

EDITORIAL

The Council, the European Commission and the European Parliament finally reached an agreement on the Energy Efficiency Directive on 15 June which still needs the formal vote of the plenary vote that is expected for early October at the latest followed by its publication whereupon upon the Directive becomes binding law. Then Member States will have to implement it within the eighteen months that follow.

Intensive activity is expected in Brussels after the summer break. The Commission is working on its Communication on the internal market to be published by mid-September that will address, among other issues, the retail energy markets, a high priority topic for GEODE members. Both Council and Parliament will continue the legislative procedure as for the adoption of the Infrastructure Regulation.

We would like to highlight GEODE's interesting events taking place after the summer break: GEODE Autumn Seminar on 23 November in Barcelona will be focused on smart cities and the role of energy companies. The workshop "GEODE meets Scandinavia" will take place in Stockholm on 5 October. For detailed information please go to our website.

We take the opportunity to wish you all a very nice summer!

Carmen Gimeno, GEODE General Delegate

EUROPE

●●● EC LAUNCH CONFERENCE ON THE SMART CITIES AND COMMUNITIES COMMUNICATION

On 10 July 2012, the European Commission launched the Smart Cities and Communities European Innovation Partnership.

The partnership proposes to pool resources to support the demonstration of energy, transport and information and communication technologies (ICT) in urban areas. The energy, transport and ICT industries are invited to work together with cities to combine their technologies to address cities' needs. This will enable innovative, integrated and efficient technologies to roll out and enter the market more easily, while placing cities at the centre of innovation. The funding will be awarded through yearly calls for proposals: €365 million for 2013. In the launch event, four Commissioners for energy, transport, ICT and Regional Policy were participating as well as representatives of industry, innovative cities and the

Cypriot Minister of Commerce, Industry and Tourism representing the Presidency.

The central message of the "Smart Cities and Communities Communication" and the key subject of the presentations was technology integration as a key factor to develop solutions for cities. The focus lies on transport, energy and ICT.

Already on 5 June the related technical working groups settled by the EC Smart Cities Platform met for the first time - Mobility & Transport, Energy Efficiency in Buildings, Energy Supply & Networks. The outcome brought up by the respective Working Groups will be used to develop a Roadmap which is expected to be published in 2013.

GEODE is represented in the mentioned Technical Working Groups.

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●●● CYPRUS TOOK OVER EU PRESIDENCY – FOCUS ON ENERGY ISSUES

Cyprus is holding the Presidency of the European Union since 1st July 2012 until end of 2012.

Based on the orientations set by the European Council, the Cyprus Presidency will focus its work on the legislative proposals for Energy Infrastructure and for the Safety of Offshore Oil and Gas related

activities, as well as on the communication on Renewable Energy. Another important issue to be addressed will be the internal energy market.

The priorities set by the Cyprus Presidency will be reflected in the agendas of the Informal Meeting of the Energy Ministers on 17 September in Nicosia and the formal TTE (Energy) Council on 3 December in Brussels.

●●● EC COMMUNICATION – RENEWABLE ENERGY: A MAJOR PLAYER IN THE EUROPEAN ENERGY MARKET

On 6 June 2012, the European Commission presented a Communication on its renewable energy policy, outlining options for the period beyond 2020. It confirms the market integration of renewables and the need for their growth in the decades after 2020.

The Communication indicates four main areas where efforts should be stepped up until 2020 to achieve our renewable energy goals whilst being cost-efficient:

- Energy market: The Commission insists on the need to complete the internal energy market and acknowledges the need to address power generation investment incentives in the market to allow for a smooth integration of renewables into the market.
- Support schemes: The Commission favours schemes that encourage cost reductions and avoid over compensation. It also calls for support schemes to be more consistent across Member States in order to avoid unnecessary barriers.
- Cooperation mechanisms. The Commission encourages an increased use of the cooperation mechanisms contained in the Renewable Energy Directive. The cooperation mechanisms allow Member States to achieve their national binding targets by trading renewable energy between them.
- Energy cooperation in the Mediterranean: The Commission suggests improvements to the regulatory framework and stresses that an integrated regional market in the Maghreb would facilitate large-scale investments in the region and enable Europe to import renewable electricity.

The Renewable Energy Directive adopted in 2009 sets binding targets for renewable energy, focusing on achieving a 20% share of renewable energy in the EU overall energy mix by 2020. Every Member State has to reach individual targets for the overall share of renewable energy in energy consumption. Initial renewable energy growth driven by this framework has been promising.

