



Transparency, accountability & credibility of regulatory rules: a consumer perspective

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Increasing complexity of the EU 28 context

- A targeted integrated energy market... for 2014
- 28 national policies regarding the energy mix
- Interferences between climate & energy policies (GHG reduction, RES, ETS...)
- An increasingly expensive energy system
 - Support schemes for RES
 - Complementary system costs linked to intermittency and priority access given to RES
 - important infrastructure requirements to ensure an adequate level of SoS
 - Competitiveness / Affordability are real challenges



What do consumers expect from regulators?

- To help them **limiting their bill increase**
 - To make them **understand** the various cost components
 - In some countries, the wholesale market price represents less than 50% of the total cost
 - Most of the time, subsidies are not cost-reflective
 - To **enable competition** via clear, non discriminatory rules
 - Full & fast implementation of the integrated market
 - To **promote the most cost efficient solutions**
 - Cost/Benefit analysis for infrastructure investments
 - To **enable them to act** (Demand Side Response)
 - Regulation must also insist on cost efficiency



A typical example: Demand Side Response

- Many examples with **unusual peak demand for a limited duration**
 - Belgium : Last 400 MW for less than 10 hours/year
 - France : last 3000 MW for less than 10 hours/year
 - Germany (Agora study for 2020) : 20 GW for less than 200 hours/year
 - Can be tackled via:
 - Additional capacities -> very expensive
 - capacity remuneration schemes -> market distortion ... And can be much more expensive
 - Additional interconnections
 - Demand side response
- **DSR is greener, faster and more cost efficient than other alternatives**



Promotion of DSR requires a stable regulatory framework

- Industry has the potential to be the front runner but needs **visibility**
 - Changing production planning requires anticipation / has a cost
 - Potential can be increased via process adjustments
- DSR promotion can be accelerated by aggregators...
- But an **important regulatory work** is often needed **to remove obstacles**
 - Thresholds for access to balancing market
 - Barriers in grid codes and tariff structure
 - Discrimination between generation & demand in tendering procedures
- **Looking for cost efficiency and enabling the cheapest solutions to emerge is a key element of regulation**



Regulators must become consumer centric

- At the end, who pays? The consumer!
- Consumers must be involved in regulatory evolution
- Expertise exists : energy-intensive industries are prosumers already
- No diverging interests between industry & households when it comes to the fundamental question: how to make a secure & sustainable energy system as cost-efficient as possible?

➤ **Transparency, accountability & credibility?**

**Yes but with the customer involved to identify
the most cost efficient solutions**



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