



The Balance between the Liberalized Market  
and Security of Supply – the Responsibility of  
National Regulators

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Günter Bramböck



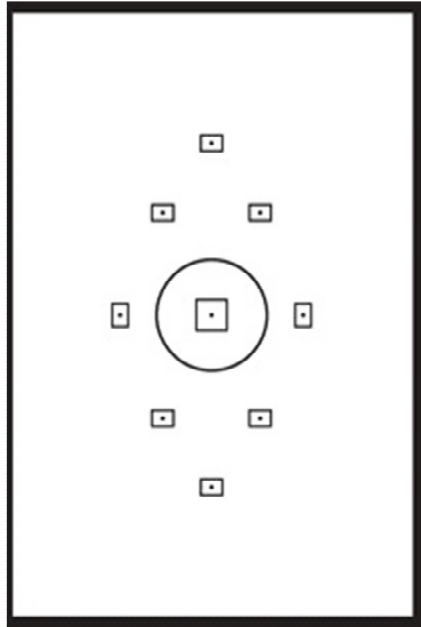
- Reliable and affordable energy is **key for standard of living** and energy efficiency is maximizing standards
- Ensuring (long-term) supply with primary energy is a **political task**
- **Cost benefits from domestic sources to be reinvested** in energy efficiency to improve competitiveness
- Fluctuating **renewable energy cannot replace** reliable energy transformation from primary energy (Backup)
- Fluctuating renewable energy needs much **more flexibility on demand and supply** side (task NRA)
- System adequate **cost allocation is often neglected** but essential part of system efficiency and security
- **Regulators are responsible** for optimal cost allocation



- Challenging social, legal and system **complexity**
- **Overcome unilateral approach** in the power market model (harmonization compulsory)
- **Merge** preferential treatment of **renewables** with **market** and energy system: full cost transparency
- No Internal Energy Market (IEM) possible without **common market model** and common **market rules**
- Regulators independence enforced but role and responsibilities **limited** by legal norms (NRA overload)
- Taxation, cost allocations and public service obligations are far from getting **harmonized** – market distortions
- Achieve the **balance** between **individual requests/rights** and common **public interests**



- Obstacles to get Network Codes as a **generally accepted norm** in the complex system of different roles in power market reflecting the whole society
- **Transfer responsibility** from dispatching centers (TSO, ENTSO-E) to ACER, NRA and other market functions is a must to stabilize the market
- Regulators struggle in taking over the **full responsibility for the energy system** and in parallel being obliged to harmonize different market concepts
- After a phase of “monitoring” NRA’s should urgently move forward to designing the market on a **well-balanced concept** no longer blaming certain market functions but coordinate the rights and responsibilities to achieve benefits for consumers (better together)



- Full **transparency and cost allocation** in monopoly functions (e.g. balancing) and subsidized entities
- Increase **competence of regulators** – improve system integration skills according to market complexity
- Establish better organizational structures for **harmonization** of national market systems (EU-task)
- Think about establishing **regional system operators** to overcome national originalities (consider target model)
- ERI-8: establish and fund **multinational power exchange** with market makers of different countries
- Set up a adequate **service and support unit** of experienced experts and young achievers to support NRA's for national transposition
- Improve **prioritization** skills of regulators

Thanks for listening!

[guenter.bramboeck@evn.at](mailto:guenter.bramboeck@evn.at)

GLOBALISIERUNG

INDIVIDUALISIERUNG

Backup

## National Regulatory Authorities

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- Art. 35: fully independent from any political and private entity and does not seek or take instructions
- Art. 36: **Objectives**
  - a **competitive, secure and environmentally sustainable** internal market in electricity
  - ensuring appropriate conditions for the **effective and reliable operation of electricity networks**, taking into account long-term objectives
  - developing competitive and properly functioning **regional markets**
  - **eliminating restrictions** on trade in electricity between Member States
  - helping to achieve, in the most cost-effective way, the development of **secure, reliable and efficient non-discriminatory systems**



- facilitating access to the network for new generation capacity
- ensuring that system operators and system users are granted appropriate incentives ... to increase efficiencies in system performance and foster market integration
- ensuring that customers benefit through the efficient functioning of their national market
- helping to achieve high standards of universal and public service in electricity supply, contributing to the protection of vulnerable customers and contributing to the compatibility of necessary data exchange processes for customer switching

# DIRECTIVE 2009/72/EC

## Art. 37

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### Duties:

- fixing or approving transmission or distribution **tariffs** or their methodologies
- **cooperating** in regard to **cross-border issues**
- ensuring that there are **no cross-subsidies between** transmission, distribution, and supply activities
- **monitoring** ... network security and reliability, the level of transparency and a lot of other
- monitoring ...

### Powers:

- carry out (unannounced) **inspections**, at the premises of transmission system owner and independent system operator
- to issue **binding decisions** on electricity undertakings
- ...those tariffs or methodologies shall allow the **necessary investments** in the networks ...
- ...**balancing services** which shall be performed in the most **economic** manner ... provide appropriate **incentives** for network users to balance

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## Art. 37

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- In fixing or approving the tariffs or methodologies and the balancing services, the regulatory authorities shall ensure that transmission and distribution system operators are granted **appropriate incentive**, over both the short and long term, to **increase efficiencies, foster market integration and security of supply**
- Decisions taken by regulatory authorities shall be **fully reasoned** and justified to allow for judicial review.

