GEODE Amendment Proposals
on the
Proposal of the European Commission
for a
DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on
energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC
as of 22 June 2011, COM(2011) 370 final

GEODE – the European Association of independent Electricity and Gas distribution companies – represents more than 600 companies in 10 countries, both privately & publicly owned. We serve a population of 57 million inhabitants.

GEODE - Groupement Européen des entreprises et Organismes de Distribution d' Energie
General Delegation: Avenue Marnix 28 - 1000 Brussels - Tel. +32 2 204 44 60 - Fax +32 2 204 44 69
info@geode-eu.org - www.geode-eu.org

02361-09 1659324

Article 4 Public bodies Paragraphs 1 to 3: not amended	
Commission Proposal of Directive	**GEODE Amendment Proposal**
4. Member States shall **encourage** public bodies **to**: (a) adopt an energy efficiency plan, freestanding or as part of a broader climate or environmental plan, containing specific energy saving objectives, with a view to continuously improving the body's energy efficiency; (b) put in place an energy management system as part of the implementation of their plan.	4. Member States shall ***ensure that*** public bodies ***(to be deleted):*** (a) adopt an energy efficiency plan, freestanding or as part of a broader climate or environmental plan, containing specific energy saving objectives, with a view to continuously improving the body's energy efficiency; (b) put in place an energy management system as part of the implementation of their plan. ***(c) The contents and frame of these plans shall be defined at national level and developed and adopted at regional and local level, adapted to the specificities of the public bodies.*** ***(d) The energy efficiency plans adopted by the regional and local public bodies should be legally binding.***
Justification: **GEODE** sees a need to strengthen the work on energy efficiency at local and regional level. The exact orientation and measures at these levels should be decided in a bottom-up process. The cooling and heating plans in Article 10 should, where appropriate, be an integral part of the energy efficiency plans adopted by regional and local public bodies.	

Article 6 Energy efficiency obligation schemes	***Article 6 Energy efficiency obligation schemes and other measures***
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. Each Member State shall set up an energy efficiency obligation scheme. **This scheme** shall ensure that either all energy distributors or all retail energy sales companies operating on the Member State's territory **achieve**	1. Each Member State shall set up an energy efficiency obligation scheme ***or take other measures to achieve energy savings among final customers. Either the obligation scheme or the other measures***

annual energy savings equal to 1.5% of their energy sales, by volume, in the previous year in that Member State **excluding energy used in transport**. **This amount of energy savings shall be achieved by the obligated parties among final customers.**	shall ensure that either all energy distributors or all retail energy sales companies ***or other relevant party*** operating on the Member State's territory ***take measures which represent energy savings equivalent [adjusted to average years and other relevant factors like economic growth] to 4.5% of their energy distributed or energy sales,*** by volume, ***in the previous three years in that Member State.*** **(to be deleted)** ***Member States may include measures in the transport sector in their national schemes.***

Justification: An energy efficiency obligation scheme, such as the white certificate schemes implemented in some Member States, is one option among many to incentivise end user efficiency. It is very much a question of the regulatory framework around the energy markets that determines what is the best way to ensure energy savings. Taxation schemes, support schemes and market design are often radically different between Member States. Thus it is wrong to promote energy efficiency obligation schemes over other schemes for increasing end user efficiency.

Moreover, the schemes are not the only measure that Member States will adopt to achieve their targets and higher ambitions are possible but optional. Already mentioning in paragraph 1 the alternative possibility for Member States to the schemes described in paragraph 9 will put it on equal footing with the obligation scheme from the start.

In order to facilitate the implementation of the schemes or measures and to clarify the role and task of obligated parties, a more flexible and less bureaucratic approach is needed. Since the use of energy varies substantially between years, the baseline for calculation should be a longer period, at least the previous three years instead of one year. The measures should be equivalent to 4.5% over three years to give ample time for taken measures to have an effect on the use of energy.

Since the EU target for energy efficiency includes the transport sector, it should be possible for Member States to include the transport sector for energy efficiency measures. Measures taken in the transport sector have a direct effect on the reduction of carbon emission and there should be an option for Member States to include them as part of their energy efficiency measures. Many energy companies are already involved in promoting electric vehicles and produce biogas and biofuels.

Paragraphs 2 to 8: not amended

Commission Proposal of Directive	**GEODE Amendment Proposal**
9. As an alternative to paragraph 1, Member States may opt to take other measures to achieve energy savings among final customers. The annual amount of energy savings achieved through this approach shall be equivalent to the amount of energy savings required in paragraph 1.	9. **(to be deleted)**

Member States opting for this option shall notify to the Commission, by 1 January 2013 at the latest, the alternative measures that they plan to adopt, including the rules on penalties referred to in Article 9, and demonstrating how they would achieve the required amount of savings. The Commission may refuse such measures or make suggestions for modifications in the 3 months following notification. In such cases, the alternative approach shall not be applied by the Member State concerned until the Commission expressly accepts the resubmitted or modified draft measures.	**Member States opting for the alternate solution mentioned in paragraph 1** shall notify to the Commission, by 1 January 2013 at the latest, the alternative measures that they plan to adopt, including the rules on penalties referred to in Article 9, and demonstrating how they would achieve the required amount of savings. The Commission may refuse such measures or make suggestions for modifications in the 3 months following notification. In such cases, the alternative approach shall not be applied by the Member State concerned until the Commission expressly accepts the resubmitted or modified draft measures.
Justification: Consequential amendment to Article 6 (1) Paragraph 10: not amended	

