

Regulators call for priority dispatch of existing Renewables to be removed

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- **Remove priority dispatch for existing Renewables**
- **Avoid non-market approach to redispatch and RES curtailment**
- **Avoid net metering and ensure fair cost allocation**
- **RES White Paper is the first in a series of Regulatory White Papers**

Today Energy Regulators (ACER¹ and CEER²), in their [White Paper on Renewables in the Wholesale Market](#), called for EU legislators to bring Renewable Energy Sources (RES) fully into the market in the clean energy transition.

Regulators recommend 3 changes to the European Commission's Clean Energy proposals³.

Remove priority dispatch for existing Renewables

Extend the prohibition of priority dispatch⁴ (i.e. priority running) also to existing RES plants (and not only to new RES as proposed by the Commission), so that all technologies compete fairly in the market to deliver the lowest possible cost to consumers.

Avoid non-market approach to redispatch and RES curtailment

Remove the proposed 90% compensation for RES curtailment⁵. Regulators support the proposals for market-based prices being the driver for compensation paid to renewables that are curtailed when there is congestion, and for Transmission System Operators (TSOs) to perform market-based (rather than technology-based) curtailments.

Avoid net metering and ensure fair cost allocation

Avoid net metering to ensure that self-generators pay their fair share of network and system costs. **Alberto Pototschnig**, ACER Director, remarked that:

“As European Energy Regulators, we believe that the Clean Energy Package should ensure that, when it comes to participation in the market, all technologies compete on a level-playing field. This requires market-based dispatching of all resources.”

Lord Mogg, Chair of ACER Board of Regulators and CEER President added:

“Regulators support the Clean Energy efforts to make renewables central to the market and to allow consumers be prosumers. The integration of renewables must be fair and cost-efficient and without cross subsidisation between renewable self-generators and other consumers.”

RES White Paper is the first in series of Regulatory White Papers

This Renewables White Paper is the first in a series of the European Energy Regulators' White Papers on the Clean Energy proposals covering wholesale, network and consumer issues. These White Papers build on the [“European Energy Regulators' Overview Paper - Initial Reactions to the European Commission's Proposals on Clean Energy”](#), published by CEER and ACER on 23 January”.

Ends (see Notes for Editors)

Notes for Editors:

- (1) The Agency for the Cooperation of Energy Regulators (ACER), a European Union Agency, was created by the Third Energy Package to further progress the completion of the internal energy market both for electricity and natural gas. Visit www.acer.europa.eu.
- (2) The Council of European Energy Regulators (CEER) is the voice of Europe's national energy regulators. Its members and observers, from 35 European countries, are the independent statutory bodies responsible for energy regulation at national level. Visit www.ceer.eu.
- (3) The European Commission announced its [Clean Energy for All European legislative proposals](#) on 30 November 2016. Key elements include a redesign of the electricity market, a move to decarbonisation including measures to integrate renewables, an increase in the energy efficiency target to 30%, new governance arrangements and efforts to ensure that consumers are a key pillar of the market design reforms.
- (4) The European Energy Regulators recommend changes to Article 11 of the recast Electricity Regulation to apply the prohibition of priority dispatch to existing (as well as new) RES plants, so that all technologies compete fairly in the market to deliver the lowest possible cost to consumers. Dispatch rules determine which power generation facilities shall generate power at which time of the day. Currently RES, Combined Heat and Power (CHP) plants and up to 15 % of indigenous resources get priority dispatch. The "merit order" principle means running those power plants which for a given time period require the lowest payment to generate electricity. This is determined by the day-ahead and intraday markets. The Commission's Clean Energy proposals (Article 11 of the recast Electricity Regulation) provide for merit order-based dispatch but with exemptions for small RES, micro-CHP and grandfathering (i.e. existing RES plant). The European Energy Regulators welcome the proposals in the Clean Energy package to remove priority dispatch (i.e. priority running) of new renewable generators but further advocate for no priority dispatch for existing RES plant.
- (5) Article 12 of the recast Electricity Regulation grants protection from curtailment/downward redispatch for RES and CHP in case of congestion on the electricity network. Curtailment (sometimes also known as priority access) rules do not relate to the initial network connection, but to the allocation of capacity in situations where the network is unable to fully accommodate the market result. European Energy Regulators recommend changes to Article 12 to make the redispatch and curtailment approach less prescriptive. Regulators are particularly concerned by the proposed provision setting a floor on the compensation for curtailed RES plants at 90% of the Day-Ahead price, which does not appear to be supported by any economic consideration and thus might be considered arbitrarily set. Hence, European Energy Regulators recommend changes to Article 12 of the Electricity Regulation to remove the 90% compensation floor for RES curtailment.
- (6) European Energy Regulators recommend changes to Article 15 of the Electricity Directive and to Article 21 of the RES Directive to emphasise that self-generators must pay their fair share of network and system costs and that, for similar reasons, net metering should be avoided. Self-generation is when final consumers become active prosumers who generate and consume electricity. Net metering is a regulatory framework under which the excess electricity injected into the grid can be used at a later time to offset consumption during times when their on-site renewable generation is absent or not sufficient. For further details on net metering and self-generation, see the [CEER \(2016\) Position Paper on Renewable Self-Generation](#).

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