



Which are the main points and the appropriate schedule to get the best implementation from Member States and Regulators?

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# The liberalisation of electricity sector

## Directive 1996/92/EC

- Vertical integrated companies has to maintain separate account for the activities of generation, transmission and distribution
- Obligation to create a TSO responsible for the management of energy flows and power plants dispatching
- Access to the grid regulated or negotiated
- Guarantees of impartiality of DSOs in the management of distribution grid
- Eligible Customers (free to choose their supplier) are those with consumption exceeding 40 GWh (20 GWh in 2002 and 9 GWh in 2005)

## Directive 2003/54/EC

- TSOs and DSOs has to be unbundled (functions and management) from other electricity activities
- Eligible Customers (free to choose their supplier) are all the non household (1° July 2004) and all the customers on 1° July 2007
- Creation of National Regulatory Authorities independent from energy companies

## Third Package

- Ownership unbundling of transmission or establishment of an Independent System Operator (ISO) to be approved by EC or establishment of Independent Transmission Operator (ITO)
- National Regulatory Authorities has to cooperate at European level through the Agency for the Cooperation of Energy Regulators (ACER)
- Strengthen the independence on National Regulatory Authorities (independent from public or private bodies)
- Creation of a regulatory framework for he development of regional markets

# Lesson learnt-10 years EU liberalisation: Regulatory Priorities

	Issue	Priorities
<b>Stability</b>	Unpredictable regulatory framework discourages private investments	<ul style="list-style-type: none"><li>• Simple and stable rules increase market confidence and decrease miss interpretation and foster transparency</li><li>• Successful policy lasts long and represents stability</li></ul>
<b>Long term policy</b>	Temporary measures only postpone problems. The system must be sustainable in the long run	<ul style="list-style-type: none"><li>• No generalised subsidies to residential customers</li><li>• Discourage unexpected changes in tariff methodology</li></ul>
<b>Economic efficiency</b>	Good regulatory framework should provide correct price signals	<ul style="list-style-type: none"><li>• Power exchanges and ancillary services mkts creation</li><li>• Forward markets, hedging instruments</li><li>• Promotion of retail competition and switching</li><li>• No ex-ante price control measures</li></ul>
<b>Coexistence of free and regulated markets</b>	the liberalisation timeline has to be defined and strictly tackled	<ul style="list-style-type: none"><li>• Full regulation among competitive segments should be limited to essential in order to promote competition</li></ul>

**Stable framework and long-term commitment are crucial to attract investments, foster innovation and energy efficiency**

# Regulators have clear and reasonable goals

## Towards Investors

Stimulating efficiencies

Preserving financial sustainability

Attracting investments where needed

## Towards Customers

Keeping electricity affordable

Improving quality of service

Preserving security of supplies

**Balancing the needs of investors and end users**

# Task of ACER (Agency for the Cooperation of Energy Regulators)

NRA

- Coordinate and support at European level the tasks of NRAs
- Creation of a regulatory framework to promote cooperation of NRAs, especially in relation to regional markets: where it considers that binding rules are required, it shall make the appropriate recommendations to EC.
- Opinions and advices to EC on regulatory issues

ENTSO

- Monitor the cooperation of TSOs at regional level
- Provide opinions to EC on TSO's draft statutes
- Prepare guidelines for network codes
- Monitor the execution of the tasks of the ENTSO
- Provide opinion to EC on draft annual work programme and the draft non-binding 10-year network development plan (evaluate if they contribute to non-discrimination, effective competition and the efficient functioning of the market or a sufficient level of cross-border interconnection open to third-party access)
- Monitor the implementation of Network codes and 10 Ys development plan

Decisions

- Decide on terms and conditions for access and operational security of interconnections (procedure for capacity allocation; time frames for allocation; sharing of congestion revenues; charges levied on the users)
- Decide (as a last resort) on exemptions from TPA in case of merchant line: when there is not agreement between the competent NRA or upon request)

# ACER's Best practices (future)

## New tools

- **Calls for evidence:** no detailed document, little supporting analysis, consultation in an open way
- **Stakeholder Panels**
- **Ad hoc Working Groups**
- **Impact assessment**
- **Quality Charter** to improve **accountability** towards stakeholders: will define objectives in terms of what market participants can expect, by setting out concrete and measurable standards in three key areas which will guide the service policy of the Agency:
  - **Quality of decisions:** ACER response on the objection or decision must consider and reply to the applicant's relevant arguments.
  - **Accessibility:** availability of the Agency personnel to answer to information queries and deal with complaints.
  - **Timeliness:** respect for the timeframe between the receipt of a request and the provision of a response.
- **"Satisfaction Survey":** should allow the Agency to identify areas of improvement and to set appropriate priorities to enhance its actions.
- Possible launching of a **desk** for questions coming from stakeholders

**Reinforce the constructive dialogue between stakeholders and regulators at the EU and national levels**

# Conclusions

- Go forward into the market liberalization and creation of level playing field for the undertakings established in the Community
- Grant an equally effective level of regulatory supervision in each Member State and foster harmonisation of rules
- Find the right balance between ex ante and ex post intervention on the market
- Ensure the active participation of stakeholders in developing regulatory framework by contributing to public consultations
- ACER has to start working asap
- Use all the efforts for developing infrastructure (eg. Interconnection or LNG Terminals) in order to secure the supply of energy sources at the most competitive prices
- Start immediately to implement regional markets