Article 7 Energy audits and energy management systems	
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. Member States shall promote the availability to all final customers of energy audits which are affordable and carried out in an independent manner by qualified or accredited experts. Member States shall develop programmes to encourage households and small and medium-sized enterprises to undergo energy audits. Member States shall bring to the attention of small and medium-sized enterprises concrete examples of how energy management systems could help their business.	1. Member States shall promote the availability to all final customers of energy audits which are affordable and carried out in an independent manner by qualified or accredited experts. Member States shall develop programmes to encourage households and small and medium-sized enterprises to undergo energy audits. Member States shall bring to the attention of small and medium-sized enterprises concrete examples of how energy management systems could help their business. ***Member States shall ensure that energy distributors and retailers can participate in this market.***
Justification: With their direct contact with the end-user, it makes sense to clarify that energy companies can continue to be active in this market.	

DSOs are objective market partners which do not depend on increased sales of energy as their income is regulated by National Regulatory Authorities. They are to play a crucial role in helping consumers reduce their energy consumption. Furthermore, most DSOs (except for the UK and Germany) are responsible for the metering assets and technology necessary to verify, evaluate and monitor the success of energy efficiency measures. Paragraphs 2 to 4: not amended

Article 8 Metering and informative billing	
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. Member States shall ensure that final customers for electricity, natural gas**, district heating or cooling and district-supplied domestic hot water** are provided with individual meters that accurately measure and allow to make available their actual energy consumption and provide information on actual time of use, in accordance with Annex VI.	1. Member States shall ensure that final customers for electricity ***and*** natural gas **(to be deleted)** are provided with individual meters that accurately measure and allow to make available their actual energy consumption and provide information on actual time of use, in accordance with ***time frame and conditions introduced by Directive 2009/72/EC and Directive 2009/73/EC and*** Annex VI.
Justification: It is neither technically feasible nor useful from a cost/benefit perspective to provide information on energy use in for instance district supplied hot water, heating and cooling to final customers. Member States can go further if they want to, but it should be up to the national level to decide.	
When Member States put in place the roll-out of smart meters foreseen by Directives 2009/72/EC and 2009/73/EC concerning electricity and gas markets, they shall ensure that the objectives of energy efficiency and final customer benefits are fully taken into account when establishing the minimum functionalities of the meters and obligations imposed on market participants. In the case of electricity and on request of the final customer, meter operators shall ensure that the meter can account for electricity produced on the final customer's premises and exported to the grid. Member States shall ensure that if final customers request it, metering data on their real-time production or consumption is made available to a third party acting on behalf of the final customer.	When Member States put in place the roll-out of smart meters foreseen by Directives 2009/72/EC and 2009/73/EC concerning electricity and gas markets, they shall ensure that the objectives of energy efficiency and final customer benefits are fully taken into account when establishing the minimum functionalities of the meters and obligations imposed on market participants. ***Only*** in the case of electricity and on request of the final customer, meter operators shall ensure that the meter can account for electricity produced on the final customer's premises and exported to the grid. Member States shall ensure that if final customers request it, metering data on their real-time production or consumption is made available to a third party acting on behalf of the final customer.

Justification: Change as a consequence of the change in the first paragraph.		
	In case of heating and cooling, where a building is supplied from a district heating network, a heat meter shall be installed at the building entry. In multi-apartment buildings, individual heat consumption meters shall also be installed to measure the consumption of heat or cooling for each apartment. Where the use of individual heat consumption meters is not technically feasible, individual heat cost allocators, in accordance with the specifications in Annex VI(1.2), shall be used for measuring heat consumption at each radiator.	**(to be deleted)**
	Member States shall introduce rules on cost allocation of heat consumption in multi-apartment buildings supplied with centralised heat or cooling. Such rules shall include guidelines on correction factors to reflect building characteristics such as heat transfers between apartments.	**(to be deleted)**
2.	In addition to the obligations resulting from Directive 2009/72/EC and Directive 2009/73/EC with regard to billing, Member States shall ensure, not later than **1 January 2015**, that billing is accurate and based on actual consumption, for all the sectors covered by the present Directive, including energy distributors, distribution system operators and retail energy sales companies, in accordance with the minimum frequency set out in Annex VI(2.1). Appropriate information shall be made available with the bill to provide final customers with a comprehensive account of current energy costs, in accordance with Annex VI(2.2).	2. In addition to the obligations resulting from Directive 2009/72/EC and Directive 2009/73/EC with regard to billing, Member States shall ensure, not later than ***1 January 2020,*** that billing is accurate and based on actual consumption, for all the sectors covered by the present Directive, including energy distributors, distribution system operators and retail energy sales companies, in accordance with the minimum frequency set out in Annex VI(2.1). Appropriate information shall be made available with the bill to provide final customers with a comprehensive account of current energy costs, in accordance with Annex VI(2.2).
Justification: The obligation to provide a more accurate billing based on actual consumption, if this means deployment of smart meters, conflicts with the 3rd package 2020 deadline previously agreed for electricity meters roll-out and goes far beyond Directive 2009/72/EC and Directive 2009/73/EC for internal electricity market from 2009. The year 2020 was decided upon during the negotiations of third energy market package only after careful consideration. Just two years ago, this was accepted by Member States and market players. To change this deadline will increase the financial and administrative burden on concerned companies and actually force companies which have already changed to the first generation of smart meters to install new meters. The costs of such a requirement would outweigh the possible benefits. Furthermore, there are a lot of legal issues to be considered such as tendering procedures or technical procedures, e.g. intensive test runs before starting the roll-out of smart meters. Also, the complete exchange of		

