



POSITION PAPER

on the EC REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC

Article 4

Criteria for projects of common interest

EC Proposal

GEODE Amendment

<p>2. In addition, the following specific criteria shall apply to projects of common interest falling under specific energy infrastructure categories: (c) concerning electricity smart grid projects falling under the category set out in point 1(e) of Annex II, the project shall contribute significantly to the following specific functions:</p> <ul style="list-style-type: none"> – integration and involvement of network users with new technical requirements with regard to their electricity supply and demand; – efficiency and interoperability of electricity transmission and distribution in day-to-day network operation; – network security, system control and quality of supply; – optimised planning of future cost- efficient network investments; – market functioning and customer services; – involvement of users in the management of their energy usage; 	<p>2. In addition, the following specific criteria shall apply to projects of common interest falling under specific energy infrastructure categories: (c) concerning electricity smart grid projects falling under the category set out in point 1(e) of Annex II, the project shall contribute significantly to the following specific functions:</p> <ul style="list-style-type: none"> – integration and involvement of network users with new technical requirements with regard to their electricity supply and demand; – efficiency and interoperability of electricity transmission and distribution in day-to-day network operation; – network security, system control and quality of supply; – optimised planning of future cost- efficient network investments; – market functioning and customer services; – involvement of users in the management of their energy usage; – Accommodation of significantly higher volumes of low carbon electricity applications such as electric vehicles and heat pumps through advanced technical and market intervention – Accommodation of significantly higher
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	<p>volumes of low carbon electricity production from distributed generation and micro-generation through advanced technical and market intervention</p> <ul style="list-style-type: none"> - Active management of distribution network (real and reactive) power flows and voltage levels in order to improve network load factor and overall utilisation - Application of advanced technologies to improve network flexibility and accessibility (including application of dynamic ratings, adaptive protection, and DFACTS technologies) - Facilitating ancillary system balancing services through active management of responsive demand, and distribution network connected storage and dispatchable generation in order to enhance whole-system efficiency
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GEODE considers the additional criteria set up for Smart Grid projects are too narrow and hence do not adequately capture the importance of Smart Grids in delivering a low carbon energy economy.

EC Proposal

GEODE Amendment

<p>4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, the number of Member States affected by each project, and its complementarity with regard to other proposed projects. For projects falling under the category set out in point 1(e) of Annex</p>	<p>4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, the number of Member States affected by each project, and its complementarity with regard to other proposed projects. (deleted)</p>
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<p>II, due consideration shall also be given to the number of users affected by the project, the annual energy consumption and the share of generation from non dispatchable resources in the area covered by these users.</p>	
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GEODE believes Funds for Smart Grids projects at European level should be made accessible to all distribution network operators regardless of their size and therefore restrictive criteria as such related to the number of users affected or annual consumption for projects selection should be avoided. These projects are essential in order to develop, test and learn about characteristics of new intelligent solutions using innovative technology, the behavior and needs of customers, hurdles and barriers etc... and should be accessible to all distributors.

