

EDITORIAL

During this month of November, the Commission has presented two important communications. The first communication defines the energy strategy priorities for 2020, and the second one focuses on the needs of energy infrastructure for 2020 and beyond, putting special emphasis on the roll-out of Smart Grids technologies. Both communications will lead to further legislation by the European Commission in 2011 on financing instrument, permitting, and assessment on a need for legislation for Smart Grids implementation. GEODE will follow up the process in the interest of its members.

Carmen Gimeno / Deputy General Delegate

EUROPE

●●● EC COMMUNICATION ON ENERGY INFRASTRUCTURE PRIORITIES FOR 2020 AND BEYOND – A BLUEPRINT FOR AN INTEGRATED EUROPEAN ENERGY NETWORK

The Communication was adopted by the Commission on the 17th of November. It aims to provide a vision of what is needed for making networks efficient and puts forward new method of strategic planning. It identifies as priority sectors: electricity – grids must become smarter, Smart Grids-, gas, district heating and cooling, Co2 capture, transport and storage and oil.

It defines priority corridors for electricity and gas:

Electricity: a) offshore grid in Northern Sea and connection to Northern and Central Europe b) interconnection in South-West Europe c) connections in Central-east and South-east Europe d) completion of Baltic energy market and connection with Finland, Sweden and Poland

Gas: a) Southern corridor to bring gas from Caspian, Central Asia and Middle East to EU b) Linking Baltic, Black, Adriatic and Aegean Seas through Baltic energy market and North-south Corridor in Central Eastern and South-east Europe c) North-South corridor in Western Europe.

The Commission also identifies as a priority the roll-out of Smart Grids technologies. Therefore, it considers there is a need to provide the necessary framework and initial incentives for rapid investments in a new “intelligent” network infrastructure. The Commission will assess the need for further legislation to assure Smart Grids implementation.

The Communication agrees and settles transparent criteria for project selection, leading to a limited number of projects and makes proposals:

a) a single contact authority (one-stop shop) for projects of European interest, a time limit for final decision of European interest projects, early involvement of stakeholders and more transparency and the possibility of reward/incentivize regions or Member States that facilitate authorization procedures.

b) a stable framework for financing; an investment gap estimated at 60bn€ is likely to remain in 2020.

A legislative proposal for a new EU Energy Security and Infrastructure Instrument will be presented in 2011.

●●● EC COMMUNICATION ENERGY 2020, A STRATEGY FOR COMPETITIVE, SUSTAINABLE AND SECURE ENERGY

On the 10th of November, the Commission presented its new Strategy for a competitive, sustainable and secure energy. The Communication defines the energy priorities for the next ten years and sets the actions to be taken in order to tackle the challenges of saving energy, achieving a market with competitive prices and secure supplies.

The new strategy focuses on the following five priorities:

Priority 1: achieving an energy-efficient Europe – energy savings. Among other measures, includes the faster introduction of innovative tools as Smart Meters.

Priority 2: building a pan-European integrated energy market with infrastructures: energy infrastructure package, streamlining permit procedures, market rules for infrastructure developments and providing the right financing framework.

Priority 3: empowering consumers, achieving the highest level of safety and security: making energy policy more consumer-friendly by introducing new measures on price comparison, switching suppliers and clear and transparent billing.

Priority 4: extending Europe's leadership in energy technology and innovation: implementation of SET-Plan, launching of four new large scale projects on smart grids, electricity storage, second generation biofuels and smart cities.

Priority 5: strengthening the external dimension of EU energy market:

●●● LONDON CITIZEN'S FORUM

The London Citizen's Forum focused on European energy retail market, it was held on the 21st & 22nd of October 2010. The topics discussed were:

- Complaint handling: complaint handling procedures are treated different in every European country; the energy sector represents one of consumers' highest levels of dissatisfaction; ERGEG presented guidelines on customer complaint handling, reporting and classification. It proposes a time period of one day to react on complaints and two months to settle; the European Energy Ombudsman Group was presented. However the Forum agrees that complaint bodies should be independent from companies.
- Billing: the Forum recall that energy companies should make their bills readable, accurate, frequent and in conformity with ERGEG Good Practice Guidance for billing.
- Smart Metering: Mr. Tomas Arnewid in GEODE representation made a presentation on the roll-out of Smart Meters at Göteborg Energi (Sweden). He outlined GEODE main concerns regarding Smart Meters implementation and the need for DSOs to recover cost. The Forum was informed about the work carried on by the Task Force for the implementation of Smart Grids. ERGEG presented its consultation on regulatory aspects

SUMMARY

EDITORIAL

EUROPE

- EC Communication on Energy Infrastructure
- EC Communication on Energy Strategy 2020
- London Citizen's Forum
- European Regulators aim to develop a conceptual model for the European gas market

A ZOOM ON

- GEODE Position Paper on Smart Grids
- GEODE Autumn Seminar on Smart Grids

of Smart Metering giving recommendations for minimum and optional services to be provided by Smart Meters. The Forum invited ERGEG to issue an opinion on demand/response electricity market to be provided by Smart Meters. It should be particularly focused on roles for DSOs and other players regarding customer services offered through Smart Meters; DSOs asked member States and regulators to carry out realistic cost-benefits analysis before deciding Smart Meters roll-out. Consumer's organization expressed their concerns about remote disconnection and complex tariffs. They presented a study made in Germany, which shows a very low interest from consumers on Smart Meters.