all meters will take several years. Thus, it is not technically feasible to meet this new time target.	
Member States shall ensure that final customers are offered a choice of either electronic or hard copy billing and the possibility of easy access to complementary information allowing detailed self-checks on historical consumption as laid down in Annex VI(1.1). Member States shall require that if requested by final customers, information on their energy billing and historical consumption is made available to an energy service provider designated by the final customer.	Member States shall ensure that final customers are offered a choice of either electronic or hard copy billing and the possibility of easy access to complementary information allowing detailed self-checks on historical consumption as laid down in Annex VI(1.1). Member States shall require that if requested by final customers, information on their energy billing and historical consumption is made available to an energy service provider designated by the final customer.
3. Information from metering and billing of individual consumption of energy as well as the other information mentioned in paragraphs 1, 2, 3 and Annex VI shall be provided to final customers free of charge.	3. Information from metering and billing of individual consumption of energy as well as the other information mentioned in paragraphs 1, 2, 3 and Annex VI shall be provided to final customers ***in a transparent and cost effective manner,*** free of charge***, as soon as the meters are installed in accordance with the Directive 2009/72/EC***.
Justification: It is important to bear in mind that billing is included in the price for the end-user. A more frequent billing will be more costly for the end-user as every additional service generates costs and the DSOs should be able to recover these costs in usual way for regulated activities. Monthly billing will only make sense if it is done electronically. Monthly paper bills will increase network costs/tariffs by approximately 5%. **GEODE** believes that electronic bills shall be stated as standard, and that paper bills shall be an additional service the customer has to pay for. Monthly information on energy demand sent electronically might be an alternative to monthly bills. Monthly information on consumption is required to allow customers to make a better use of their energy consumption, not monthly billing. However, once again this information can not be provided until the full roll-out of smart meters has taken place by 2020. Moreover, it has to be taken into account that monthly billing will lead to higher energy bills in winter time. This might cause great problems especially for vulnerable customers.	

Article 10 Promotion of efficiency in heating and cooling	
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. By 1 January 2014, Member States shall **establish and notify to the Commission a national** heating and cooling plan for developing the potential for the application of high-efficiency cogeneration and efficient district heating and cooling, containing the	1. By 1 January 2014, Member States shall ***ensure that local authorities and municipalities*** establish a ***local*** heating and cooling plan for developing the potential for the application of high-efficiency cogeneration and efficient district heating and cooling, containing

information set out in Annex VII. The plans shall be updated and notified to the Commission every five years. Member States shall ensure by means of their regulatory framework that **national** heating and cooling plans are taken into account in local and regional development plans, including urban and rural spatial plans, and fulfil the design criteria in Annex VII.	the information set out in Annex VII ***Nr. 3. District heating and cooling companies should appropriately participate in the establishing of the local heating and cooling plans. The local heating and cooling plans could be part of the regional or local energy efficiency plan referred in Article 4 (4). By 1 January 2015, Member States shall summarise the local heating and cooling plans and notify them to the Commission***. The plans shall be updated and notified to the Commission every five years. Member States shall ensure by means of their regulatory framework that ***local*** heating and cooling plans are taken into account in local and regional development plans, including urban and rural spatial plans, and fulfil the design criteria in Annex VII.
Justification: Heating and cooling plans should be set up locally (here arises the nearly view (each street has to be analysed) to develop the heating sector in the long term). The exact orientation and measures on these levels should be decided in a bottom-up process. The cooling and heating should, where appropriate, be an integral part of the energy efficiency plans in Article 4. The national plans could not provide for such a level of detail and should therefore be used rather as a statistical tool in order to determine the national potentials. These could be gathered, for statistical purposes, in national heating and cooling plans. Paragraphs 2 to 7: not amended.	
8. Member States shall adopt authorisation or equivalent permitting criteria to ensure that industrial installations with a total thermal input exceeding 20 MW generating waste heat that are built or substantially refurbished after [the entry into force of this Directive] capture and make use of their waste heat. Member States shall establish mechanisms to **ensure** the connection of these installations to district heating and cooling networks. They may require these installations to bear the connection charges and the cost of developing the district heating and cooling networks necessary to transport their waste heat to consumers. Member States may lay down conditions for exemption from the provisions in the first sub-paragraph when: a) the threshold conditions related to the availability of heat load set out in point	8. Member States shall adopt authorisation or equivalent permitting criteria to ensure that industrial installations with a total thermal input exceeding 20 MW generating waste heat that are built or substantially refurbished after [the entry into force of this Directive] capture and make use of their waste heat. Member States shall establish mechanisms to **encourage** the connection of these installations to district heating and cooling networks. They may require these installations to bear the connection charges and the cost of developing the district heating and cooling networks necessary to transport their waste heat to consumers. Member States may lay down conditions for exemption from the provisions in the first sub-paragraph when: a) the threshold conditions related to the availability of heat load set out in point

