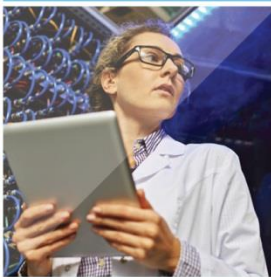




European
Commission



GEODE Spring Seminar

"The new energy market – how success for consumers depends on local energy companies", 7 April 2017
Joachim Balke, European Commission

**Background:
"Clean Energy for All Europeans"**

- **Mobilize up to 177bn EUR of public and private investment per year from 2021**
- **Generate up to 1% GDP increase over the next decade**
- **Reduce net energy bill by almost 30bn EUR per year**
- **Cumulative saving of around 300bn EUR by 2030**

WHY DO WE NEED A NEW LEGAL FRAMEWORK?

THE ENERGY SYSTEM OF TOMORROW WILL HAVE TO LOOK DIFFERENTLY

2030

50 % of electricity to come from renewables



2050

Electricity completely carbon free



We have the most ambitious **climate commitments** in the world, thanks to the EU



With leadership comes responsibility

Unique opportunity to **modernise our economy** and to

boost competitiveness

create the growth and jobs we need

IEA, World Energy Outlook (2016):

"EU, what do you want:

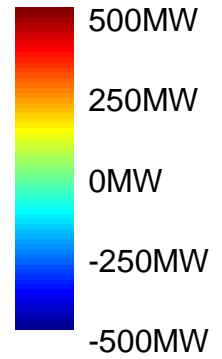
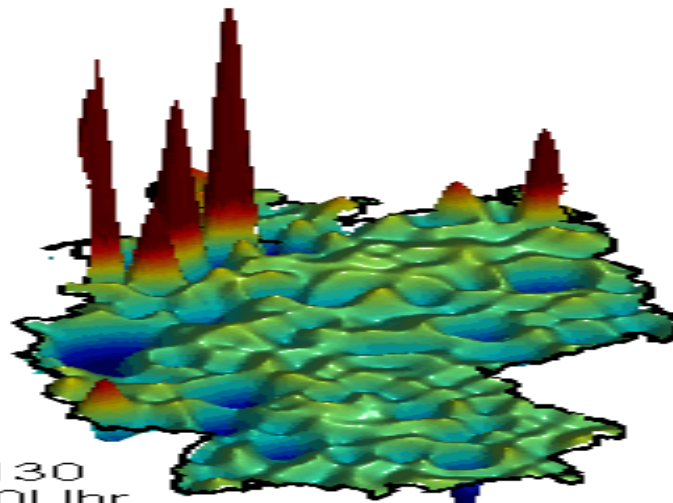
28 fragmented national markets or an Internal Energy Market" ?



Old Electricity World



New Electricity World



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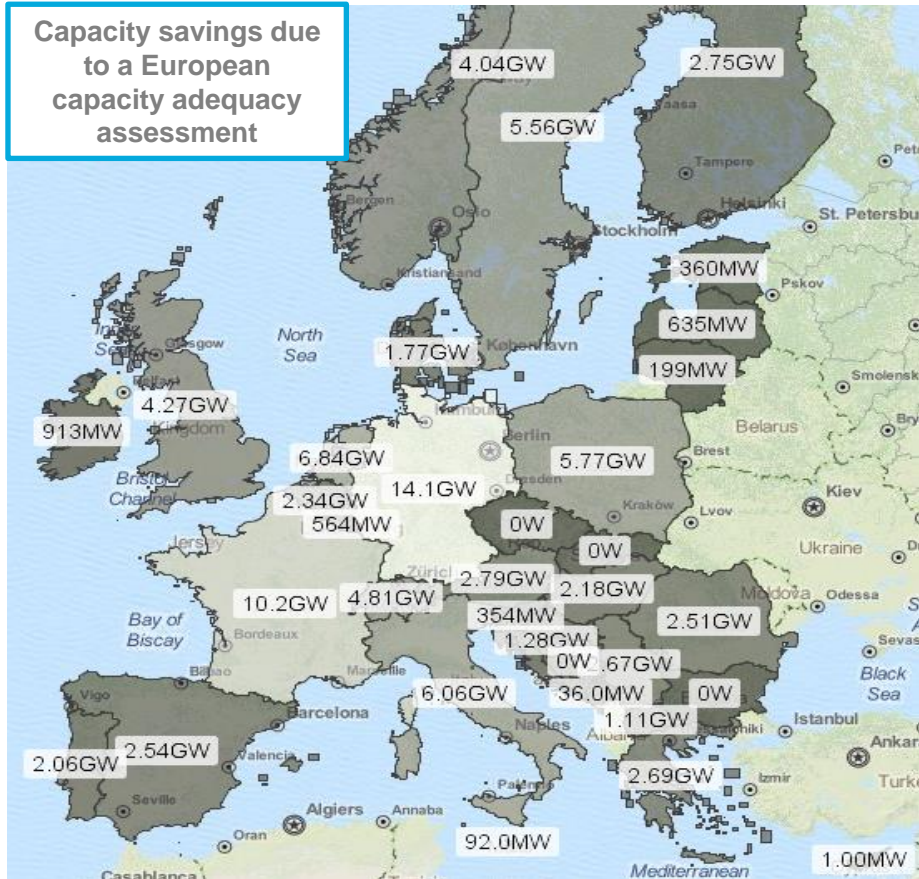
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What are we concretely proposing to ...

