

Enabling a distributed, renewable & flexible energy system



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- Electricity Market Directive

- a. Self-consumption- from RED to MDI
- b. The role of DSO/TSOs in storage & EV charging

- Electricity Market Regulation

- a. EU DSO entity
- b. Network tariffs

Context

RED II creates clear framework for a distributed, locally owned renewable energy future through its self-consumption and energy community provisions. The MDI must enable rather than hinder the distributed, renewable, flexible energy system envisioned in RED.

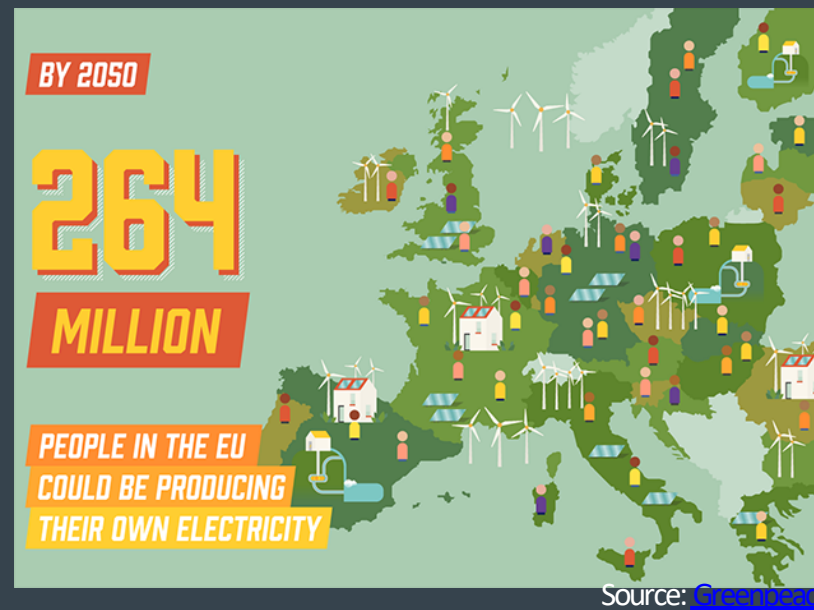
Key Principles:

1. Open electricity markets for all decentralized energy resources
2. Effective price signals at wholesale and retail level
3. Fair market access for active customers and aggregators
4. Relevant data access for all service providers
5. Appropriate consumer protection measures in place
6. DSOs and TSOs are neutral actors, not market participants
7. DSOs and TSOs use all decentralized energy resources
8. Smart grid technologies, including smart meters, are in use

Electricity Market Directive

Self-consumption and energy communities in the MDI

Active consumers and energy communities (Articles 2, 11,12, 15, 16, 17, 19 & 21)



Energy storage and EV charging

Objective: Ensure system operators are neutral actors, create competitive markets for the procurement of flexibility services, and ensure access to markets for all eligible actors.

Brief analysis:

Commission, Council GA, Parliament amendments: Each contains good text but no single proposal fully aligns with the objective above throughout the relevant text.

Areas to focus on in the trialogues (among others):

- Integration of electro-mobility- Article 33
- Ownership of storage- Article 36 & 54

Electro-mobility (Art. 33)

As a general rule, DSOs should not be allowed to own, develop, manage or operate recharging points for EVs.

System operators should remain neutral actors and leave this business opportunity to market parties to safeguard the efficient functioning of the electricity market.

COM proposal	EP position	Council position
DSOs may be allowed to own, develop, manage or operate recharging points if an open tendering procedure doesn't yield sufficient interest and NRA approves.	DSO not allowed to own, develop, manage, or operate recharging points for EVs. AM 124/125: Derogations allowed if following an open and transparent tendering procedure, subject to NRA review, there is insufficient interest or inability to deliver services at a reasonable cost and in a timely manner; and NRA approves.	New 1a: DSOs not allowed to own, develop, manage, or operate recharging points for EVs unless solely for their own use. Derogation allowed if open and transparent tender procedure does not result in other parties being awarded the right to own, manage and operate the infrastructure; and NRA approves after ex-ante review of tendering procedure.

