

The policy framework of European and German electricity markets

Some spotlights with SSG
relevance

Overview

- Europe
 - European energy policy
 - Internal electricity market
 - Interconnection policy
 - Renewable electricity
- Germany
 - Network regulation
 - EnWG
 - EEG

European energy policy

- An energy policy for Europe (COM(2007) 1 final, 10.1.2007)
 - Sustainability, security of supply, competitiveness
- EU second strategic energy review (COM(2008) 781 final, 13.11.2008)
 - Priority infrastructure developments:
 - Baltic Interconnection Plan
 - Mediterranean Ring
 - Blueprint for a north-sea offshore-grid for wind energy
 - „building blocks of a future European supergrid“
- EU „energy and climate change package“ (December 2008)
 - 20-20-20 targets

European internal electricity market

- “Internal Market in Electricity Directive” (2003/54/EC):
 - Liberalisation
 - Legal unbundling (both transmission and distribution)
- Sector inquiry into the gas and electricity markets (2005-2007)
- “Third legislative package” (since September 2007)
 - Proposal for amending Directive 2003/54/EC
 - Preferred: ownership unbundling
 - Alternative: Independent System Operators
 - “Third way”
 - Promotion of cooperation:
 - Agency for the Cooperation of Energy Regulators (cross-border)
 - European network of TSOs (→ ENTSO-E December 2008)

European interconnection policy

- TEN-E: Trans-European energy network guidelines (1364/2006/EC)
 - lists and ranks projects eligible for community assistance
 - Budget: ca. € 25 million per year (for financing feasibility studies)
- Green Paper Towards a Secure, Sustainable and Competitive European Energy Network (COM(2008) 782 final, 13.11.2008)
 - Networks important for RES integration
 - EU support is needed, e.g. intervention for key projects
 - Proposal for review of TEN-E
 - Includes “SuperSmart Grid” components without phrasing it this way:
 - RES transmission from coastal areas and the Mediterranean
 - Europe-wide offshore grid, trans-European overlay grid
 - flexible, local energy sources
 - Currently, consultation period until 31.3.2009

European renewable electricity

- Directive on the promotion of the use of energy from renewable sources
 - Agreed on by EP on 17 December 2008
 - Binding targets: 20% renewables of final energy consumption by 2020
 - Germany: 18% (i.e. ca. 30% electricity)
 - Allows joint projects and „statistical transfers“
 - Between member states: no physical transfers required
 - Between member states and third countries:
 - Actually imported renewable energy may count towards member states' targets if installations become operational after entry into force
 - RES produced and consumed in third countries may count towards national targets in case of long lead-time for inter-connector construction (e.g. Mediterranean Solar Plan) → construction has to start by 2016, operational after 2020 (Art.9)
 - Mentions need for interconnection, new grid infrastructure, intelligent networks → but no specific measures

Germany: network regulation

- Until 2009: Cost regulation
- Since 2009: Incentive regulation
 - Decoupling of revenues and costs
 - Revenue cap for existing infrastructure:
 - Yearly x-factor of 1.25% / 1.5% (1st / 2nd period)
 - Efficiency benchmarking (company-specific)
 - For network investments:
 - DSOs: expansion factors
 - TSOs: investment budgets (for specific investments into network stability or interconnection)

Germany: EnWG

- EnWG (Energy Industry Act) 1998:
 - Competitive generation, wholesale and retail
 - Regulated monopolies for networks (negotiated access)
- EnWG 2005 (implementation of 2003/54/EC):
 - regulated network access, BNetzA
 - (legal) unbundling
- EnWG 2008: liberalisation of metering (ordinance)
 - User may choose metering operator
 - From 2010 on: smart meters for new / refurbished buildings

Germany: EEG

- Priority for renewable electricity
- Technology-specific feed-in tariff with depression
- In place since 2000, latest revision entered into force 01 January 2009
 - Section 64: authorises issuing ordinances for improving network integration of renewables, e.g.:
 - Financial incentives for demand-based feed-in
 - Financial incentives for storage and virtual power plants
 - Direct selling incentives

Thank you!

Back-up

- An energy policy for Europe
(COM(2007) 1 final, 10.1.2007)
 - Sustainability, security of supply,
competitiveness
 - Calls for a “new industrial revolution”:
“transforming Europe into a highly
energy efficient and low CO₂ energy
economy”

- Sector inquiry into the gas and electricity markets (2005-2007):
 - Finding: competition still distorted
 - Obstacles:
 - High market concentration
 - Vertical integration
 - Absence of market integration / cross-border capacities