



# The Role of Innovation and R&D The Regulator's Perspective

Garrett Blaney  
Chairperson

Commission for Energy regulation  
Ireland



# Converging Wholesale and Retail Markets



## Smart Meters

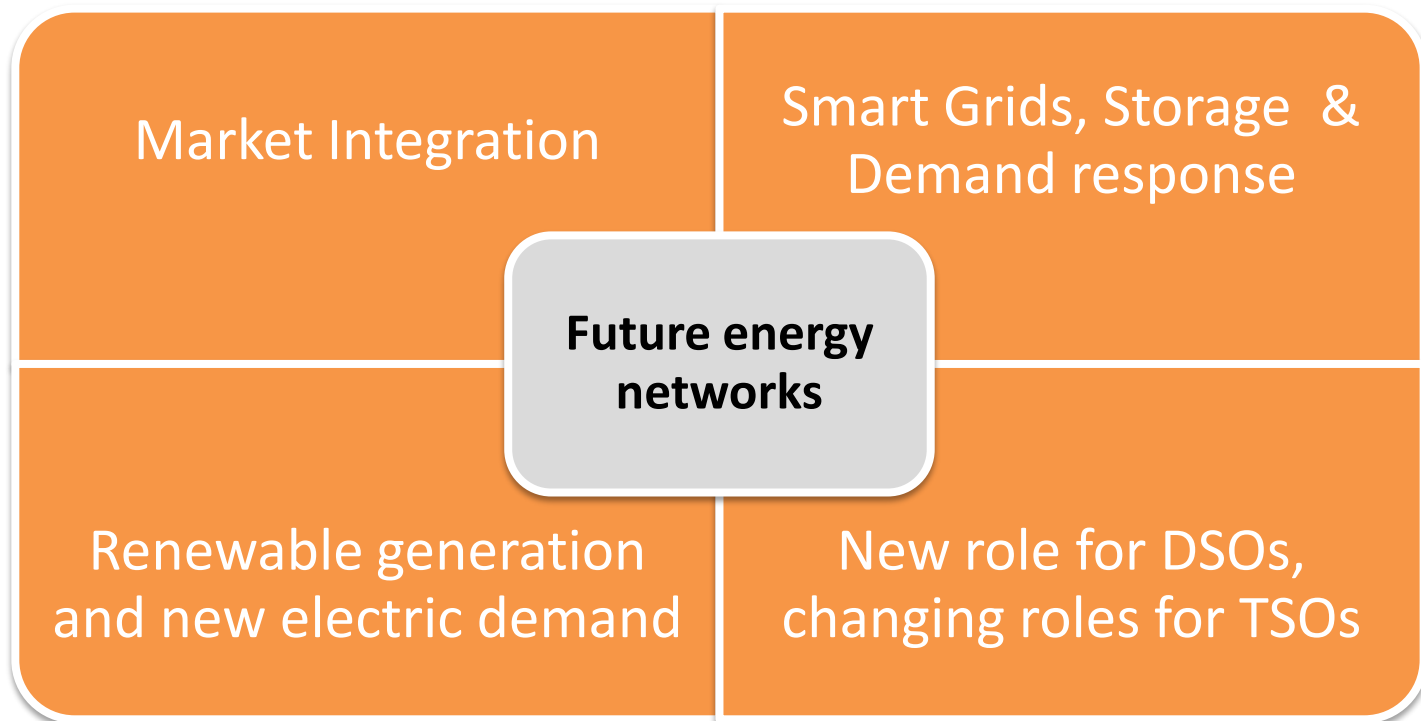
Valuing energy, capacity and flexibility



