

# **Regulatory challenges and market developments**

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## Politically set objectives

- **reducing emissions**
- **developing renewables at a reasonable cost for society**

## Structural change

- **decentralised generation**
- **intermittent renewables**
- **reinforced, meshed, smart grids**

require a revision of regulation

4 issues to be discussed

## issue 1

- Liberalisation has been strictly linked to the **unbundling** of networks (three packages of EU Directives)
- After debate and confrontation, ownership unbundling has finally been adopted for the main electricity transmission networks ...
- ... but not for the distribution networks, with no apparent distress
- now a large share of the **new generation** is connected to the **distribution grid**
- should we revise the **rationale for unbundling?**

## issue 2

- The associations of electricity **transmission** companies (ENTSO-E) and of gas **transport** companies (ENTSO-G) have been awarded an **official role** in the EU legislation
- Will / should a similar status be extended to the **distribution** companies associations?
- The power exchanges and the gas exchanges present a growing level of **concentration**
- Does the **regulatory system** (NRAs plus ACER) provide a sufficient representation of the general interest ?

## issue 3

- Given the present and the expected growth of intermittent generation of electricity, increasingly frequent **congestion** can be expected
- Congestion in cross-zonal exchanges is treated in market-compatible ways, such as market coupling or market splitting
- Where **price zones** are very large, a large share of congestion costs remain hidden and non-market solutions prevail
- An increasing **distortion of flows and burden on consumers?**

## issue 4

- Diffusion of decentralised generation
- increasing number of prosumers
- diffusion of energy communities
- will reduce the cost of self-sufficiency
  
- **opting out from connection to the grid becomes attractive**
  
- system charges (the cost of smart grids and of RES support) will be **an increasing burden** on a decreasing number of consumers
  
- unless the burden is **shifted on taxpayers**