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Renewables need stronger EU co-ordination, says regulator

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26 Mar 2014, Mark Pengelly, Energy Risk



As the generation of renewable electricity rises across Europe, a more co-ordinated approach to power market regulation is increasingly needed, according to Valeria Termini, a commissioner at l'Autorità per l'energia elettrica il gas ed il sistema idrico (AEEG), the Italian energy regulator.

"Operators and regulators have to address and deal with a complex transition. This requires a co-ordinated European approach and a close interaction between regulators and interested parties," she said, speaking during an interview at *Energy Risk Italia* in Milan on March 25.

Termini's comments carry weight far beyond Italy's borders – in addition to her role at AEEG, she is also a member of the board at the Ljubljana-based Agency for the Cooperation of Energy Regulators (Acer) and vice-president of the Brussels-based Council of European Energy Regulators.

With continued increases in renewable generation, the question of whether and how renewables should be integrated into the broader power market has become a pressing problem in Europe. Termini said she believed market-based and flexible solutions held the answer to this. "In order to integrate renewables into a completely different system, as we are considering, one of the main criteria is increasing the flexibility of the system on the basis of a level playing field and promoting innovation, which is not an easy task," she said. "We are considering markets for capacity and balancing markets – in other words, market-based [measures that] increase the flexibility of response."

By the end of April, Acer is due to publish a consultation that will address some of these issues, dubbed *Energy regulation: a bridge to 2025*. Market participants have already been given a sneak

preview of what it contains, in the form of a pre-consultation document released in November 2013. That document trails measures such as limiting green subsidies, emphasising the role of price signals and the promotion of liquid intra-day and balancing markets.

Although Termini would not comment directly on the forthcoming consultation, she pointed to the role of distribution system operators (DSOs) as a particular area of focus. She said regulators would seek to come up with harmonised rules governing the role of DSOs, which are the entities responsible for transmitting power from the grid to the end-consumer. "One of the focuses is on DSOs [and] the change in [their] functions and services. New rules are needed to allow them to play the role of neutral market facilitators. We are trying to give general European criteria, like standard market rules," she said.

Acer would play an important part in the harmonisation of European electricity market rules going forward, she said. In that respect, the agency was destined to play a similar role as the Washington, DC-based Federal Energy Regulatory Commission, which maintains standard rules for deregulated wholesale electricity markets in the US.

Termini's call for a more joined-up EU approach to renewables echoes similar worries from industry participants, [which are concerned the benefits of greater market integration might be killed off by differing national schemes designed to subsidise renewables and ensure security of supply.](#)

[During a speech in Brussels on February 4, former European Commission director-general for energy Philip Lowe espoused similar fears, attacking the the fragmentation brought about by divergent national rules and suggesting Acer should be beefed up with additional powers.](#)

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