



Citizens' Energy Forum

Designing markets that work for consumers

Lord Mogg - President of CEER, Chair of
ACER Board of Regulators
London, 17 December 2013

2020 Vision for Europe's Energy Customers

- CEER, together with BEUC, announced in November 2012 “A 2020 vision for Europe’s Energy Customers”
- Four fundamental principles governing the relationship between the energy sector and its customers: reliability, affordability, simplicity, protection & empowerment
- CEER members put consumers at the heart of the policy making process – NRAs all have a duty to protect consumers
- The Vision is not static - it must evolve to meet developing challenges; its core principles must serve as touchstone for all of energy sector in its activity and strategy



Concrete CEER Actions

- We are committed to putting in place the **tools & rules** needed to facilitate consumer engagement with (and fair treatment by) energy markets by:
 - ▶ Developing voluntary (Europe-wide) recommendations to improve energy market services and the consumer experience
 - ▶ Working to improve consumer representative involvement in the regulatory process and the voice of consumers being heard
 - ▶ Promoting an open dialogue between consumers, policy-makers, regulators and the energy industry



Energy markets are changing

- Smart meters and smart grids will enable greater demand side participation
- Small consumers are starting to own generation – solar; wind; micro CHP, etc. Consumers can also produce energy: ‘prosumers’
- Electricity consumption patterns are changing:
 - ▶ Penetration of electric cars
 - ▶ Shift in many countries to electric heating
- Growth in unpredictable renewable generation means that flexible response will be an essential part of the market in the future



Regulatory challenges in delivering energy markets

Major challenges today include:

- Maintaining security of supply in an increasingly unstable world
- Tackling climate change and technology change
- Finding innovative ways to manage uncertainty and facilitate network investments
- Adaptation of grids and new generation technologies (including smartness and integration of renewable energy sources)
- Affordability
- As markets develop, the role of consumers will grow, so consumer capability to engage must be developed



Challenges for consumers and 'prosumers'

- If understanding energy markets can be complicated today – in future it is likely to be even more complex
- New technologies and new services have the potential to contribute to this complexity, whilst at the same time offering more choice to consumers
- Market rules will evolve to accommodate these changes – and the voice of consumers needs to be heard as part of the change process. But consumers (even prosumers) are not industry experts.
- Debate starts now on what we must do to meet future challenges
- We are looking at electricity, gas and consumer impacts of coming changes in energy markets



Looking Beyond 2014 – a Bridge to 2025

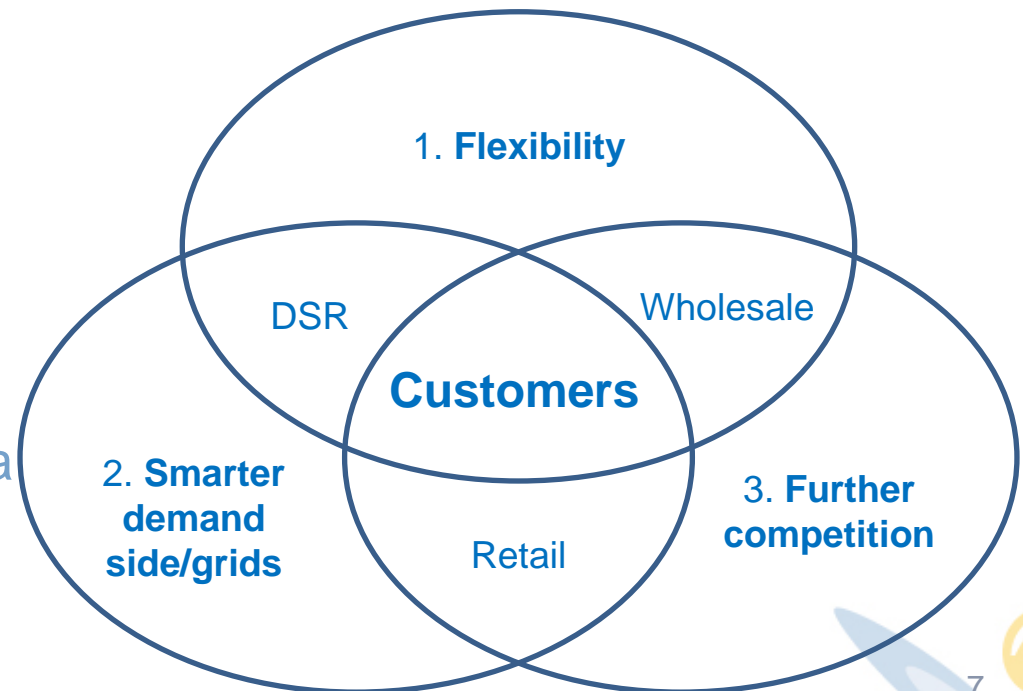
EU leaders have set 2014 as deadline for delivering an Internal Energy Market in Europe

