



E.DSO Reaction to MEP Niels Fuglsang's Draft Report on the Energy Efficiency Directive

Brussels, February 2022

Introduction

E.DSO widely welcomes the Parliament's progress on the Energy Efficiency Directive (EED) in view of the presentation of the draft report (dated 14.02.2021 under reference PE719.550) of ITRE's rapporteur, MEP Niels Fuglsang (S&D, DK). We appreciate major improvements to the file including:

- The shift towards a more **holistic vision about the energy efficiency of electricity networks** which goes beyond network losses and relies on system integration and smart grids. In this regard, the new definition of 'system efficiency' in Article 2 is a welcome development.
- The expansion of the framework on **the Energy Efficiency First principle (EEFP)** to include decisions about distribution networks and to employ a Cost-Benefit Analysis considering system flexibilities, sector integration and smart system integration.

E.DSO would like to take this opportunity to propose several additional recommendations based on [our position paper](#) how to make the EED more fit for purpose from the perspective of the DSO industry.

E.DSO recommendations on key elements

Smart meters for electricity. Smart meters are the backbone of an integrated energy system which incentivizes energy efficiency, and which relies on data collection and sharing. For this reason, the smart electricity meters regime in the EED should be expanded to mirror the ambitious provisions for smart gas and H&C meters. There is no reason for the regime for smart electricity meters to be lighter.

DSO infrastructure. Article 25 (2)'s requirement for DSOs to invest only in future-proof assets is welcome but should clarify the possibility to maintain infrastructure that is not at the end of its life cycle in so far it supports efficient use of energy, since its replacement could result in inefficient costs for the system.

Cost-effectiveness of network tariffs. Articles 25(6) and 25(9) should not undermine the principle of cost-reflectiveness of network tariffs. As neutral market facilitators DSOs call for removing **Article 25(9)**. Providing high efficiency cogeneration stakeholders with lower network charges contradicts the principle of non-discrimination. DSOs serve market actors the same way regardless of their CO2 content or level of energy efficiency. In particular the share of capacity and energy components in network tariffs must cost-reflective as a prerequisite for an efficient use of infrastructure contributing to overall energy efficiency.

Delivery of energy services. We suggest reviewing the requirement in Article 27 (8) for MS and DSOs to refrain from any activities that may impede the demand for and delivery of energy services or other energy efficiency improvement measures. This provision is in contradiction with the Electricity Market Regulation which recognises DSOs as neutral market facilitators which aim to facilitate such services.

Conclusion

E.DSO looks forward to a continued legislative dialogue on the RED and is open to participate in discussions about its recommendations. DSOs have an important role to play in facilitating the energy transition and we can provide a strong perspective how the industry can be equipped for the challenges ahead.



E.DSO Reaction to MEP Markus Pieper's Draft Report on the Renewable Energy Directive

Brussels, February 2022

Introduction

E.DSO widely welcomes the Parliament's progress on the Renewable Energy Directive (RED) in view of the presentation of the draft report (dated 14.02.2021 under reference PE719.550) of ITRE's rapporteur, MEP Markus Pieper (EPP, DE). We appreciate major improvements to the file including a wider and more renowned recognition of electricity networks for the success of the energy transition. E.DSO would, however, like to propose several recommendations based on [our position paper](#) how to make the RED more fit for purpose from the perspective of the DSO industry.

E.DSO recommendations on key elements

Grid capacity. E.DSO appreciates the recognition of the role of networks as portrayed in the **amendment to Recital 10 of the RED report and Criticisms 1 and 2 of the explanatory note to the report**. Indeed, the grid, and especially the distribution grid, will be central for the transition to an integrated, decentralized and digitalized energy system. Nevertheless, we believe that the draft report does not go sufficiently far in building a solid regulatory basis for this transition. The study, [Connecting the Dots](#), which we at E.DSO conducted together with Eurelectric and Deloitte, identifies that **distribution grids in Europe alone will need 375-425 bln EUR of investment by 2030** in order to sustain the energy transition. For this reason, the RED should mandate Member States to facilitate new renewable capacity by encouraging investment in connections and reinforcements in the grid infrastructure.

Administrative burdens and red tape. **Criticism 4 of the explanatory note to the report** rightly identifies the need to evaluate the appropriateness of requirements and reporting obligations. In this regard, E.DSO would like to point out to three important aspects in which RED can be improved:

- 1) **Evaluation of flexibility needs.** RED should be coherent with the Electricity Market Directive. **Article 1 (13) (e)** of the proposal introduces a new obligation which requires DSOs to carry out an evaluation of flexibility needs of the energy system together with district heating and cooling services. E.DSO members strongly believe that this constitutes an unnecessary administrative burden mainly for two reasons:
 - i. DSOs already ensure a non-discriminatory participation of all market participants, including district heating and cooling services, by reason of their business model and
 - ii. the Electricity Market Directive already foresees an exhaustive regime for the evaluation of flexibility needs which turns the current proposal into an unnecessary duplication.
- 2) **Data disclosure.** The mandatory requirement for DSOs to make data available in near to real time as enshrined **Article 1 (10) (1) (inserts Article 20a)**, should be adapted into a requirement for Member States. The disclosure of such data for each bidding zone, is an expensive requirement for network operators and would ultimately increase costs for customers. This is especially the case for those Member States in which the infrastructure is not sufficiently equipped to easily provide this data. GHG and RES data could be made available on a voluntary basis, with the lowest frequency possible based on existing infrastructures of network operators.