Ownership of storage (Art. 36 & 54)

Art. 36

COM proposal	EP position	Council position
<p>DSOs are not allowed to own, develop, or manage energy storage assets; derogations allowed under conditions similar to Art. 33 and if such assets are necessary for DSOs to operate the system; NRA determined phase-out of DSO participation.</p>	<p>AM 128: DSOs are allowed to own storage assets under certain conditions; AM 129, 130, 132 allows derogation under conditions similar to Art. 33, if all conditions are met, and NRA can draw up procurement guidelines to ensure fair tendering procedure; more complex conditions around DSO phase-out, including cost-recovery.</p>	<p>DSOs are not allowed to own, develop, or manage energy storage assets; derogation allowed under more stringent conditions as well as those similar to Art. 33, and NRA can draw up procurement guidelines to ensure fair tendering procedure; phase-out of DSO participation but storage investments before 2024 can be kept by the DSO until it is fully depreciated, even if the market would like to take over.</p>

Art. 54

COM proposal	EP position	Council position
<p>TSOs not allowed to own, or manage energy storage assets or own or control those that provide ancillary services; derogations allowed under conditions similar to Art. 36; TSO determined phase-out procedure.</p>	<p>AM 148: TSOs allowed to own storage assets under certain conditions and with NRA approval; AM 149-152: allows derogation under conditions similar to Art. 36, if all conditions are met, and NRA can draw up procurement guidelines to ensure fair tendering procedure; AM 153: MS determined phase-out procedure.</p>	<p>TSOs are not allowed to own, develop, or manage energy storage assets; derogation allowed under more stringent conditions as well as those similar to Art. 36, and NRA can draw up procurement guidelines to ensure fair tendering procedure; weak phase-out of TSO participation for certain assets and storage investments before 2024 can be kept by the TSO anyway until it is fully depreciated, even if the market would like to take over.</p>

Electricity Market Regulation

EU DSO body (Art. 49-53)

Objective: Ensuring equitable representation, independence, and adequate oversight

Brief analysis:

Commission proposal falls short in almost every respect

Council GA ensures a voice for small DSOs and improves oversight

Parliament amendments mirror Council text on key provisions but goes further in certain respects

Areas to focus on in the dialogues:

- Voting rules and representation- Article 50/Article 50a
- Role of ACER and related oversight measures- Article 50/51
- EU DSO tasks- Article 51

EU DSO body (Art. 49-53)

Voting rules and representation- Article 49, 50, 50a

Article 49

Retain language in AM 168 regarding independence.

Article 50

Recommendation: Retain language in AMs 169 and 170 regarding balanced representation, preventing conflicts of interest and providing for equitable treatment of EU DSO members.

Article 50a

Recommendation: Retain language to ensure seat at the table for small DSOs; mitigates concern over who controls the pen when drafting statutes for EU DSO body

Topic	COM proposal	EP position	Council position
Voting rules (Article 50a)	N/A	Mirrors Council GA (AMs 169 & 173)	Voting and procedures should ensure fair & proportionate treatment of members; reflect diverse geographical & economic structure of membership

EU DSO body (Art. 49-53)

Role of ACER and related oversight measures- Article 50/51

COM proposal	EP position	Council position
ACER has a role in developing foundational documents; no role for ACER in monitoring implementation	Provides a clear role for ACER in monitoring the implementation of network codes (AM 175)	Removes ACER's administrative support in developing foundational documents

Recommendation: Cross-reference ACER's duties in regulation as provided in the ACER Regulation

EU DSO tasks- Article 51

COM proposal	EP position	Council position
Tasks worded in a way that gives too broad a mandate to EU DSO	Tasks remain quite broad but edits made with the spirit of strengthening in a positive way (AM 174)	Clarifies scope of tasks allocated to EU DSO body and what objectives it should promote

Network tariffs (Art. 16)

Objective: Networks tariff should do the following-

- Incentivise efficient use of networks and minimise long-term costs
- Empower consumers
- Share costs fairly and equitably

While ensuring cost recovery for network companies

Fixed tariffs, including capacity-based tariffs, are BAD policy.

