

EER PRINCIPLES

1) Key principles

- a. **Effective competition** at national and European level is key to guarantee a well-functioning energy market and benefits the customer.
 - i. Effective unbundling guarantees that natural monopolistic activities do not endanger competition.
 - ii. Markets' liquidity is essential for well-functioning markets: it fosters transparency and enables hedging.
 - iii. All electricity generation, storage and demand should access all organized markets and balancing services on equal footing according to their performances.
 - iv. Energy bills should not include any non-energy related items.
- b. **The energy sector** must be compliant with **decarbonisation goals**.
- c. **European integration of energy markets** must be completed.
- d. **Network tariffs** should set the right incentives to choose the **most efficient solutions** for the energy system.
- e. **Active customers** are key to fulfill all EER principles.

2) Main obstacles to an efficient competition in the energy markets to be removed:

- a. Lack of unbundling** (of ownership, operations and brand) between regulated monopolistic activities and competitive activities harms competition, due to:
 - i. undue informative advantages
 - ii. exploitation of monopolistic prerogatives in market-based activities
 - iii. opportunity of unfair competitive practices due to cross-subsidies with monopolistic activities
- b. Unfair extension of regulated monopolies** to areas where competition can be successful (e.g.: metering, smart consumption devices)
- c. Lack of access to customer data**, including incomplete third party access to data and metering facilities
- d. Uneven development of electricity and gas markets**

EER MISSION

To fulfill its principles EER aims at achieving an active role of the retailer and other solution providers as a:

- Promoter of competition
- Adviser to the customers
- Enabler of customers' access to the markets (even the complex ones) and provider of risk mitigation services
- Provider of new and innovative products & services

This challenge needs an adequate **regulatory framework**.

In terms of European extension:

- More Interconnections within and between MEMBER STATES are necessary to benefit European citizens and industries and take advantage of harmonized energy prices and equal competition.

- Integrated operation of the energy grids requires cooperation between TSOs based on European network codes.
- To achieve market integration there is a need of:
 - Harmonized wholesale procedures on finance and clearing house conditions in all EU MEMBER STATES
 - Harmonized retail framework and procedures, including for example contract and tax law, consumer protection, data management
- Creation of a common European retailer “Passport”: If a retailer is registered and authorized in one MEMBER STATE, he should be able to provide energy and services to customers in all European MEMBER STATES.

In terms of major market design features:

- Energy only markets, provided they are efficient, can deliver the operators all the remuneration they need. Though, if capacity markets are introduced, they should not discriminate in terms of technology (including generation, storage and demand response). They should take interconnections between countries into account and they should deliver a clear incentive to decarbonization.
- TSOs, regulators, exchanges, authorities and others shall apply fair and reasonable charges for their services in order to not distort competition.
- Spot and long term markets need liquidity. Liquidity is eased by:
 - Transparent and non-discriminatory balancing market rules
 - Existence of well-functioning term markets aimed at exchanging hedging products
 - Admission of demand response service providers (independent aggregators) to all markets under fair and reasonable conditions in relation to other players.

- Electricity markets need liquid and efficient natural gas markets.
- Framework conditions need to be such that dynamic pricing offers are possible.
- Competition on metering should be possible, provided that formal and metrological requirements are fulfilled.
- Harmonized timelines and switching processes between electricity and gas are essential for retailers to offer dual products under equal conditions to incumbents.

In terms of regulated activities and unbundling:

- DSOs and TSOs should be considered as service providers to retailers and customers. Therefore real accountability for quality and parity of access to networks needs to be ensured.
- DSOs must be accountable for the agreed level of service in each EU MEMBER STATE.
- Regulated entities should not be allowed to launch market / competitive activities themselves.
- Information exchange between TSO/DSO and suppliers must be delivered in due time and by standardized procedures, as well as harmonized and technically efficient data formats.
- It is essential to have an effective regulated structure of penalties for TSOs and DSOs which fail in fulfilling their tasks and following rules and time limits.
- Functional and brand unbundling is essential to open up the market to new entrants and fair competition. Any unbundling exemption should be deleted entirely.
- The reservation of default supply to vertical integrated groups shall be removed from national regulations. The default supply tariff should cover all costs of service to this customer class.

