



VIEWS ON THE CLEAN ENERGY PACKAGE

Founded in 2017 by:

ACIE: Asociación de Comercializadores Independientes de Energía / Association of Independent Retailers – SPAIN

AFIEG: Association Française Indépendante de l'Electricité et du Gaz / French independent association for electricity and gas – FRANCE

AIGET: Associazione Italiana di Grossisti di Energia e Trader / Italian Association of Energy Traders & Suppliers – ITALY

BNE: Bundesverband Neue Energiewirtschaft e.V. / Association of Energy Market Innovators – GERMANY

Oberoende Elhandlare / Independent Electricity Retailers – SWEDEN

THE CLEAN ENERGY PACKAGE PROVIDES MAJOR OPPORTUNITIES TOWARDS AN EFFICIENT, INNOVATIVE AND ENVIRONMENTALLY FRIENDLY ENERGY MARKET

The energy industry scenario, driven by decarbonization and evolution in technologies and costs, is delivering challenges that the new regulations need to address. One of the essential pillars of delivering a cost efficient European energy system is the liberalization of the energy markets. Key components of the liberalization strategy encompass the following:

- Effective competition
- Consumers' empowerment
- Markets' integration (among countries and commodities)
- Effective unbundling, efficiency, technology neutrality and strict regulation of networks

These principles still need to be strengthened and reinforced.

Challenge: integrating higher shares of renewable energy in today's energy market design and empowering active customers

Due to the rising share and low variable costs, renewables in electricity production are a challenge to today's energy-only market design.

Drivers of solution:

- Adjusting power producers' framework conditions:
 - Decrease excessive adoption of must-run rules
 - Abolish access barriers based on technology or size to any energy market (to be discarded together with priority access for certain technologies to markets), including ancillary services
 - Market gate closure close to real time
 - Remove caps in wholesale markets, which endanger scarcity signals
- Allowing self-consumption based on fair conditions
- Flexibility markets should be open to all providers that can deliver the needed services, particularly by the demand side (efficient, market based, uncapped flexibility markets will be key to provide a fair remuneration to the power industry)
- All consumers should be metered at least on an hourly basis as soon as possible
- Forward markets should be developed as much as possible

- Long-term contracts between producers and end-users should be market-driven as much as possible
- Energy only markets should deliver the right scarcity signals to remunerate operators' investments
- Though, if capacity markets are needed to ensure security of supply, they should
 - Not discriminate in terms of technology (including generation, storage and demand response) and country
 - Deliver the same incentive to decarbonization than commodity markets

Challenge: service to customers relies more and more on technology and data

It is hard to envisage how energy companies will deliver value to customers in a few decades from now. Likely the suppliers' job will be more about service providing than commodity trading and retailing. As a consequence, market design will probably need evolutions to ensure:

- Non-discriminatory access to data while considering data protection rules and data privacy (to ease customer profiling and fast & smooth switching)
- Effective unbundling of network operation and management from all services that can be provided to customers on a competitive basis, including metering and all energy efficiency or "smart networks" services

Challenge: customers are reluctant to switch supplier

A complex supply makes the customer's job more complex too. This can be eased by:

- Making the market of price/service comparison tools flourish, while preventing oligopoly
- Avoiding regulated end user tariffs
- Short switching procedures

Challenge: fulfill decarbonization goals without endangering competition and customers' liberty

- On the wholesale basis, decarbonization should be driven by a reinforced and widely adopted ETS system with limits to access to capacity markets (if any) based on emissions
- On the retail basis, a fully transparent market of guarantees of origin (GoO) should allow customers to have clear information on the energy's

origin. GoO should be provided to electricity no matter whether it has received any national support or not.

Challenge: strengthening gas markets

A well-functioning gas market is a key issue for the whole energy market. An interconnected single gas market is a prerequisite for the functioning of the ETS system, provides higher degree of security of gas supply and increases security of supply in electricity.

Challenge: building a real Internal Energy Market

- Fostering harmonized rules which assure uniform and consistent rights along Member States
- Promote mutual reconnaissance of authorization and license to develop activities (case of a European Passport for retailers)
- Promote cross-border network extension