They largely fail on the above principles, e.g. they penalise low-usage consumers, including vulnerable consumers, and discourage energy efficiency

The Council, and to lesser extent the Parliament, have included text that could be used to support fixed tariffs.

e.g., AM 80 reference to “grid connection capacity elements”

Network tariffs (Art. 16)

COM proposal	EP position	Council position
Tariffs should be cost-reflective, may vary depending on generation and consumption, etc. (high-level, could be interpreted in different ways); NRAs may put in place dynamic network tariffs	AM 80: Tariffs may contain grid connection capacity elements, i.e. fixed charges; where smart meters in place, NRAs shall introduce time differentiated tariffs; and recognition of the “value” of DER	Methodology should reflect fixed costs Problem: If DSOs argue that 90% of their costs are fixed, 90% could be fixed charges.

Thank you

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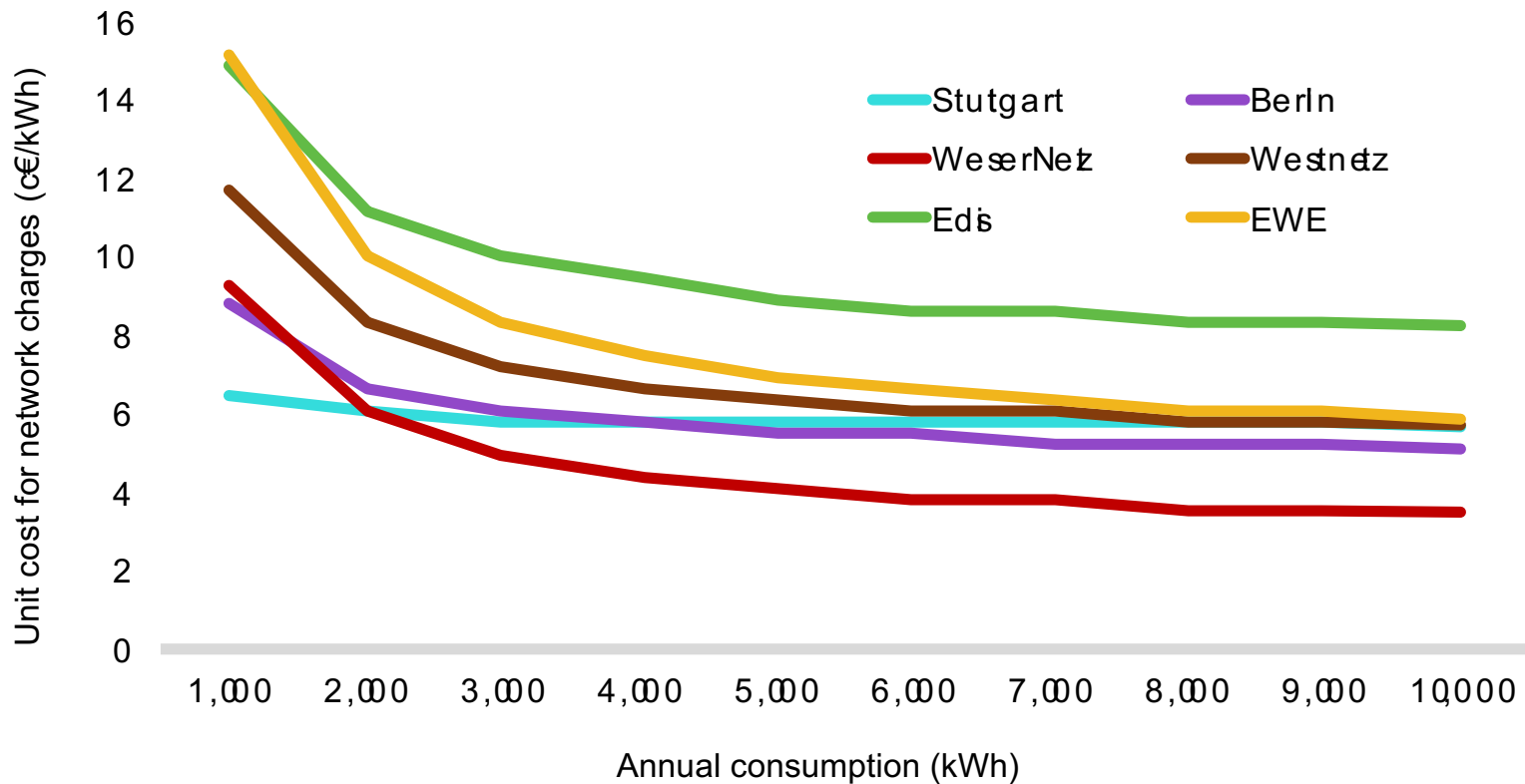
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BACK-UP SLIDES