- ***Further enhance market integration***
- ***Reflect the change from the "old world" to the "new world"?***

STEPPING UP MARKET INTEGRATION AND REGIONAL COOPERATION

Capacity savings due to a European capacity adequacy assessment



Common capacity mechanisms principles in line with the Sector Inquiry to ensure least-distortive design



Development of a **transparent European adequacy assessment** including capacity available at the border



Regional Operation Centres (ROCs) bringing National Regulators closer together on system operation decisions



Strengthening ACER as coordination hub as coordination hub for European and regional cooperation

TRADING RULES FOR MORE FLEXIBLE MARKETS

Competitive energy markets are at the heart of a competitive economy

Strengthened short-term markets

Increase **cross-border trading opportunities** over shorter timeframes (intraday and balancing markets)

Reward flexibility for generation, demand-response and storage

Allow **prices to show real value** of electricity in terms of time and location (scarcity pricing)

Level-playing field among sources

Rules on **priority access** and dispatch

Curtailement rules

Remuneration on equal terms on market principles

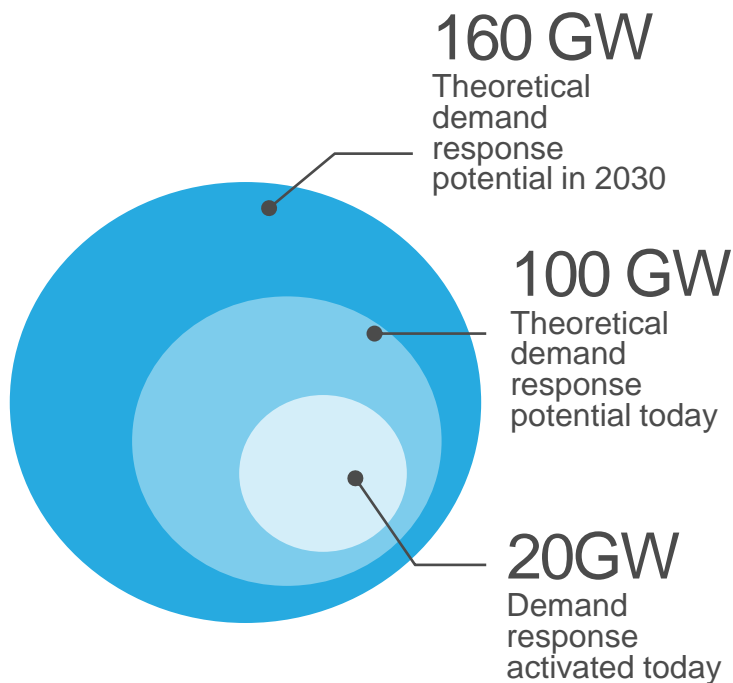
Extended **balancing** responsibilities

Enhancing system flexibility:

INTEGRATION OF RENEWABLES

MARKET-DRIVEN INVESTMENTS

UNLOCKING THE UNTAPPED DEMAND-RESPONSE POTENTIAL



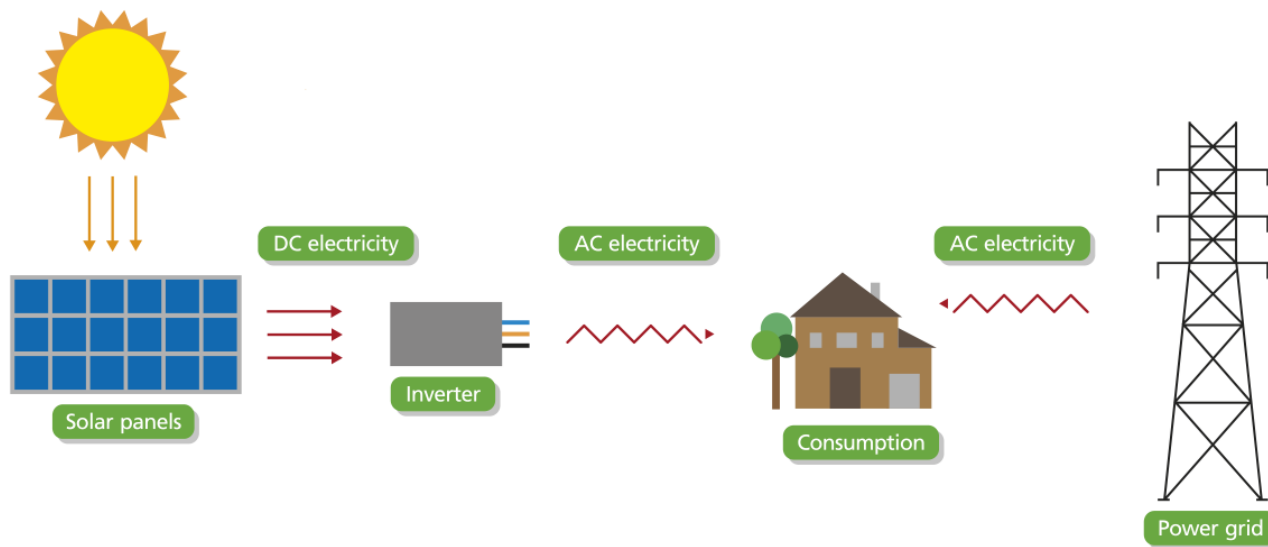
- 16 Member States maintain some form of energy price regulation for households.
- In most Member States demand response is limited due to market entry barriers towards new service providers, such as independent aggregators (which aggregate individual flexibility).
- Unlike transmission system operators, distribution system operators cannot manage their network in a flexible manner to reduce costs for the consumer.