Competitive retail market: the EC study on Retail Market design was presented. GEODE and other stakeholders expressed concerns on presenting a single point of contact model, being the supplier. Both systems, dual system (supplier/ DSO) should coexist. The Common Nordic end user market, integrating several national retail markets into a single regional retail market was presented as well.

●●● EUROPEAN REGULATORS AIM TO DEVELOP A CONCEPTUAL MODEL FOR THE EUROPEAN GAS MARKET

Invited by the Madrid Gas Forum, European Regulators have initiated the process to establish a gas target model in close cooperation with all system operators and market stakeholders. They have recently published an outline of the definition and the scope of the gas target model to be developed. ERGEG considers that the overall goals for the model should include:

- Effective implementation of entry/exit systems;
- Facilitating cross border market integration into an efficient and effective competitive gas market at the Community level;
- Efficient capacity allocation procedures including market based mechanisms when demand exceeds the offer;
- Efficient use of pipeline capacity, especially for cross-border flows of gas between trading points in Europe. The aim to integrate national gas markets, including limiting (physical and contractual) congestions;
- Improving the integration of trading points, leading to a convergence of market prices between neighbouring markets, which reflects market risks and supply/demand imbalances;
- Improving security of supply by fostering the appropriate network, storage and LNG regasification capacity ,enhancement as well as upstream investments aimed at supplying the European gas market

●●● ERGEG latest publications

- ERGEG study on Congestion Management Procedures in European LNG terminals (2010-11-15)
- Evaluation of ENTSO-G's European Ten Years Network Development Plan 2010-2019 (2010-11-11)
- ERGEG Survey on Framework Guideline Review Process (2010-11-12)
- Status Review on ERGEG Regional Initiatives 2010 (2010-11-08)
- ERGEG Conceptual model for the European Gas Market (2010-11-3)
- Gas hub monitoring report 2010 (2010-10-15)

A Z O O M O N

●●● GEODE POSITION PAPER ON SMART GRIDS

With occasion of GEODE Autumn Seminar that took place in Brussels on the 4th November, GEODE presented its report on the implementation of Smart Grids. The paper analyses the changing role of the DSOs due to the new role and responsibilities Smart Grids will provide and why Smart Grid is necessary in order to have a flexible, economic accessible and reliable grid in the future. It also looks at consumer benefits from the deployment of Smart Grids. The report presents the need for funding in order for the DSOs to be able to make the necessary investments in Research & Development and Demonstration projects in the area of Smart Grids.

The report underlines that the DSO is the vital party in assuring the development and implementation of Smart Grids. Therefore DSOs proactive participation is essential. GEODE supports that the cost of Smart Grids must be distributed along the value chain, in the same way that benefits are distributed. For GEODE it is important that regulatory mechanisms and incentives supporting and assuring network operator investments are put in place.

●●● GEODE AUTUMN SEMINAR ON SMART GRIDS

The 4th of November of 2010 GEODE held in Brussels its Autumn Seminar on Smart Grids that gathered approximately forty participants from ten different Member States. It was opened by Mr. Fabrizio Barbaso, Deputy Director General of DG-ENER of the European Commission, who provided a brief overview on the Commission energy strategy 2020.

Mr. Sanchez, responsible for the EC Task Force for the implementation of Smart Grids, presented the work being carried out by different Expert Groups of the EC Task Force and the next steps. Mr. Evans, on behalf of ERGEG, commented Regulators perspective of Smart Grids implementation. Mr. Connor from Siemens gave a vision on energy networks of the future. Data protection and data security issues were very well addressed to the audience by Mr. Axt representing SMIG, the European Smart Metering Industry Group. The last panel consisted in three presentations on concrete Smart Grids projects; two of them being developed by GEODE member companies in Salzburg and Aachen. Mr. Brehmer presented some experiences from USA companies (California) on Smart Grids.

A G E N D A

Energy Council
Brussels, 2nd. & 3rd. of December 2010

Electricity Regulatory Forum
Florence, 13th. & 14th of December 2010

GEODE Board Meeting
Vienna, 7th of February 2011

GEODE Spring Seminar
Brussels, 24th of May 2011