Energy Innovation in the home



# New Role for Networks



# Innovation and Regulation

## Why should Regulators get involved?

### Competitive Markets:

- New Entry
- Lower Costs
- Better customer experience

### Monopoly Regulation:

- Monopolies are not natural innovators
- Innovative focus may need adjustment

## How should Regulators get involved?

### Competitive Markets:

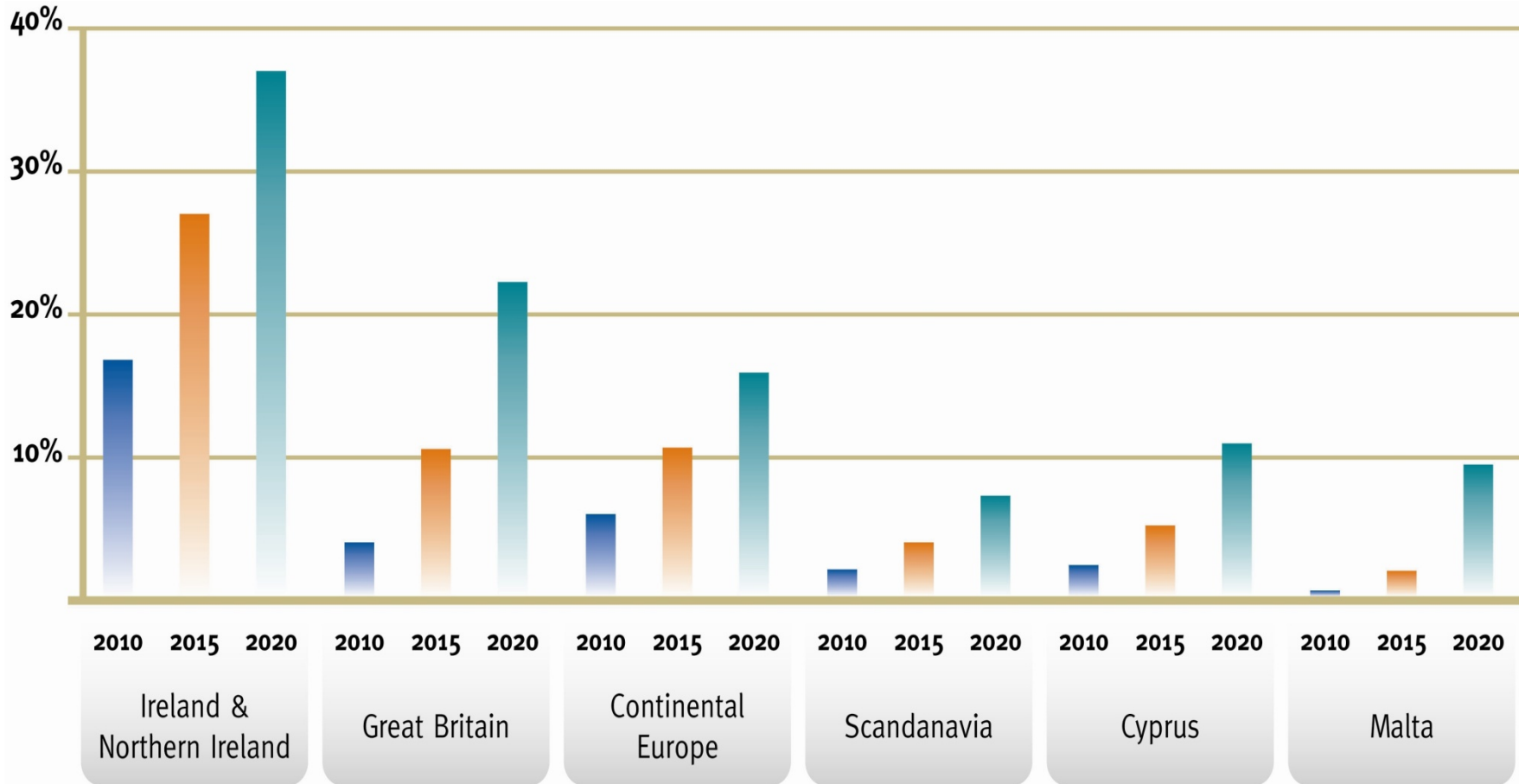
- Market design
- Availability of data from monopoly functions