WAY FORWARD

- **Phase-out regulated prices**, only duly justified exemptions allowed.
- Ensure **fair market access for independent aggregators** and other new service providers.
- Allow **flexible management of distribution networks** through curtailment of renewables and demand response solutions.
- Set clear principles for DSOs to ensure neutrality.

Competition within the retail energy market is key for unlocking efficient consumer behaviour and keeping the cost of the energy transition at check.

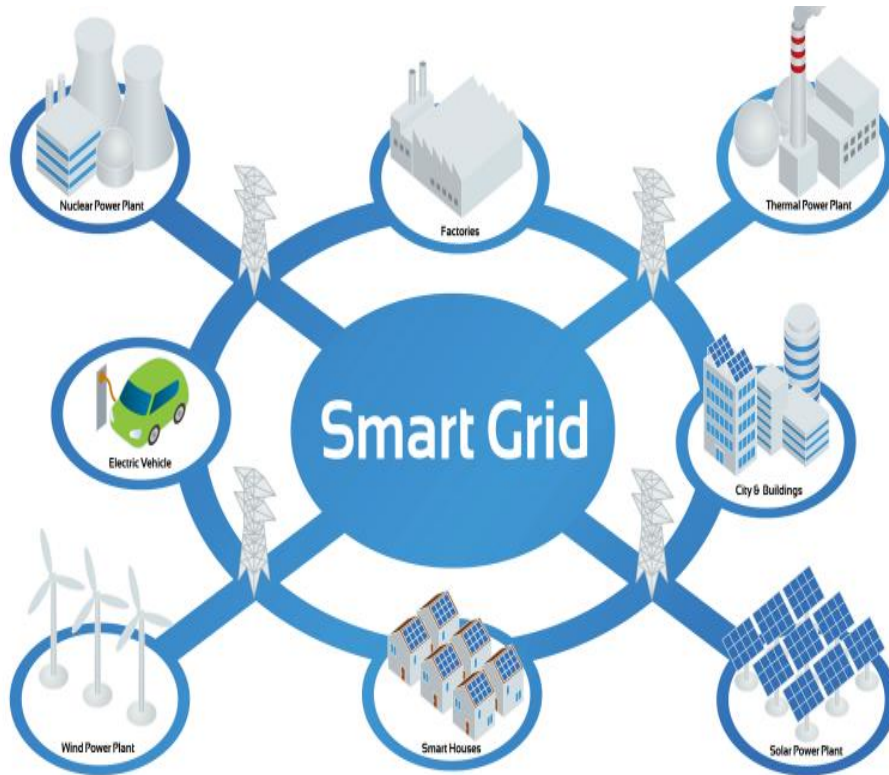
A FRAMEWORK FOR SELF-CONSUMPTION AND ENERGY COMMUNITIES





Objectives:


- *Enabling self-consumption as a way to increase participation in the energy transition*
- *Helping cost-effective system integration*


ALLOW FOR SMARTENING OF THE SYSTEM AND SECTOR INTEGRATION



 Giving **customer** access to consumption data (smart metering)

 Providing for non-discriminatory access to data for **market actors** (with consumer consent)

 Allowing **DSOs** to invest in smart solutions for procurement of local flexibility

 Providing a framework for **integration of electro mobility**

WAY FORWARD



European
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Joint Declaration
on the EU's legislative priorities
for 2017

Delivering 

A Europe that protects,
empowers and defends

13 December 2016

While continuing to work on all legislative proposals, the following initiatives will be given priority treatment in the legislative process to ensure substantial progress and, where possible, their delivery before the end of 2017:

[...]

- 6. Delivering on our objective of an ambitious Energy Union and a forward looking climate change policy,** notably through the implementation of the 2030 climate and energy framework, the follow-up to the Paris Agreement and the Clean Energy for all Europeans package.



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THANK YOU !