- Retailers should not be the only responsible party for guaranteeing the customer's payment for taxes and non-energy related charges.
- Effective supervision by Regulatory Authorities is needed, including a non-compliance framework.

In terms of energy efficiency:

- Promotion of energy efficiency should not be based on market distorting mechanisms (> taxes & charges).
- Efficiency policies as a win-win for all participants. Retailers may be granted with market mechanisms to reduce their contributions to national Efficiency Funds.

In terms of relation with the customers:

- Only market-based parties, including suppliers, independent aggregators and other energy solution providers should have direct contact with the customer.
- Too detailed regulation on customer protection and billing prevents innovation – e.g. prohibition of advanced billing prevents the introduction of prepaid cards.
- Energy poverty should be addressed by social policy.

In terms of data access:

- Non-discriminatory, timely and efficient access to smart meters data should be ensured (including the load curve) to all market parties that need the respective information for fulfilling their contractual and regulated duties. Equal access to data for retailers and 3rd party service providers shall be granted.
- Data protection principles may not limit or restrict access for retailers and 3rd party service providers to energy consumption and other smart meter-related data that is

needed by those market parties to fulfill their contractual and regulated duties. Such limitations can neither be accepted for private consumers, nor for commercial or industrial consumers.

- Smart meters should be able to provide data through interaction with different technologies (Wireless; PLC; GPRS).
- A minimum set of meter functions need to be defined by regulation (standardized functions are needed).

In terms of renewable energy sources (RES):

- Support to RES should be provided through market-based systems.
- RES participation in ancillary services should be on equal footing with respect to conventional technologies.
- Prosumers should be allowed to sell their surplus.
- Self-consumption should be an option available to prosumers, not an imposed category due to connection infrastructures.

Founding Members:



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

ACIE was founded in 1999 to represent the interests of independent energy suppliers in Spain within the framework of the liberalization of the electricity sector. Since 2012 it also represents independent suppliers' interests within the natural gas businesses. Currently it is composed by 11 energy suppliers, representing around 9% of the electricity supplied in Spain and 4% of natural gas supply.



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

AFIEG represents French industries or subsidiaries located in France that are involved in the European electricity and gas sectors, i.e: Alpiq Energie France, BKW France, CELEST (operator of Pont-sur-Sambre and Toul CCGT), Endesa, Gazprom Energy, Uniper France and Vattenfall. AFIEG currently counts two associated members: Enovos and Energies Libres Grands Comptes with the aims of welcoming new members.



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

Started in 2000, with the beginning of the liberalization of the Italian energy markets, AIGET represents and promotes the interests of the Italian and foreign entrants in the supply, trading & shipping of electricity, natural gas and related services & certificates. The main aims of the association are promoting competition, transparency and liquidity in the Italian energy markets and supporting the development and standardization of tradable energy products and contracts, including energy & weather derivatives.



bne: Bundesverband Neue Energiewirtschaft e.V. / German Association of Energy Market Innovators

bne represents the interests of grid-independent energy suppliers and energy service companies in Germany. Unlike suppliers with a connected grid, bne-members are free of monopoly interests: They are committed to fair competition and a diverse energy market



**Oberoende Elhandlare /
Independent Electricity Retailers in
Sweden**

Oberoende Elhandlare is a Swedish organization for retailers who actively hedge and trade, as well as for energy brokers who hedge on behalf of retailers, producers and end-users. The members are independent of the vertically integrated oligopoly firms that dominate the electricity market. The organization aims to safeguard the free market and create better conditions for competition, both at national, Nordic and European levels.