**ANNEX III
REGIONAL IDENTIFICATION OF PROJECTS OF COMMON INTEREST
1. RULES FOR REGIONAL GROUPS**

EC Proposal

GEODE Amendment

<p>(1) For electricity projects falling under the categories set out in point 1 of Annex II, each Group shall be composed of representatives of the Member States, national regulatory authorities, transmission system operators following their obligation to cooperate on a regional level in accordance with Article 6 of Directive 2009/72/EC and Article 12 of Regulation (EC) No 714/2009 and project promoters concerned by each of the relevant priorities designated in Annex I, as well as the Commission, the Agency and the ENTSO for Electricity.</p>	<p>(1) For electricity projects falling under the categories set out in point 1 of Annex II, each Group shall be composed of representatives of the Member States, national regulatory authorities, transmission system operators following their obligation to cooperate on a regional level in accordance with Article 6 of Directive 2009/72/EC and Article 12 of Regulation (EC) No 714/2009 and project promoters concerned by each of the relevant priorities designated in Annex I, as well as the Commission, the Agency and the ENTSO for Electricity, and the associations</p>
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<p>For gas projects falling under the categories set out in point 2 of Annex II, each Group shall be composed of representatives of the Member States, national regulatory authorities, transmission system operators following their obligation to cooperate on a regional level in accordance with Article 7 of Directive 2009/73/EC and Article 12 of Regulation (EC) No 715/2009 and project promoters concerned by each of the relevant priorities designated in Annex 1, as well as the Commission, the Agency and the ENTSO for Gas.</p> <p>(4) Each Group shall consult the organisations representing relevant stakeholders, including producers, distribution system operators, suppliers, consumers, and, for the tasks set out in paragraph 2 of Article 5, organisations for environmental protection. The Group may organise hearings or consultations, where relevant for the accomplishments of its tasks.</p>	<p>representing distribution system operators.</p> <p>For gas projects falling under the categories set out in point 2 of Annex II, each Group shall be composed of representatives of the Member States, national regulatory authorities, transmission system operators following their obligation to cooperate on a regional level in accordance with Article 7 of Directive 2009/73/EC and Article 12 of Regulation (EC) No 715/2009 and project promoters concerned by each of the relevant priorities designated in Annex 1, as well as the Commission, the Agency and the ENTSO for Gas and the associations representing distribution system operators.</p> <p>(4) Each Group shall consult the organisations representing relevant stakeholders, including producers, (deleted), suppliers, consumers, and, for the tasks set out in paragraph 2 of Article 5, organisations for environmental protection. The Group may organise hearings or consultations, where relevant for the accomplishments of its tasks.</p>
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GEODE advocates for the inclusion of distribution system operators as members of the regional Groups. The projects to be analysed will have an impact, interaction or directly affect their networks.

**ANNEX IV
RULES AND INDICATORS CONCERNING CRITERIA FOR PROJECTS OF
COMMON INTEREST**



EC Proposal

GEODE Amendment

<p>(1) A project with significant cross-border impact is a project on the territory of a Member State, which fulfils the following conditions:</p> <p>(e) for smart grids, the project is designed for equipments and installations at highvoltage and medium-voltage level designed for a voltage of 10kV or more. It involves transmission and distribution system operators from at least two Member States, which cover at least 100,000 users that generate or consume electricity or do both in a consumption area of at least 300 GWh/year, of which at least 20% originate from non dispatchable resources</p>	<p>(1) A project with significant cross-border impact is a project on the territory of a Member State, which fulfils the following conditions:</p> <p>(e) for smart grids, the project is designed for equipments and installations at high-voltage, medium-voltage and low voltage level (deleted). It involves transmission and distribution system operators from at least two Member States. (deleted).</p>
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The Commission EIP acknowledges the key role of distribution grids for reaching 2020 targets and thus considers smart grids as a European priority in the field of infrastructure development. Most of the “new” generation has been and will be connected to distribution networks as well as most of the demand side flexibility will be developed on distribution networks. In particular, many challenges for Smart Grids will manifest themselves on low voltage distribution networks such as electric vehicles, heat pumps and PV generation. Therefore it is necessary to include in the scope of projects all distribution networks without any restrictions according to voltage level and, not to reduce it to only medium voltage, as proposed by now or to 10KV or more. Distribution voltage levels vary from country to country and criteria for smart grid project selection need to be set out according to non-discriminatory and non-restrictive way.

Although other European funding programmes are conceived for low voltage networks, the Regulation should contain wider criteria to establish equal opportunities to all network operators in Europe to bring up projects. These criteria will prevent medium and small distribution network operators in Europe to apply for a concrete project under this



Regulation. Smart Grids are indispensable in delivering a low carbon energy economy. All kind of projects, if at small, medium or large scale, should be supported.