2 of Annex VIII are not met; or b) a cost-benefit analysis shows that the costs outweigh the benefits in comparison with the full life-cycle costs, including infrastructure investment, of providing the same amount of heat with separate heating or cooling. Member States shall notify such conditions for exemption to the Commission by 1 January 2014. The Commission may refuse those conditions or make suggestions for modifications in the 6 months following notification. In such cases, the conditions for exemption shall not be applied by the Member State concerned until the Commission expressly accepts the resubmitted or modified conditions.	2 of Annex VIII are not met; or b) a cost-benefit analysis shows that the costs outweigh the benefits in comparison with the full life-cycle costs, including infrastructure investment, of providing the same amount of heat with separate heating or cooling. Member States shall notify such conditions for exemption to the Commission by 1 January 2014. The Commission may refuse those conditions or make suggestions for modifications in the 6 months following notification. In such cases, the conditions for exemption shall not be applied by the Member State concerned until the Commission expressly accepts the resubmitted or modified conditions.
Justification: The wording "ensure" is too strong. District heating companies first have to verify the technical feasibility of the industrial installations' connection. Paragraphs 9 to 11: not amended	

Article 12 Energy transmission and distribution	
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. Member States shall ensure that national energy regulatory authorities pay due regard to energy efficiency in their decisions on the operation of the gas and electricity infrastructure. They shall in particular ensure that network tariffs and regulations provide incentives for grid operators to offer system services to network users permitting them to implement energy efficiency improvement measures in the context of the continuing deployment of smart grids.	1. Member States shall ensure that national energy regulatory authorities pay due regard to energy efficiency in their decisions on the operation of the gas and electricity infrastructure. They shall in particular ensure that network tariffs and regulations provide incentives for grid operators ***to make investments into the smart grids and integration of renewable energies and CHP*** **as well as** to offer system services to network users ***or to their customers themselves*** permitting them to implement energy efficiency improvement measures***, in particular those resulting as a consequence of the energy savings scheme obligation of art 6.1 and*** in the context of the continuing deployment of smart grids.

Justification: It remains unclear what "incentives" stands for in the EC proposal. It is necessary to establish a system of bonuses that rewards system operators for offering system services to network users. The bonus should not be absorbed afterwards by the cost regulation. To focus solely on the energy efficiency is too short-sighted. The challenges set by the new developments make it necessary to rethink the role of distribution networks and to invest in them. Smart Grids deployment implies huge investments to be undertaken by network operators, so smart regulation should be put in place to make these investments happen. The regulation does not refer to the supply of smart grid services by grid operators themselves (e.g. system responsibility and feed-in management (e.g. virtual power plants)).	
Member States shall ensure that network regulation, and network tariffs set or approved by energy regulatory authorities, fulfil the criteria in Annex XI, taking into account guidelines and codes developed pursuant to Regulation 714/2009 and Regulation 715/2009.	Member States shall ensure that network regulation, and network tariffs set or approved by energy regulatory authorities, fulfil the criteria in Annex XI, taking into account ***legally binding*** guidelines and ***network*** codes developed pursuant to Regulation 714/2009 and Regulation 715/2009.
Justification: DSOs are not directly involved in elaborating network codes which are under the responsibility of ENTSOE/ENTSOG. Nevertheless, DSOs are affected to a great extent by some provisions contained in several network codes. Therefore, it is highly essential that only legally binding guidelines and network codes are taken into account. Otherwise Member States would be obliged to implement at national level non binding requirements provided by ENTSOE / ENTSOG affecting other system users than TSOs (e.g. DSOs, generators etc).	
2. Member States shall, by 30 June 2013**, adopt plans**: a) **assessing the energy efficiency potentials** of their gas, electricity and district heating and cooling infrastructure, notably regarding transmission, distribution, load management and interoperability, and connection to energy generating installations;	2. Member States shall, by 30 June 2013: a) ***take sufficiently into account the potential for energy efficiency and system optimisation*** of their gas, electricity and district heating and cooling infrastructure, notably regarding transmission, distribution, load management and interoperability. ***Network operators are to be consulted to an appropriate extent. The results of the assessment should, where appropriate, be an integral part of the regional and local energy efficiency plans described in Article 4.***
Justification: It remains unclear what energy efficiency potentials stand for. It should be made very clear that thereby is also meant a system optimisation in order to minimise network expansion and to promote – for example – the feed-in of renewable energy. It is important that regional and local energy efficiency plans refer to the energy efficiency potentials of local grids. The wording "assessing" gives Member States the possibility not to take the aforementioned potentials into consideration.	
b) **identifying** concrete measures and investments for the introduction of cost-	b) ***identify*** concrete measures and investments for the introduction of cost