It's time to develop strategic foresight to guide post-2014 work and any enhancement of our agreed market framework

ACER has recently launched a strategic initiative:

“Energy Regulation: a bridge to 2025”

The Bridge explores what needs to be done to provide a bridge of policy adaptation in the coming decade



Building a Bridge to 2025

Some ways in which Regulators plan to contribute:

- **Flexibility:** ensure right price signals, remove regulatory barriers, better forecasting and liquidity, correct use of subsidies & state-aid
- **Smarter demand side:** removal of barriers, investment in smart technology, provision of adequate regulatory framework, facilitating innovation
- **Encouraging competition:** designing technology-neutral market arrangements, appropriate wholesale gas market arrangements, removal of market entry barriers for new gas sources
- **Empowering Consumers:** ensuring that consumers can participate in the market and its development in an informed way

Pre-consultative phase: 6 Nov. – 17 Dec. Aim to provide final Bridge autumn 2014. Papers available on [ACER website](#).

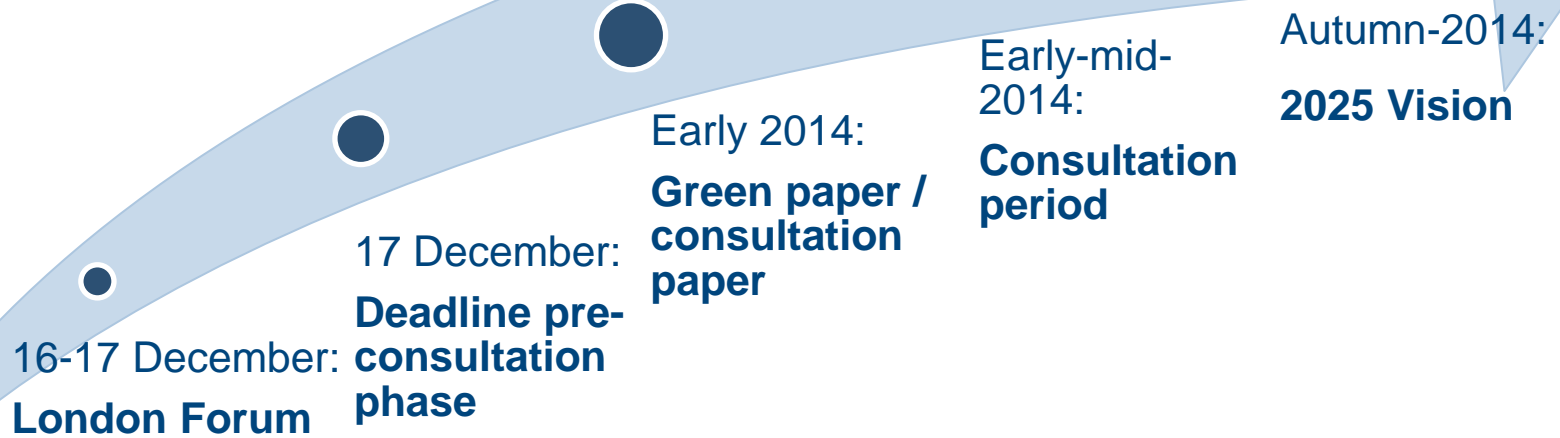
Key questions

- In our 'pre-consultation' phase we asked:
 - ▶ Do you think that further European level measures should be taken to enhance the operation of retail markets to the benefit of consumers?
 - ▶ Can you suggest ways in which we could enhance the voice of consumers in the development of Europe's energy market?



Bridge to 2025 – next steps

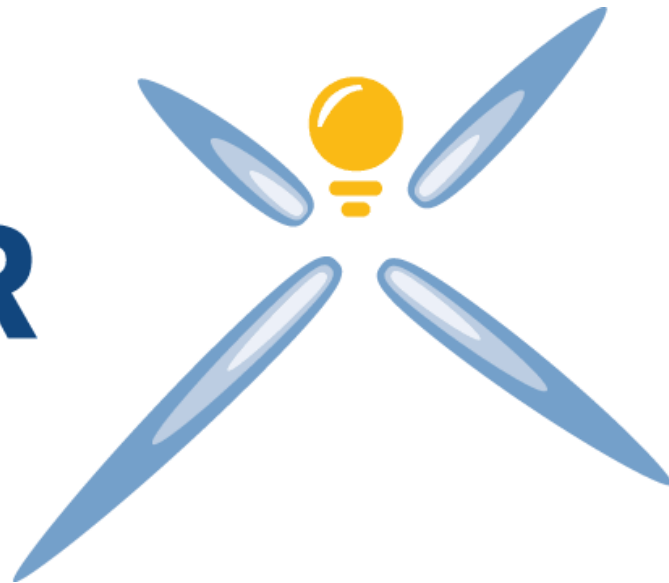
Timeline:



Thank you for your attention!

CEER

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