EC Proposal

GEODE Amendment

<p>(4) Concerning projects falling under the category set out in point 1(e) of Annex II, each function listed in Article 4 shall be evaluated against the following criteria:</p> <p>(a) Level of sustainability: This criterion shall be measured by assessing the reduction of greenhouse gas emissions, and the environmental impact of electricity grid infrastructure;</p> <p>(b) Capacity of transmission and distribution grids to connect and bring electricity from and to users: This criterion shall be measured by estimating the installed capacity of distributed energy resources in distribution networks, the allowable maximum injection of electricity without congestion risks in transmission networks, and the energy not withdrawn from renewable sources due to congestion or security risks;</p> <p>(c) Network connectivity and access to all categories of network users: This criterion shall be evaluated by assessing the methods adopted to calculate charges and tariffs, as well as their structure, for generators, consumers and those that do both, and the operational flexibility provided for dynamic balancing of electricity in the network;</p>	<p>(4) Concerning projects falling under the category set out in point 1(e) of Annex II, each function listed in Article 4 shall be evaluated against the following criteria:</p> <p>(a) Level of sustainability: This criterion shall be measured by assessing the reduction of greenhouse gas emissions, and the environmental impact of electricity grid infrastructure;</p> <p>(b) Capacity of transmission and distribution grids to connect and bring electricity from and to users: This criterion shall be measured by estimating the installed capacity of distributed energy resources in distribution networks, the allowable maximum injection of electricity without congestion risks in transmission networks, and the energy not withdrawn from renewable sources due to congestion or security risks;</p> <p>(c) Network connectivity and access to all categories of network users: This criterion shall be evaluated by assessing the methods adopted to calculate charges and tariffs, as well as their structure, for generators, consumers and those that do both, and the operational flexibility provided for dynamic balancing of electricity in the network;</p>
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<p>(d) Security and quality of supply: This criterion shall be evaluated by assessing the ratio of reliably available generation capacity and peak demand, the share of electricity generated from renewable sources, the stability of the electricity system, the duration and frequency of interruptions per customer, including climate related disruptions, and the voltage quality performance;</p> <p>(e) Efficiency and service quality in electricity supply and grid operation: This criterion shall be estimated by assessing the level of losses in transmission and in distribution networks, the ratio between minimum and maximum electricity demand within a defined time period, the demand side participation in electricity markets and in energy efficiency measures, the percentage utilisation (i.e. average loading) of electricity network components, the availability of network components (related to planned and unplanned maintenance) and its impact on network performances, and the actual availability of network capacity with respect to its standard value;</p> <p>(f) Contribution to cross-border electricity markets by load-flow control to alleviate loop-flows and increase interconnection capacities: This criterion shall be estimated by assessing the ratio between interconnection capacity of a Member State and its electricity demand, the exploitation of interconnection capacities, and the</p>	<p>(d) Security and quality of supply: This criterion shall be evaluated by assessing the ratio of reliably available generation capacity and peak demand, the share of electricity generated from renewable sources, the stability of the electricity system, the duration and frequency of interruptions per customer, including climate related disruptions, and the voltage quality performance;</p> <p>(e) Efficiency and service quality in electricity supply and grid operation: This criterion shall be estimated by assessing the level of losses in transmission and in distribution networks, the ratio between minimum and maximum electricity demand within a defined time period, the demand side participation in electricity markets and in energy efficiency measures, the percentage utilisation (i.e. average loading) of electricity network components, the availability of network components (related to planned and unplanned maintenance) and its impact on network performances, and the actual availability of network capacity with respect to its standard value;</p> <p>(f) Contribution to cross-border electricity markets by load-flow control to alleviate loop-flows and increase interconnection capacities: This criterion shall be estimated by assessing the ratio between interconnection capacity of a Member State and its electricity demand, the exploitation of interconnection capacities, and the</p>
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<p>congestion rents across interconnections.</p>	<p>congestion rents across interconnections.</p> <p>(g) Accommodation of significantly higher volumes of low carbon electricity applications such as electric vehicles and heat pumps through advanced technical and market intervention</p> <p>(h) Accommodation of significantly higher volumes of low carbon electricity production from distributed generation and micro-generation through advanced technical and market intervention</p> <p>(i) Active management of distribution network (real and reactive) power flows and voltage levels in order to improve network load factor and overall utilisation</p> <p>(j) Application of advanced technologies to improve network flexibility and accessibility (including application of dynamic ratings, adaptive protection, and DFACTS technologies)</p> <p>(k) Facilitating ancillary system balancing services through active management of responsive demand, and distribution network connected storage and dispatchable generation in order to enhance whole-system efficiency</p>
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Brussels, 27 March 2012