effective energy efficiency improvements in the network infrastructure, with a detailed timetable for their introduction.	effective energy efficiency improvements in the network infrastructure, with a detailed timetable for their introduction**;** ***c) ensure that cost effective investments in energy efficient grid components are fully integrated by national regulators in the network tariffs.***
<u>Justification</u>: Besides measures and investments for improving energy efficiency in electricity networks, the corresponding costs also have to be calculated and recovered. Paragraphs 3 to 4: not amended	
5. Member States shall ensure that, subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria defined by the competent national authorities, transmission system operators and distribution system operators in their territory: a) guarantee the transmission and distribution of electricity from high-efficiency cogeneration; b) provide priority or guaranteed access to the grid of electricity from high efficiency cogeneration; c) when dispatching electricity generating installations, provide priority dispatch of electricity from high efficiency cogeneration. In addition to the obligations laid down by the first subparagraph, transmission system operators and distribution system operators shall comply with the requirements set out in Annex XII. Member States may particularly facilitate the connection to the grid system of electricity produced from high-efficiency cogeneration from small scale and micro cogeneration units.	5. Member States shall ensure**,** ***where applicable****,* that, subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria defined by the competent national authorities, transmission system operators and distribution system operators in their territory: a) guarantee the transmission and distribution of electricity from high-efficiency cogeneration; b) provide priority or guaranteed access to the grid of electricity from high efficiency cogeneration; c) when dispatching electricity generating installations, provide priority dispatch of electricity from high efficiency cogeneration. **Alternatively Member States may provide first priority in dispatch as referred to in the provisions in Article 16(2) of directive 2009/28/EC.** In addition to the obligations laid down by the first subparagraph, transmission system operators and distribution system operators shall comply with the requirements set out in Annex XII. Member States may particularly facilitate the connection to the grid system of electricity produced from high-efficiency cogeneration from small scale and micro cogeneration units.

Justification: Enlarging of the scope of implementation of the above provision is needed. When the consumers' need for heating has become marginal, then the strategy to build extensive heating networks might not be relevant anymore and, if possible, smaller and more material-related solutions should instead be employed (e.g. solar heat at least in Southern Europe). One has to envisage an adequate strategy for Northern Europe (development of heating networks) as well as for Southern Europe. A differentiated view is necessary. Priority dispatch of CHP is welcomed but Member States shall have the possibility to provide a first priority for renewable energy.	
6. Member States shall take the appropriate steps to ensure that high-efficiency cogeneration operators can offer balancing services and other operational services at the level of transmission system operators or distribution system operators where this is consistent with the mode of operation of the high-efficiency cogeneration installation. Transmission system operators and distribution system operators shall ensure that such services are part of a services bidding process which is transparent and open to scrutiny. Where appropriate, Member States may require transmission system operators and distribution operators to encourage high-efficiency cogeneration to be sited close to areas of demand by reducing the connection and use-of-system charges.	6. Member States shall take the appropriate steps to ensure that high-efficiency cogeneration operators can offer balancing services and other operational services at the level of transmission system operators or distribution system operators where this is consistent with the mode of operation of the high-efficiency cogeneration installation. Transmission system operators and distribution system operators shall ensure that such services are part of a services bidding process which is transparent and open to scrutiny. Where appropriate, Member States may require transmission system operators and distribution operators to encourage high-efficiency cogeneration to be sited close to areas of demand by reducing the connection and use-of-system charges. ***These allocation incentives should reasonably be related to the residual network tariffs and be offered in a non-discriminatory manner***.
Justification: Connection charges should reflect the costs. As the DSOs' activity is regulated and operates in a non-discriminatory manner, there should be no reduction of network charges. The reduction of network access and usage tariffs should not lead to an unreasonable increase in the network tariffs of the spare network users. **GEODE** considers that the optimisation of feed-in capacities cannot solely derive from the network tariffs.	
7. Member States may allow producers of electricity from high-efficiency cogeneration wishing to be connected to the grid to issue a call for tender for the connection work.	7. Member States may allow producers of electricity from high-efficiency cogeneration wishing to be connected to the grid to issue a call for tender for the connection work ***between its plant and the grid connection point. All technical and security standards set by the grid operator with respect to the connection line and the necessary connection facilities have to be taken into consideration in the tender documents..***
Justification: The DSO is responsible for the distribution grid. Thus, the DSO is the suitable actor to decide	

about the work in the grid and no other party should take on this role. It has to be clarified that this Article 12(7) refers to works in the customer's installation and not to any works on the grid.

ANNEX I General principles for the calculation of electricity from cogeneration

See comments to ANNEX II

ANNEX II Methodology for determining the efficiency of the cogeneration process

Paragraph *(a)*: not amended

(b) Calculation of primary energy savings

The amount of primary energy savings provided by cogeneration production defined in accordance with Annex I shall be calculated on the basis of the following formula:

$$PES = \left(1 - \frac{1}{\frac{CHP\ H\eta}{Ref\ H\eta} + \frac{CHP\ E\eta}{Ref\ E\eta}} \right) \times 100\ \%$$

Where:
PES is primary energy savings.