### Monopoly Regulation:

- Price Controls
- Incentives
- Output based regulation



# Renewable penetration levels in synchronous systems (wind)

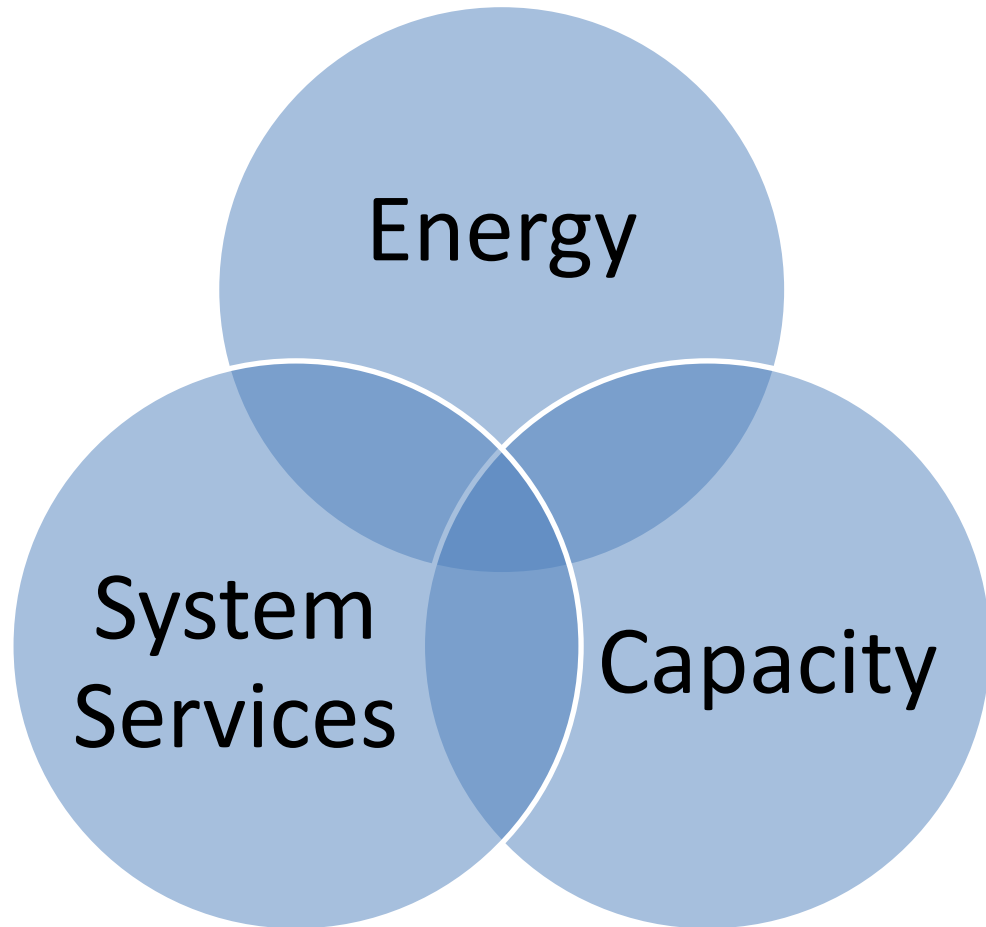




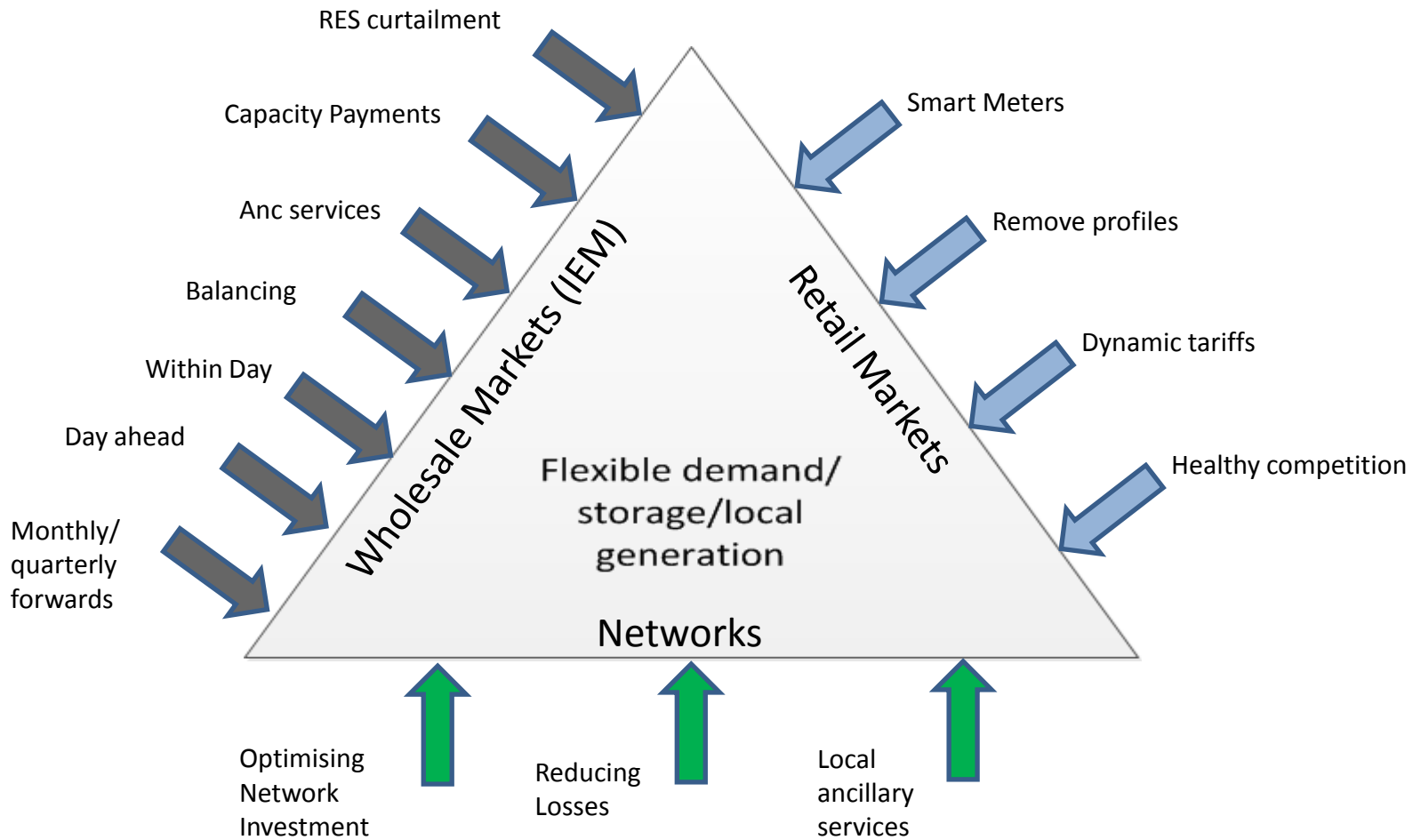
# Innovation - Relevance of System Services

Optimised Electricity system providing:

- Value for money for consumers
- Appropriate, secure revenues for generators
- Correct entry/ exit signals for investors
- Correct level and type of services for reliable and secure operation of system



# Flexibility





# Integrating Energy Markets Across Borders

Single Electricity Market on Island of Ireland:

- 2 different countries
- 2 different currencies
- Single Set of Wholesale Rules
- Single Regulatory Decision Mechanism



# EU Target Model Innovation Driver

## Nearly Complete

Coupling of daily markets

## Next steps

Addressing flexibility

## Flexibility changes

- Role of balancing
- Evolution of transparent system operation
- Network Constraints



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