

## Energy Regulators recommend legislative and regulatory action to support the decarbonisation of Europe's energy sector

Brussels, 19 November 2019

In their **Bridge Beyond 2025 [Conclusions Paper](#)**, the European Union Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER) recommend updating Europe's gas sector legislation and future-proof regulation to facilitate decarbonisation of the energy sector, to promote a competitive Internal Energy Market and to maximise the opportunities arising from sector coupling.

The Clean Energy Package (CEP) sets the path to decarbonise the electricity sector. This joint ACER-CEER Conclusions Paper, entitled "The Bridge Beyond 2025", proposes legislative action (beyond the CEP) to decarbonise the gas sector, and for electricity and gas sector coupling beyond 2025.

The Bridge Beyond 2025 [Conclusions Paper](#), which will be presented on 20 November at an event (also [live-streamed](#)) in Brussels, follows extensive public consultation by ACER and CEER. The [ACER public consultation](#) focused on issues the gas sector faces in the future and a [CEER public consultation focused on regulatory challenges for a sustainable gas sector](#). The conclusions cover decarbonisation, competition, flexibility and sustainability, as well as the role of ACER and national regulatory authorities (NRAs).

### Flexibility for decarbonisation

ACER and CEER believe an updated gas legislation should define and categorise decarbonised gases and integrate them into existing gas markets, with full valuation of their environmental benefits. It should also provide regulatory predictability to enable the emergence of new gases and technologies. The Conclusions Paper recommends new investments in natural gas to be assessed in line with the EU decarbonisation targets and that existing assets are evaluated for possible re-use - following consultation with neighbouring authorities and stakeholders - before decommissioning.

ACER and CEER recommend the establishment of a system of dynamic and targeted regulation based on the Gas Target Model (GTM) and the Agency's market monitoring, as well as the analysis of NRAs. The updated legislation, the ACER-CEER Conclusions Paper says, "should also facilitate new assets and activities, including a sandbox model at EU level for pilot, small scale projects and appropriate differentiation between competitive and monopoly activities".

### Increasing competition and fighting fraud

ACER and CEER recommend that a technology-neutral level playing field is established between different conversion and storage facilities so that they face equivalent treatment of costs, and equivalent recognition of environmental and security of supply benefits. For infrastructure planning, the improvements in network code governance introduced in the CEP for electricity are needed in the gas sector as well, in particular better regulatory oversight over entities which may have an interest in promoting infrastructure investments.

With regard to tariffs, both regulators and stakeholders find that, at present, "tariff design does not appear to be causing major issues at a pan-EU level. However, legislative changes can unlock better regulatory tools to address barriers to trade", the Conclusions Paper notes.

Transmission System Operators (TSOs) and NRAs currently face difficulties to act in an effective and timely manner to deal with fraud. ACER and CEER propose several *ex-ante* measures, which can contribute to mitigating the risk of fraudulent behaviour.

See the [Bridge Beyond 2025 Paper](#) for further details on the status, challenges and proposed regulatory responses across four themes:

Theme A: access and market monitoring;

Theme B: governance of infrastructure and oversight of existing and new entities;

Theme C: dynamic regulation for new activities and technologies;

Theme D: transmission tariffs and cross-border capacity allocation.

The Agency's input is based on [ACER Recommendation No 02/2019](#) on the regulatory response to the future challenges emerging from developments in the internal gas market.

*Note: On the morning of the 20th November, ACER and CEER will also present the annual Market Monitoring Report, providing an overview of key data and developments in the state of internal electricity and natural gas markets. For more information and access to web streaming please click [here](#).*

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