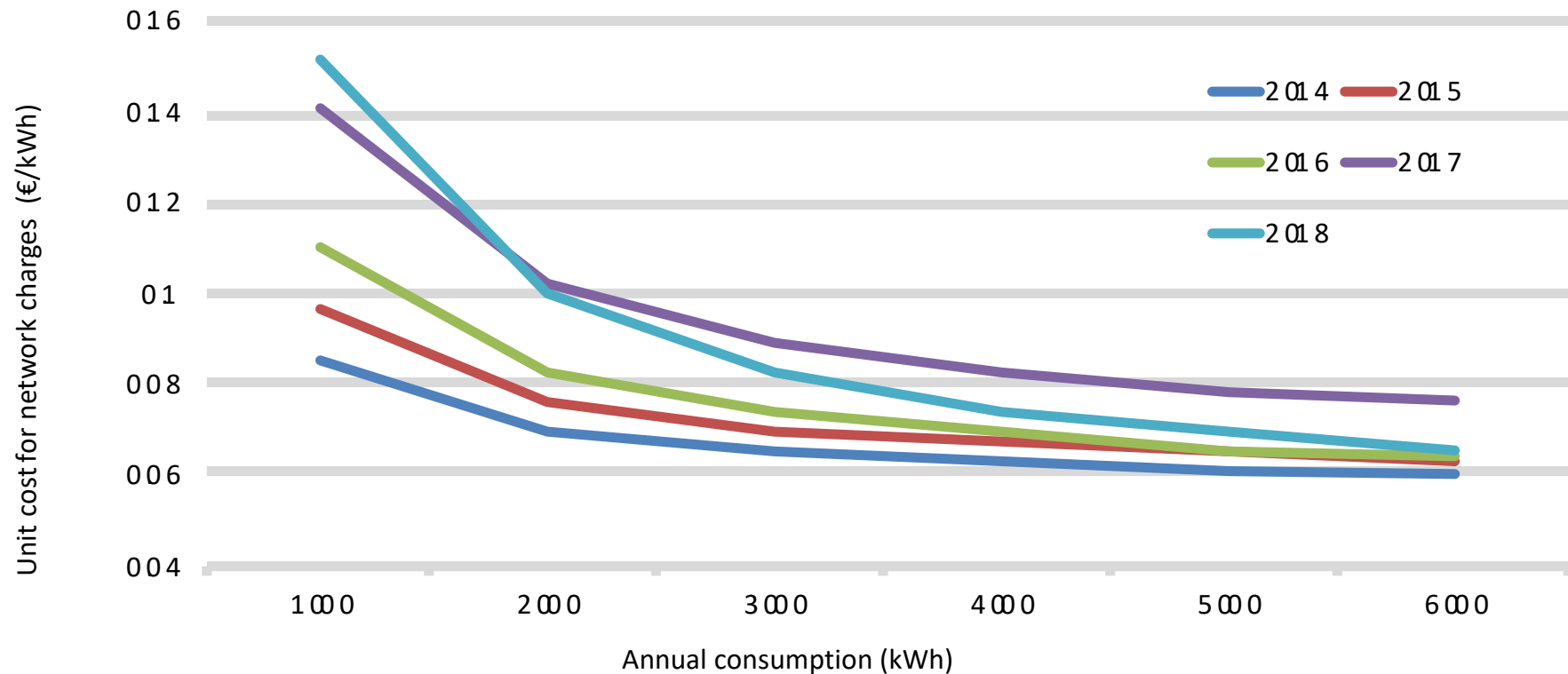
Fixed fees shift costs from high to low-usage consumers



Low-usage consumers pay disproportionately more

Source: German distribution system operator, network fees in 2018

Germany: Historical development of network fees for households



Network bill for low-usage consumers almost doubled

Source: Distribution network operator EWE