



GEODE Statement – EC Winter Package

GEODE - the voice of local energy distributors across Europe - welcomes the European Commission's Winter Package and the fact we now have a road map towards 2030 and beyond paving the way to a new energy market design to help us face upcoming challenges in a competitive and efficient way which will enhance the linkage of the wholesale and retail markets.

In **GEODE's** view, the Commission's proposals for strengthening market price signals and establishing conditions to introduce capacity mechanisms and support schemes for renewables to avoid creating market distortions, along with the phasing out regulated prices and a more consumer oriented energy policy are all going in the right direction.

GEODE welcomes in particular the Commission's support to incentivize DSOs to procure flexibility services for improving efficiencies in the distribution networks and providing a supportive regulatory framework to do this. We also welcome the endorsement of DSOs being in charge of data management activities whilst ensuring data is provided to third parties only with explicit authorization from the customer in an easy, transparent and non-discriminatory data access procedure. All these principles are fully supported by **GEODE** Members.

GEODE also welcomes the Commission's proposals providing clarification in a number of key 'grey' areas including DSOs' rights in relationship to storage. However, we regret the very restricted approach proposed, according to which DSOs would be prevented from owning, developing, managing or operating energy storage facilities except in very limited circumstances when Member States apply for derogation. Taking this position risks missing opportunities for managing networks and maximise efficiencies.

GEODE welcomes and supports the Commission's main principles on distribution network tariffs – to incentivise DSOs to innovate and promote cost



reflectivity which will boost necessary innovation and the development of new and competitive services while enhancing demand response, encouraging distributed generation and a more efficient energy consumption. However, we see the introduction of dynamic grid tariffs as complex and potentially problematic.

GEODE particularly would like to express regrets regarding the organizational structure brought forward by the Commission for a new EU entity for DSO cooperation. As proposed, the EU DSO entity would exclude from membership all those small and medium sized DSOs currently validly exempt from legal and functional unbundling rules under the terms of the Electricity Directive, as said by GEODE Chairman Mr. Reinhard Brehmer. This would include those DSO which have less than 100.000 customers - the local electricity distributors – trusted and well regarded by their customers and representing more than 2,000 companies across Europe.

For Mr Brehmer it seems paradoxical that the new EU DSO entity would not have the value neither the inputs from these local networks. It will be their grids which will be facing major new challenges resulting from the new energy market design enhancing a more decentralized energy system, with local flexible electricity markets and high volumes of distributed generation.

GEODE is keen to continue working with the Commission and offering to provide our DSO expertise to the EU Institutions in the upcoming months as they negotiate the complex new package.

Brussels, 30 November 2016