



Directorate-General
for Energy
and Transport



EUROPEAN
COMMISSION

- **Final agreement on the Third Energy Package**

E-Control Seminar: 8 May 2009 – Vienna

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- Summary

- Where are we in the process?
- Main provisions the Third Package
- Retail Market measures
- Next Steps

● Third Package – The Road to Adoption

- 9 January 2009: transmission of the Common Position to the Parliament
- 23 March 2009: Final Trilogue
- 31 March 2009: ITRE
- 22 April 2009: EP Plenary; Adoption by the Parliament
- Summer 2009(?): Council's adoption

● Third Package – main measures

- Stronger powers for national regulators
 - » Monitoring, investigations, enforcement
- Regulatory Agency at EU level (ACER)
 - » Co-ordination of national regulators, Advice to Commission
- Effective unbundling of networks
 - » Ownership Unbundling, ISO, ITO
- Cooperation of network operators (ENTSO)
 - » Development of harmonised network rules
- Retail Market measures

● National Regulatory Authorities (NRAs)

- Independence from governments
- Need for legally distinct and functionally independent body
- Budgetary autonomy and adequate human and financial resources to carry out duties
- Mandate to cooperate at the European level
- Enhancement of statutory duties and powers

● Agency for the Cooperation of Energy Regulators (ACER)

- Complement and coordinate work of NRA
- Individual decision making powers for specific cross-border issues (e.g. TPA exemptions for new interconnectors if no agreement by NRAs)
- Key tool: adoption of “non-binding framework guidelines” for development of network codes
- Advise on wide range of issues (e.g. network codes, certification of TSOs, TSOs’ 10 years network development plan)
- Monitor and review the work of the EU TSO Cooperation and implementation of network codes

● Organisation of ACER

● Administrative Board

- » Unique composition: 9 members, 5 appointed by Council, 2 appointed by the European Parliament and 2 from the Commission
- » Responsible for governance of ACER (Budget, formal appointments, Work Programme...)

● Board of Regulators (BoR)

- » Composed of senior representatives from NRAs
- » BoR decides on the substance, gives guidance to Director

● Director

- » Rather a management and representation role

● Board of Appeal

Effective unbundling and creation of ENTSO

- Beyond “Ownership unbundling” and “Independent system operator (ISO)” compromise on third option: “Independent Transmission Operator (ITO)”
- Independence of « ITO »
 - Obligations regarding resources of TSO
 - Independent management: deontology rules, supervisory board, regulatory oversight
 - Compliance officer
 - Revision clause
- Establishment of European Network of Transmission System Operators (ENTSO)
 - Mandatory cooperation of TSOs
 - 10-year network development plan
 - Network codes

● Retail Market issues: general

- Increased role for regulators
 - » Implementation and monitoring of consumer protection and retail market functioning
 - » Investigation powers
 - » Issue binding decisions
 - » Penalties
- Complaint handling measures
 - » Single contact points
 - » Ombudsmen
- Protection of consumers
 - » Member State definition of vulnerable consumers that may refer to energy poverty
 - » prohibition on disconnection at critical times

● Retail Market Issues: a major role for the DSO

- Published rules on the roles and responsibilities of all market players
- Information for consumers: European Energy Consumer Checklist
- New deadlines on switching, 3 weeks, and receipt of final bill, 6 weeks.
- Consumer access to consumption data
- Promotion of Smart Grids
- Implementation of Smart Metering

● Benefits of Smart Metering

- improved retail competition;
- energy efficiency and energy savings;
- lower bills due to better customer feedback;
- new services for consumers, including vulnerable consumers;
- improved tariff innovation with time of use tariffs;
- more accurate bills;
- reduced costs and increased convenience for pre-pay;
- less environmental pollution due to reduced carbon emissions; and
- facilitation of microgeneration including renewable generation.

● Current legislative provisions

- End Use Energy Efficiency and Energy Services Directive 2006/32/EC, Article 13:

‘Member States shall ensure that, in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings, final customers for electricity, natural gas, district heating and/or cooling and domestic hot water are provided with competitively priced individual meters that accurately reflect the final customer's actual energy consumption and that provide information on actual time of use’

● Smart Metering

- Strong support from the Parliament
- Declaration by the Commission to help with interpretation
- Assessment within 18 months of long term costs and benefits
- Those positively assessed to be installed within 10 years...
- Otherwise: 80% by 2020.
- First step towards Smart Grids

● Next steps

- Final adoption of the Third Package during the Summer
- Interpretative notes for retail market measures:
 - » Consumer issues
 - » Smart Metering implementation
- Presentation of the Interpretative Notes at the Citizens' Energy Forum (29, 30 September)



Thank you for your attention