●●● CEER & ACER WORK PROGRAMME 2013

ACER's Work Programme is currently on consultation until 30 July 2012. The final work programme will be published by 30 September 2012. ACER is expanding its

tasks with REMIT and selection of Projects of Common Interests (PCI) under the Infrastructure Regulation. Its priorities for 2013 are:

- Framework Guidelines and Network Codes: complete these under preparation
 - ✓ 9 Opinions on ENTSOE/ENTSO NC are expected in 2013
- Regional Initiatives
- Market cross border issues: guidelines on exemptions and access
- Market monitoring
- Scoping activity on electricity transmission tariff structures and/or incentive rules (cost-allocation)
- Opinion on TYNDP
- Proposal for inter-TSO compensation fund
- REMIT: second guidance October 2012, development of monitoring methodology, establishment of European register of energy market participants

CEER's Work Programme is currently also on consultation until 30 July 2012. The final work programme will be published in October 2012. Its priorities are:

- Customers
 - ✓ Data management
 - ✓ Involvement of consumers in regulatory process
 - ✓ Smart meters
 - ✓ Customer access to information on energy costs
- Development of competitive wholesale and retail markets
 - ✓ Monitoring TSOs/DSOs unbundling
 - ✓ Retail markets and consumers rights
- New legislative developments
 - ✓ Sustainability
 - ✓ New infrastructure
 - ✓ Market integrity
- International cooperation

GEODE is preparing comments to both public consultations!

●●● ADOPTION OF ENERGY EFFICIENCY DIRECTIVE

After intensive negotiations Commission, Parliament and Council finally reached an agreement on the Directive on Energy Efficiency.

- The Directive does not establish binding targets for Member States in energy efficiency and

imposes an energy saving obligation scheme being mandatory for distributors and/or retailers keeping the cumulative target of 1,5% to be reached by 2020 (1% 2014,2015, 1,25% 2016 and 2017 and 1,5% in 2018 and 2019 and 2020). Sales in transport may be partially or fully excluded. Member states flexibility stated in art 6.9 for adoption of the measures is needed at national level.

Regarding metering the timeframe provided by the third energy package is maintained for smart meters roll-out. No functional requirements are included in the Directive.

Article 12 calls Member States to incentive investments to be made by network operators for the development of smart grids to allow energy efficiency measures being implemented.

A Z O O M O N

GEODE PRESS RELEASE ON ENERGY EFFICIENCY DIRECTIVE

GEODE welcomes the recently agreed Energy Efficiency Directive (EED), which secured support from EU politicians on 15 June. GEODE congratulates the Danish Presidency, the Parliament and the Commission on the efforts made to reach an agreement in this important and ambitious legislation in a relatively short time period.

GEODE believes energy efficiency to be a cornerstone of Europe's climate protection and energy policy. GEODE Chairman Reinhard Brehmer stated:

"The crucial role that will be played by Distribution System Operators in helping consumers reduce their energy consumption. In particular, local DSOs are trusted because of the close relationship they maintain with consumers and the local energy infrastructure, which ensures an excellent standard of communication."

Furthermore, DSOs are, in most European countries (UK and Germany being two notable exceptions), responsible for the necessary metering technology to verify, evaluate and monitor the success of efficiency measures.

The EED contains good starting points to encourage energy efficiency further as well as developing co-generation. The greater flexibility introduced regarding the provision on energy efficiency obligation schemes, (Art. 6) both for timeframe and the measures to be adopted by Member States, is in particular welcomed by GEODE.

According to Mr Brehmer, GEODE strongly supports the roll-out of Smart Meters under the Third Energy Package and calls for national regulatory authorities to ensure that network tariffs and regulations properly incentivise the roll-out and other improvements in efficiencies. This will

encourage investments in smarter networks, enabling the integration of renewables into the grid, and dynamic prices for demand response measures."

Brussels, 2 July 2012

P U B L I C A T I O N S

● ● ● EUROPEAN COMMISSION

- EC Communication – "Renewable Energy: A Major Player in the European Energy Market", 6.6.2012
- EC Communication – "Smart Cities and Communities", 10.7.2012

● ● ● ACER

- Public Consultation on Framework Guidelines on Electricity Balancing, 24.4.-25.6.2012
- REMIT - Adoption of registration format to be used for the establishment of the future European register of market participants, 26.6.2012

● ● ● CEER

- Discussion Paper on 2020 Vision for Europe's energy customers, 24.4.12

● ● ● ENTSOE / ENTSOG

- Public Consultation on Gas Balancing Network Code, 13.4.-12.6.2012

A G E N D A

**GEODE Board Meeting
Brussels, 13 September 2012**

**GEODE meets Scandinavia
Stockholm, 5 October 2012**

**GEODE WG Retail Market
Brussels, 10 October 2012**

**GEODE WG Smart Grids
London, 16 & 17 October 2012**

**GEODE Autumn Seminar
Barcelona, 23 November 2012**