sector. In addition, it will give an overview of the impact of distributed generation on quality standards and Continuity of Supply (CoS) regulation.

3D Strategy: Dynamic regulation

Do you have any specific comment on this individual deliverable?

We welcome this initiative. While individual approach towards respective DSOs is needed, it is worth to have a comparison of differing approaches. The report should also provide more details about the methodology and formulas for rewards/penalties mechanisms adopted by each Member.

Work item 18:

3rd CEER Report on Power Losses

Description:

The 2nd edition of the CEER Report on Power Losses was published in early 2020. As a preparation for working on the next edition, CEER will start the preliminary work in 2021 for publication of the next edition in 2022. This report will again provide a detailed overview of power losses (transmission and distribution) in electrical grids – the levels of losses, how they are defined,

calculated and valued across as many European countries as possible (the 2nd report included 35 countries).

3D Strategy: Decarbonisation and Dynamic regulation

Do you have any specific comment on this individual deliverable?

We welcome this initiative. While individual approach towards respective DSOs is needed, it is worth to have a comparison of differing approaches.

Work item 19:

Regulatory Frameworks Report 2021

Description:

The Regulatory Frameworks Report is an annual report which delivers a general overview of the implemented national energy regulatory regimes, the efficiency developments and analyses the overall determination of capital costs. This report was previously named the Investment Conditions Report. For years, the report is highly appreciated by many stakeholders as it provides a clear overview of the national regulatory regimes for the energy sector. The 2021 report will be the 10th edition of such a report.

3D Strategy: Dynamic regulation

Do you have any specific comment on this individual deliverable?

Eurelectric would welcome CEER to provide information on the impacts of regulatory regimes on investment performed by DSOs and the type of investment being authorized. This would give an overview of the type and the scale of investment being authorized, especially in digitalization, decentralization and decarbonisation context. We also believe that a general analysis and perspective on investment needed within each country to achieve 2030 and 2050 targets are missing from the paper.

A general overview of type of regulatory regimes could be provided as well as recommendations on the following questions (if possible): how regulatory frameworks could help to materialize the needed investments, how the regulator is adapting to facilitate the delivery of National Energy and Climate Plans, and subsequent infrastructures.

This analysis would provide very meaningful insights and inspire good practices to deliver investment needed for achieving the energy transition.

Work item 20:

TSO Cost Efficiency Benchmark (TCB21)

Description:

The TSO Cost Efficiency Benchmark is a CEER deliverable that periodically measures the TSOs' cost efficiency. Such a benchmark is to ensure that tariffs that are based on efficient costs as stipulated

by European law. This TSO Cost Efficiency Benchmark 2021 (TCB21) will be the sixth edition for electricity and the third for gas. The research will likely again include several workshops for the participating NRAs and TSOs.

3D Strategy: Dynamic Regulation

Do you have any specific comment on this individual deliverable?

We welcome this initiative. We are especially interested in comparison of efficiency of measures which were newly regulated by the Clean Energy package, such as redispatching / curtailment of assets and congestion management in general.

Work item 21:

Advice on financial regulation and the links to REMIT

Description:

Gas and electricity markets have their own dedicated regulation to address market abuse and transparency – the REMIT – where energy regulators play a key role in ensuring compliance. Energy regulators will stay abreast of development and will advise where appropriate on any proposed legislative changes.

3D Strategy: Dynamic Regulation

Do you have any specific comment on this individual deliverable?

We find REMIT related reports very useful. We especially welcome focus on newly regulated measures by the Clean Energy Package such as redispatching and their REMIT reporting.

Work item 22:

The COVID-19 pandemic: lessons learned about crisis preparedness and management in the energy sector and approaches to protecting energy consumers

Description:

Beyond the immediate impact on health, the current COVID 19 crisis has major implications for global economies and the energy markets. The entire energy sector, national energy regulators and ministries have been working hard to keep the lights on and ensuring energy system are resilient, protecting the interests of consumers, particularly the most vulnerable. We are still in the process of developing a clear picture of its immediate effects, let alone the long-term consequences. However, we can already observe that more and more consumers are falling behind on paying their energy bills and this is a challenge for energy companies who are likely to see arrears paid back over a longer period and some debt might be irrecoverable. Attempts to draw wider lessons from the measures and policies adopted, in particular, to make sure the right protections are in place to support consumers, will be instrumental in order to be prepared to respond to future crisis.

3D Strategy: Dynamic Regulation

Do you have any specific comment on this individual deliverable?

Since the beginning of the Covid-19 crisis, Eurelectric has led an in-depth work to understand and assess its consequences on the whole electricity value-chain. Specific recommendations have also been defined in order to prepare the Recovery :

- The establishment of concrete measures for ramping up the deployment of zero carbon infrastructure projects, as well as for closely monitoring the risk of shortage of critical materials and of skilled workforce (i.e. construction and maintenance) via the national recovery plans.
- Stimulating capital-intensive investments in carbon-neutral generation through an efficient framework that provides long-term visibility and certainty.
- Supporting the electrification of buildings and transport, while paving the way for ambitious skilling objectives for workers, through the Renovation wave initiative.
- Enabling the equipment of entrants to the labour market with the right skills and provide access to adequate reskilling and upskilling for experienced employees, particularly in digital and new technologies.
- The preservation of the financial capacity of distribution grids and the mitigation of economic risks for electricity suppliers, as they have been directly impacted by the break on bills and delayed payments.

The analysis of these consequences is still ongoing and we would be very interested to contribute to the work of CEER on this topic. We therefore think that the proposal of CEER to work on this question is of course very relevant.

The analysis should also take into account the content and consequences of the Recovery package released by the Commission, which Eurelectric is currently analyzing in details.

Work item 23:

Report on Dynamic regulation from NRAs' perspective (tools and processes)

Description:

Following the paper on dynamic regulation of 2020, CEER will continue to analyse and report on the tools and processes of dynamic regulation within NRAs and will update the overview on how the dynamic regulation is being implemented.

3D Strategy: Dynamic Regulation

Do you have any specific comment on this individual deliverable?

Regulation must become agile, create an environment where innovation may flourish, allow for trial and error experimentation and leverage on efficient market functioning, without unnecessary overregulation and aiming at social welfare maximization. The new sector paradigm also demands an innovation friendly regulation, capable of attracting the necessary investment that rewards initiatives that add value to the consumer, that are sustainable and promote welfare. This report should measure and be able to compare how Member States implement

dynamic regulation in these different aspects, and come up with recommendations and best practices for NRAs.

Work item 24:

Status Report on unbundling 2021

Description:

The report will assess developments in the certification of the TSOs at a national level since the previous unbundling & certification report. What has changed? How many NRAs' certification decisions have been modified, renewed or withdrawn? What are the consequences for the unbundling? What is the possible impact of the Clean Energy for All Europeans proposals on unbundling?

CEP Implementation

Do you have any specific comment on this individual deliverable?

We welcome this initiative. We would be interested in CEER views on unbundling issues related new technologies regulated by the Clean Energy package and upcoming Decarbonisation package – such as energy storage, gas-to-power facilities and other sector integration technologies

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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