Regulatory coordination and coherence
Lessons from the European energy market integration process

SESSION # 5
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European energy market integration

A building block of EU energy strategy

Building a liquid and transparent internal energy market

Make best use of existing assets

- Competitiveness and affordability

Ensure fit for the future infrastructure

- Diversification of supply sources/routes
- Development of renewables and system flexibility

across 28 heterogenous energy systems

(market size, demand profiles, industrial structure, supply mix, etc)
European energy market integration
*A process driven by regulators*

- A progressive approach, originally based on voluntary cooperation

- Top-down approach enshrined in EU legislation in 2009
  - European energy regulators mandated to eliminate restrictions on trade between Member States
  - Establishment of an EU Agency to assist national regulators in exercising their tasks at EU level and where necessary to coordinate their action
Regulatory coordination within ACER

Institutional set-up

- **Director**
  - ACER representation and administrative management

- **Board of regulators (BoR)**
  - Formulation of opinions on ACER’s regulatory decisions and guidance to the Director

- **Admin. Board (AB)**
  - Oversight of ACER management

- **Board of Appeal (BoA)**
  - Examination of appeals against ACER decisions

- **Appointed with BoR favourable opinion**
  - 28 national energy regulators’ representatives

- **9 members appointed by EU institutions**

- **6 members proposed by the European Commission BoR consulted**
### Regulatory coordination within ACER

**Status quo : tasks**

| Network operators | • Oversight of network planning coordination  
|                   | • Preparation of EU-wide market rules and network codes |
| Energy regulators (NRAs) | • Promotion of NRAs’ cooperation  
|                   | • Arbitration between NRAs on e.g. exemption requests or regulatory regime applicable to cross-border infrastructures |
| European institutions | • Monitoring of internal energy market  
|                      | • General advisory role on measures needed to remove barriers to internal market completion |
| Other (new) | • Data collection and monitoring of wholesale market transactions  
|            | • Participation in the selection and monitoring of European infrastructure “projects” of common interest |
Coordinated rule-making
The case of EU network codes

- **Harmonised market and network rules** with cross border relevance
- Contributing to **non-discrimination** and **effective competition**

**ACER**

**ENTSOs**

**Member States**

**NRAs**

**TSOs**

**European Commission**

priorities

framework guidelines

Draft network codes

opinion

adoption

6 months
12 months
3 months

ACER recommendation of network code’s adoption **when satisfied**
Increased **integrity and transparency** of the wholesale market through:
- legal **prohibition of market abuse and insider trading**
- **structured cooperation** between sectoral regulators, financial regulators and competition authorities both at national and EU-level

**ACER**
- Cooperation with financial and competition authorities
- Notifications from stakeholders

**NRAs**
- Registration of market participants
- Collection of additional data (optional)

- Centralised collection of fundamental data and records of transactions
- EU-level analysis of data
- Coordination of cross-border investigations
- Coordination of market monitoring
- Cooperation

**Sanctions**

**Increased integrity and transparency** of the wholesale market through:
- legal **prohibition of market abuse and insider trading**
- **structured cooperation** between sectoral regulators, financial regulators and competition authorities both at national and EU-level
Internal procedures

The devil is in the detail!

- ACER overall good performance since its establishment closely related to inputs from national energy regulators
  - Over 200 experts from 28 NRAs participate in ACER working groups advising on the regulatory activities of the Agency

- New proposals due by the end of 2016, including on ACER independance and powers
  - ACER oversight powers
    - Non mandatory opinions? Binding decisions?

ACER to take due account of the outcome of NRAs’ cooperation when formulating its acts whose adoption is subject to BoR favourable opinion
  - BoR to approve (or reject) outright the acts submitted by the Director without being able to amend them
Thank you for your attention!

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