Commission Proposal of Directive	**GEODE Amendment Proposal**
CHP Hη is the heat efficiency of the cogeneration production defined as annual useful heat output divided by the fuel input used to produce the sum of useful heat output and electricity from cogeneration.	CHP Hη is the ***annual average*** heat efficiency of the cogeneration production defined as annual useful heat output divided by the fuel input used to produce the sum of useful heat output and electricity from cogeneration.
Ref Hη is the efficiency reference value for separate heat production. CHP Eη is the electrical efficiency of the cogeneration production defined as annual electricity from cogeneration divided by the fuel input used to produce the sum of useful heat output and electricity from cogeneration. Where a cogeneration unit generates mechanical	Ref Hη is the ***annual average*** efficiency reference value for separate heat production. CHP Eη is the ***annual average*** electrical efficiency of the cogeneration production defined as annual electricity from cogeneration divided by the fuel input used to produce the sum of useful heat output and electricity from cogeneration. Where a

energy, the annual electricity from cogeneration may be increased by an additional element representing the amount of electricity which is equivalent to that of mechanical energy. This additional element will not create a right to issue guarantees of origin in accordance with Article 10(10). Ref Eη is the efficiency reference value for separate electricity production.	cogeneration unit generates mechanical energy, the annual electricity from cogeneration may be increased by an additional element representing the amount of electricity which is equivalent to that of mechanical energy. This additional element will not create a right to issue guarantees of origin in accordance with Article 10(10). Ref Eη is the ***annual average*** efficiency reference value for separate electricity production.
Justification: To take the annual average into account makes the calculation clearer. Paragraphs *(c)* to *(f)*: not amended	

ANNEX VI Minimum requirements for metering of individual energy consumption and the frequency of billing based on actual consumption

1. Minimum requirements for metering of individual energy consumption

Commission Proposal of Directive	**GEODE Amendment Proposal**
1.1 Individual meters When an individual meter is installed, Member States shall ensure that it is connected **to an interface** which provides secure communication to the final customer, enabling the meter to export private metrological data to the final customer or a third party designated by the final customer. The **interface** shall provide private information enabling final customers to better control their energy consumption and use the information for further potential analysis. Such information shall at least indicate the current rate of consumption (e.g. kWh, kJ, m^3) and related costs and be communicated in a format that promotes consumer action in energy efficiency. The National Regulatory Authority shall ensure that the **interface** also provides **public** data that allows the final customer to consult and use the applicable time-of-use tariffs with real-time	**1.1 Individual meters** When an individual meter ***for electricity*** is installed, Member States shall ensure that it is connected with ***an open standardised way*** which provides secure communication to the final customer, enabling the meter to export private metrological data to the final customer or a third party designated by the final customer. The ***standardised connection*** shall provide private information enabling final customers to better control their energy consumption and use the information for further potential analysis. Such information shall at least indicate the current rate of consumption (e.g. kWh, kJ, m^3) and related costs and be communicated in a format that promotes consumer action in energy efficiency. The National Regulatory Authority shall ensure that the ***standardised connection*** also provides **(to be deleted)** data that allows the final customer to consult and use

pricing, peak time pricing and peak time rebates. The private data exported through the **interface** shall offer the final customer a possibility to consult his/her historic consumption levels (in local currency and in kWh, kJ or m^3): a) in the last seven days, day by day; b) in the last complete week; c) in the last complete month; d) in the same complete month the previous year; e) in the last complete year. The historic periods shall match the billing periods for consistency with household bills. Complementary information on historical consumption (any day, week, month, year from the start-up of intelligent metering) and other useful information allowing for more detailed selfchecks by the consumer (e.g. graphic evolutions of individual consumption; benchmarking information, cumulative consumption/savings/spendings from the beginning of each contract, proportion of the individual consumption from renewable sources of energy and related CO_2 savings, etc.) shall be made easily accessible either directly through the interface or via the internet.	the applicable time-of-use tariffs with realtime pricing, peak time pricing and peak time rebates. The private data exported through the ***standardised connection*** shall offer the final customer a possibility to consult ***electronically*** his/her historic consumption levels (in local currency and in kWh, kJ or m^3) ***starting from the data of smart meter installation****:* a) in the last seven days, day by day; b) in the last complete week; c) in the last complete month; d) in the same complete month the previous year; e) in the last complete year. The historic periods shall match the billing periods for consistency with household bills. Complementary information on historical consumption (any day, week, month, year from the start-up of intelligent metering) and other useful information allowing for more detailed selfchecks by the consumer (e.g. graphic evolutions of individual consumption; benchmarking information, cumulative consumption/savings/spendings from the beginning of each contract, proportion of the individual consumption from renewable sources of energy and related CO_2 savings, etc.) shall be made easily accessible either directly through the interface or via the internet.
<u>Justification</u>: Since fast-moving technical development for smart meters is on-going, it is important to leave open for new and innovative ways to make use of the new technology. The suggested changes above are a way to ensure that the requirements in the annex do not preclude new opportunities from a wide range of market players with different business models.	
1.2. Heat cost allocators **Heat cost allocators shall be equipped with clearly legible displays allowing the final customer to consult the current rate of consumption as well as historic consumption levels. The historic periods displayed by the heat cost allocator shall match the billing periods.**	**1.2. to be deleted**

