



CEER

**Council of European
Energy Regulators**

GEODE Spring Seminar

Panel I: DSOs in the Framework of the Clean Energy Package

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Key CEER positions related to DSOs in the Clean Energy package

- **New services and storage – maintain DSO as a neutral market facilitator; storage and EV infrastructure ownership are competitive activities**
 - ▶ Tasks of DSOs in the use of flexibility
 - ▶ Integration of electro-mobility into the electricity network
 - ▶ Tasks of distribution system operators in data management
 - ▶ Unbundling of distribution system operators
 - ▶ Ownership of storage facilities
 - ▶ New activities of distribution system operators
 - ▶ Ownership of storage and provision of ancillary services by transmission system operators
- **Maintain flexible local solutions rather than network tariff harmonisation and unnecessary Network Codes**
 - ▶ Charges for access to networks
 - ▶ Tasks of the EU DSO entity
 - ▶ Consultations in the network code development process
 - ▶ Adoption of network codes and guidelines
 - ▶ Establishment of network codes
- **Governance of the EU DSO entity should be elaborated through a later deliberate process led by the European Commission and ACER**
 - ▶ Principal rules and procedures for the EU DSO entity for electricity



DSO as a neutral market facilitator

- **Tasks of DSOs in the use of flexibility (Dir. Art. 32)**
 - ▶ Incentives to distribution system operators are in the realm of the regulator. While CEER agrees that incentives to DSOs need to evolve, and take into consideration the potential of services that distributed generation, storage and demand response can provide, CEER believes that the incentives need to be provided by energy NRAs rather than Member States.
- **Tasks of distribution system operators in data management (Dir. Art. 34)**
 - ▶ It should be specified that data management is in compliance with all applicable data protection legislation. CEER has also noted that in order to ensure that vertically integrated undertakings do not have privileged access to data a central data management platform may need to be created and managed by the transmission system operator or another neutral entity.
- **Unbundling of distribution system operators (Dir. Art. 35)**
 - ▶ A parent company can potentially negatively interfere with the DSO's ability to fulfil its tasks, including public services obligations. The rights of the parent companies cannot jeopardise DSOs' efficiency. The distribution system operator must have effective decision-making rights, independent from the integrated electricity undertaking, with respect to assets necessary to operate, maintain or develop the network. This includes treasury management and implementation of financial plans.



Storage and EV infrastructure ownership are competitive activities

- Integration of electro-mobility into the electricity network (Dir. Art. 33)
 - ▶ EV charging infrastructure ownership and storage are competitive activities, and hence, not for DSO ownership (given that DSOs are neutral market facilitators) except for minor exceptions approved by the NRA.
- Ownership of storage facilities (Dir. Art. 36)
 - ▶ Storage is a competitive activity and hence, not for DSO ownership (given that DSOs are neutral market facilitators) except for minor exceptions approved by the NRA. As a general principle CEER advocates keeping the scope for exemptions as small as possible, and under effective regulatory oversight.
- New activities of distribution system operators (Dir. Art. 36a – EP)
 - ▶ In a fast-changing environment, new activities less developed today or not yet foreseen but presenting challenges comparable to storage and Electric Vehicles charging infrastructures could have to be dealt with in the medium term. This additional article aims at providing a general framework to cover this eventuality in a stable legislative framework.
- Ownership of storage and provision of ancillary services by transmission system operators (Dir. Art. 54)
 - ▶ Align provisions on storage for TSOs with those of DSOs.



Flexible local solutions rather than network tariff harmonisation

- Charges for access to networks (Reg. Art. 16)
 - ▶ CEER believes that there should be no 'one size fits all' approach on distribution tariffs; in addition, tariffs should not favour technologies nor assume inherent value. CEER agrees that distribution tariffs should not pose a disincentive for new technologies such as energy storage, demand response or self-generation. However, the tariffs should equally not be used to favour those technologies, and such assets need to contribute fairly towards infrastructure cost. Their value to the grid should not be considered inherent, but their flexibility should be remunerated either through well-designed tariff structures or through an explicit service provision.
 - ▶ CEER does not believe that time-differentiated network tariffs should be made mandatory.



Network Codes

- **Tasks of the EU DSO entity (Reg. Art. 51)**
 - ▶ If the EU Institutions decide to include aspects like cyber security, operational procedures in case of emergency, capacity allocation and congestion management, energy efficiency regarding electricity networks, network connection rules etc. in European network codes, it is because they consider that these aspects have a cross-border nature and/or that their harmonisation (to a certain extent that is to be defined in the NC, with a strong input from the Agency) is beneficial for the integration of European Internal Energy Market. If DSOs are directly concerned by such network codes, and there is a EU DSO entity that serves as a “single contact point for DSOs on EU level”, then this entity should be able to give its input in the elaboration of such NCs or guidelines.
- **Consultations in the network code development process (Reg. Art. 52)**
 - ▶ The way in which the EU DSO entity engages in consultations with stakeholders should be as optimal a process as possible.
- **Adoption of network codes and guidelines (Reg. Art. 54)**
 - ▶ The inclusion of the DSO entity as an additional stakeholder in an already complex process further increases the importance to limit network codes to areas where they add real value to customers.



Network Codes (continued)

- Establishment of network codes (Reg. Art. 55)
 - ▶ Topics for Network Codes should not be extended to locally-based technical issues. CEER is not in favour of having an exhaustive list of Network Codes. Several of the proposed topics for new Network Codes do not seem proportionate, and furthermore, could risk inhibiting innovation and failing to deliver customer benefits given different local contexts. Given the enduring status of Codes, and onerous revision procedures, there is a risk that unnecessary or premature development of rules at EU level could stifle innovation.



Governance of the EU DSO entity should be elaborated through a later deliberate process led by the European Commission and ACER

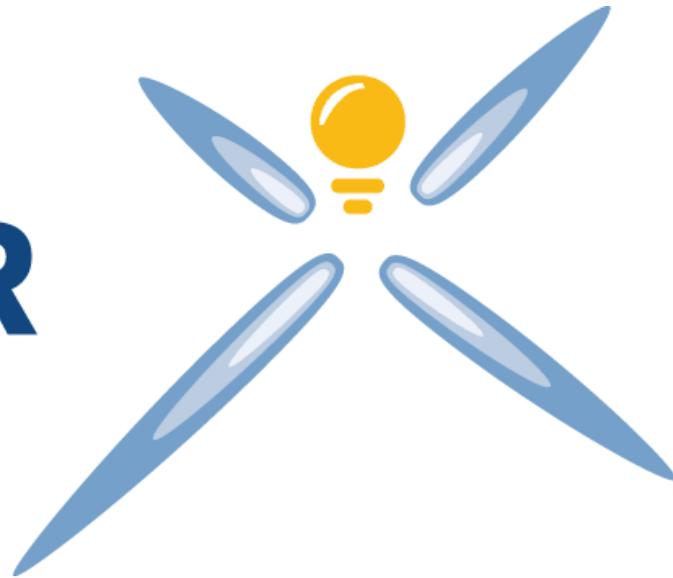
- Principal rules and procedures for the EU DSO entity for electricity (Reg. Art. 50a – EP & Council)
 - ▶ This article attempts to specify specific governance rules of the proposed EU DSO entity directly in the Regulation, including the composition of its board. CEER believes that governance rules should be carefully considered in a separate process led by the European Commission and ACER (in some ways similar to the process for ENTSO-E). In addition, given that the EU DSO entity is a new body, having such specific rules directly in the Regulation does not allow for sufficient flexibility to adapt the new entity to its tasks.



Thank you for your attention!

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