

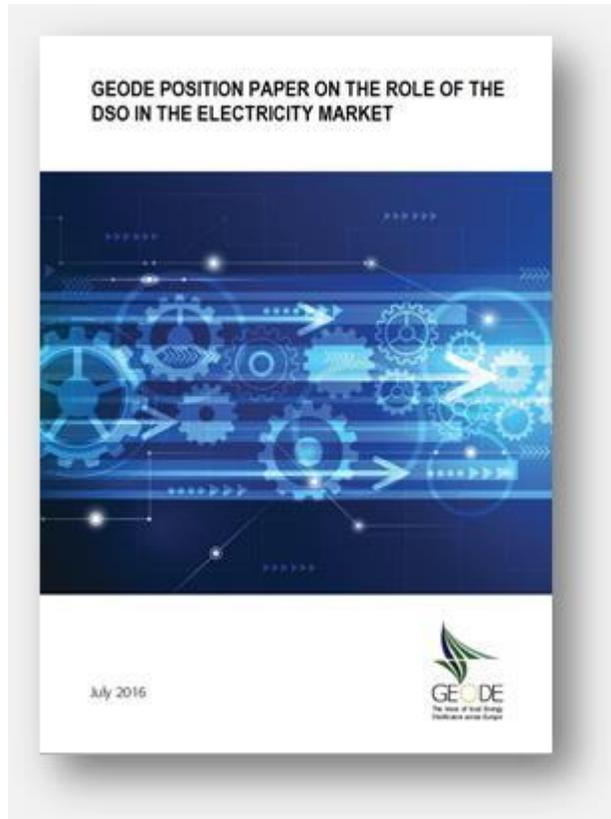


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GEODE Publication – Position Paper on the Role of the Distribution System Operator in the Electricity Market

The drive towards a low-carbon energy future with the rise of technological innovation and changes in electricity demand poses specific challenges as well as opportunities for the distribution networks.

The Distribution System Operator (DSO) as grid operator and neutral market facilitator plays a significant part in ensuring the stability of the future energy infrastructure. However, in order to address the upcoming challenges, GEODE believes that DSOs' already existing tasks – from network operation, data management data handling to customer engagement – will evolve and include activities related to flexibility, storage and e-vehicles, without hampering market functioning.



With this new Position Paper, GEODE identifies the current and future role DSOs play in the electricity market, issuing key recommendations which should be taken into consideration by decision-makers when drafting the upcoming EU legislation:

- **The DSO has a critical role** - ensuring the distribution of electricity from generation / transmission to demand (consumers) by controlling and operating the distribution grid and managing information related to the



distribution of electricity.

- The **diversity of the 2750 European DSOs' in size**, voltage levels, ownership, penetration of distributed generation and activities.
- There is **no need to restrict the DSO's activities in data management** and data handling as long as the DSO does not misuse its special position against other service providers.
- A **clear market model and definition of conditions** is needed for DSO's role in flexibility, storage and e-mobility.
- Incentive regulation needs to be set up to **promote innovative grid investments** to facilitate the development of the network operations according to the needs of customers and the upcoming future challenges.
- The **use of real costs – opposed to estimate or average costs - to calculate network tariffs is essential** to face the new challenges that DSOs must fulfil.
- A **combination of more capacity based grid tariffs** and energy based supply pricing is GEODE's recommended approach to provide customers with incentives to optimise their consumption and production while contributing to the overall system efficiency.

In short, there **should not be any rigid framework for the role of DSOs**, as we don't know how the network will look like in the future and therefore **the role of the DSO must be allowed to evolve**.

To read the full paper, please go [here](#).

GEODE

GEODE is the voice of local energy distributors across Europe, representing the interests of 1200 private and public energy companies for both electricity and gas from 15 European countries, serving more than 100 million customers. These small and medium-sized companies are bringing intelligence to the grids and making thereby a major contribution to achieve Europe's climate and energy policy goals. GEODE promotes fair and competitive conditions for network operators giving them a strong voice to secure core values - namely providing a customer-focused service, with a high quality of supply and energy efficiency to homes, businesses and local communities. With 25 years' experience GEODE is recognised as a trusted partner by the European institutions.