Justification: Consequence of the changes in Article 8.	
2. Minimum requirements for billing	**2. Minimum requirements for billing *of electricity***
Justification: Consequence of the changes in Article 8.	
2.1 Frequency of billing based on actual consumption	
In order to enable final customers to regulate their own energy consumption, billing on the basis of actual consumption shall be performed with the following frequency: a) On a monthly basis for electricity consumption. **b) At least every two months for the consumption of natural gas. Where gas is used for individual heating, billing shall be provided on a monthly basis.** **c) With centralised heating and cooling, billing shall be provided on a monthly basis during the heating/cooling season.** **d) At least every two months for hot water billing.** **Billing based on the measurement of heat consumption using heat cost allocators shall be accompanied with explanations of the numbers available through displays of heat cost allocators, taking into account the standard characteristics of heat cost allocators (EN 834).**	In order to enable final customers to regulate their own energy consumption, **information on actual consumption** shall be performed with the following frequency: a) On a monthly basis for electricity consumption. **(to be deleted)**
Justification: Consequence of the changes in Article 8. Monthly information is enough for customers to regulate their consumption, monthly billing will increase costs and in most cases is not the customers preferred option. Paragraphs 2.2 to 2.3: not amended	

ANNEX VII Planning for efficiency in heating and cooling Paragraphs 1 to 2: not amended	
Commission Proposal of Directive	**GEODE Amendment Proposal**
3. Urban spatial plans shall be designed to ensure that:	3. Urban spatial plans shall be designed to ensure that:

(a) new thermal electricity generation installations and industrial plants producing waste heat are located in sites where a maximum amount of the available waste heat will be recovered to meet existing or forecasted heat and cooling demand; (b) new residential zones or new industrial plants which consume heat in their production processes are located in sites where a maximum amount of their heat demand will be met by the available waste heat, as identified in national heating and cooling plans. To ensure an optimal matching between demand and supply for heat and cooling, spatial plans shall favour the clustering of a number of industrial plants in the same location; (c) thermal electricity generating installations, industrial plants producing waste heat, waste incineration plants and other waste-to-energy plants are connected to the local district heating or cooling network; (d) residential zones and industrial plants which consume heat in their production processes are connected to the local district heating or cooling network**.**	(a) new thermal electricity generation installations and industrial plants producing waste heat are located in sites where a maximum amount of the available waste heat will be recovered to meet existing or forecasted heat and cooling demand; (b) new residential zones or new industrial plants which consume heat in their production processes are located in sites where a maximum amount of their heat demand will be met by the available waste heat, as identified in national heating and cooling plans. To ensure an optimal matching between demand and supply for heat and cooling, spatial plans shall favour the clustering of a number of industrial plants in the same location; (c) thermal electricity generating installations, industrial plants producing waste heat, waste incineration plants and other waste-to-energy plants are connected to the local district heating or cooling network; (d) residential zones and industrial plants which consume heat in their production processes are connected to the local district heating or cooling network***;*** ***(e) the existence of gas supply networks is taken reasonably into account.***
Justification: This addition is to prevent the development of inefficient heating and cooling supply at the expense of already existent efficient gas supply. In such cases, the effect of these measures would be contra-productive.	

ANNEX XI Energy efficiency criteria for energy network regulation and for network tariffs set or approved by energy regulatory authorities	
Commission Proposal of Directive	**GEODE Amendment Proposal**
1. Network tariffs shall **accurately reflect** electricity and cost savings in networks achieved from demand side and demand response measures and distributed generation, including savings from lowering the cost of delivery or of network investment and a more optimal operation of the network.	1. Network tariffs shall ***take into consideration*** electricity and cost savings in networks achieved from demand side and demand response measures and distributed generation, including savings from lowering the cost of delivery or of network investment and a more optimal operation of the network.
<u>Justification</u>: In general **GEODE** welcomes the proposal that network tariffs should take into account electricity cost savings achieved from demand side and demand response measures as well as distributed generation. However the draft directive requires the network tariffs to accurately reflect the electricity and cost savings. The exact calculation of the cost savings is not possible.	
2. Network regulation and tariffs shall allow network operators to offer system services and system tariffs for demand response measures, demand management and distributed generation on organised electricity markets, in particular: a) the shifting of the load from peak to off-peak times by final customers taking into account the availability of renewable energy, energy from cogeneration and distributed generation; b) energy savings from demand response of distributed consumers by energy aggregators ; c) demand reduction from energy efficiency measures undertaken by energy service providers, including energy service companies ; d) the connection and the dispatch of generation sources at lower voltage level e) the connection of generation sources from closer location to the consumption; and f) the storage of energy. For the purposes of this provision the term	2. Network regulation and tariffs shall allow network operators, ***taking into account their system responsibility and considering proportionate and reasonable network tariff levels for all end consumers***, to offer system services and system tariffs for demand response measures, demand management and distributed generation on organised electricity markets, in particular: a) the shifting of the load from peak to off-peak times by final customers taking into account the availability of renewable energy, energy from cogeneration and distributed generation; b) energy savings from demand response of distributed consumers by energy aggregators ; c) demand reduction from energy efficiency measures undertaken by energy service providers, including energy service companies ; d) the connection and the dispatch of generation sources at lower voltage level e) the connection of generation sources from closer location to the consumption; and f) the storage of energy. For the purposes of this provision the term

"organised electricity markets" shall include over-the-counter markets and electricity exchanges for trading energy, capacity, balancing and ancillary services in all timeframes, including forward, dayahead and intra-day markets.	"organised electricity markets" shall include over-the-counter markets and electricity exchanges for trading energy, capacity, balancing and ancillary services in all timeframes, including forward, dayahead and intra-day markets.
Justification: This addition is to make sure that the offer of the system services and system tariffs mentioned in the first sentence of paragraph 2 is not set up at the expense of the network stability, and allows a proportionate and reasonable level of network tariffs to be maintained for all end consumers. Granting a large number of end consumers particular tariffs could lead to an unreasonable increase in network tariffs for all end consumers. It should be understood that network operators are only able to offer relevant services when holding network control. This shall not be made more difficult by integrating third parties regarding certain network services – as has already happened in some Member States through the deregulation of metering.	
3. **Network** tariffs shall be available that support dynamic pricing for demand response measures by final customers, including: a) time-of-use tariffs; b) critical peak pricing; c) real time pricing; and d) peak time rebates.	3. ***Electricity customers*** tariffs shall be available that support dynamic pricing for demand response measures by final customers, including: a) time-of-use tariffs; b) critical peak pricing; c) real time pricing; and d) peak time rebates.
Justification: **GEODE** thinks that it is important that DSOs can undertake Demand-Side management measures, as DSOs are responsible for the reliability and stability of the grid. These measures shall also include interruptible tariffs or time-of-use tariffs, and DSOs shall also be able to interrupt the electricity consumption or feed-in to the grid of customers if necessary. Real-time prices or other dynamic pricing models (depending on real time grid situations) for electricity grids seem to be very academic and neither very practical nor easy to understand for customers. It is difficult for some customers to understand why they must pay a very high grid fee because of grid congestion at times when the price for energy is very low, e.g. because of high wind production. However, network prices that reflect costs such as capacity oriented prices or fixed price models seem to work better. Therefore, GEODE recommends a more capacity-orientated tariff system that will help to flatten the load curve once Smart Meters are in place.	

ANNEX XII Energy efficiency requirements for transmission system operators and distribution system operators

Transmission and distribution system operators shall:

Commission Proposal of Directive	**GEODE Amendment Proposal**
a) set up and make public their standard rules relating to the bearing and sharing of costs of technical adaptations, such as grid connections and grid reinforcements, improved operation of the grid and rules on the non-discriminatory implementation of the grid codes, which are necessary in order to integrate new producers feeding electricity produced from high efficiency cogeneration into the interconnected grid;	a) set up and make public their standard rules relating to the bearing and sharing of costs of technical adaptations, such as grid connections and grid reinforcements, improved operation of the grid and rules on the non-discriminatory implementation of the grid codes, which are necessary in order to integrate new producers feeding electricity produced from high efficiency cogeneration into the interconnected grid;
b) provide any new producer of electricity produced from high-efficiency cogeneration wishing to be connected to the system with the comprehensive and necessary information required, including:	b) provide any new producer of electricity produced from high-efficiency cogeneration wishing to be connected to the system with the comprehensive and necessary information required, including:
(i) a comprehensive and detailed estimate of the costs associated with the connection;	(i) a comprehensive and detailed estimate of the costs associated with the connection;
(ii) a reasonable and precise timetable for receiving and processing the request for grid connection;	(ii) a reasonable and precise timetable for receiving and processing the request for grid connection;
(iii) a reasonable indicative timetable for any proposed grid connection. **The overall process to become connected to the grid should be no longer than 12 months.**	(iii) a reasonable indicative timetable for any proposed grid connection. **(to be deleted)**
(c) provide standardised and simplified procedures for the connection of distributed high efficiency cogeneration producers to facilitate their connection to the grid.	(c) provide standardised and simplified procedures for the connection of distributed high efficiency cogeneration producers to facilitate their connection to the grid.
The standard rules referred to in a) shall be based on objective, transparent and non-discriminatory criteria taking particular account	The standard rules referred to in a) shall be based on objective, transparent and non-discriminatory criteria taking particular account

of all the costs and benefits associated with the connection of those producers to the grid. They may provide for different types of connection.	of all the costs and benefits associated with the connection of those producers to the grid. They may provide for different types of connection.
Justification: A fixed term of 12 months for the process is not appropriate in the light of the likely delays in obtaining permissions from public authorities, e.g. for new lines or underground cables.	

Brussels, 13th of October 2011