- 3) **Revisions. Article 1 (5) (d)** on reopening the existing framework set up on Articles 15, 16, 17 one year after the adoption of the revised Directive must be removed. They create legal instability to long term projects by introducing too frequent revisions. Additionally, shortening existing procedures would be detrimental to the technical and security assessments of the network.

E.DSO offers some additional recommendations for improvement of RED regarding:

Smart charging. Article 1 (10) (3)'s (inserts Article 20a) introduces requirements for non-publicly accessible power recharging points to support smart charging functionalities and, where judged appropriate by the National Regulatory Authority, bidirectional charging.

- On the one hand, this would be invaluable for network operators in their efforts to build an integrated energy system which relies on decentralised generation and flexibility services. In the cases where smart equipment is done, it must be communicated to national and local grid planning authorities and agents as quickly and as accurately as possible.
- On the other hand, smart equipment of a charging point can be an expensive requirement which if introduced, may disincentivise some consumers from switching to EVs. As a result, the uptake of electric mobility may be undermined.
- To balance these two positions, two solutions can be outlined:
 - i. A mandatory requirement to make charging points technically ready for smart charging but leave the choice whether smart charging is really done to market processes.
 - ii. Introduce a threshold beyond which charging points should be mandatory smart-equipped and below which this can be done on a voluntary basis because of market processes. In this case it should be noted that for different Member States, different thresholds are appropriate – the choice of threshold should be left to their discretion.

Definition of smart charging. This definition in **Article 2** must be expanded to include smart metering systems as these are the backbone of system integration which relies on data collection and management.

Permitting procedures. The connection of new RES must not be detrimental to the security and stability of the network. While we agree that it is Member States' prerogative to implement quickly and thoroughly the provisions on permitting of RED, this can be one of the biggest challenges for RES deployment at the requested speed. For this reason, the implementation of **Article 1 (2) (c)** should be monitored.

Finally, as a general position, the report rightly recognizes **the importance of electrification** for the energy transition but makes some suggestions for the development of a supply infrastructure for gaseous fuels. While E.DSO recognizes that gaseous solutions will be relevant in the harder-to-electrify sectors, the push for a wider infrastructure for gaseous fuels risks watering down the electrification effort.

Conclusion

E.DSO looks forward to a continued legislative dialogue on the RED and is open to participate in discussions about its recommendations. DSOs have an important role to play in facilitating the energy transition and we can provide a strong perspective how the industry can be equipped for the challenges ahead.



E.DSO Reaction to MEP Ismail Ertug's Draft Report on the Regulation on Alternative Fuels Infrastructure

Brussels, February 2022

Introduction

E.DSO widely welcomes the Parliament's progress on the Regulation on Alternative Fuels Infrastructure (AFIR) in view of the publication of the draft report (14.02.2021 under reference PE719.568) of TRAN's rapporteur, MEP Ismail Ertug (S&D, DE). We appreciate major improvements to the file including a wider recognition of electricity networks for the electrification of transport. The strengthened framework for the application of the Energy Efficiency First Principle is also a step forward. The amendments to the regime on provision of data and the suggested development of a European access point demonstrate an ambitious view about system integration. E.DSO would, however, like to propose several recommendations based on [our position paper](#) how to make the AFIR more fit for purpose from the perspective of the DSO industry.

E.DSO recommendations on key elements

Grid capacity. E.DSO appreciates the recognition of networks for the uptake of electric vehicles (EVs) as portrayed in the **amendment to Recital 32 of the AFIR report**. The grid, and especially the distribution grid, will be central for the electrification of transport. Nevertheless, we believe that the draft report does not go sufficiently far in building a solid regulatory basis for this transition. The study, [Connecting the Dots](#), which E.DSO conducted with Eurelectric and Deloitte, identifies that **distribution grids in Europe alone will need 375-425 bln EUR of investment by 2030** in order to sustain the energy transition, incl. the electrification of transport. For this reason, AFIR should mandate Member States to encourage investments in the capacity of distribution networks as far as this is necessary and proportional. In this regard, the proposal of the ITRE Committee to create a national policy framework for the development of a resilient grid infrastructure which relies on smart solutions and local system integration is in line with what is necessary to facilitate electrified transport.¹

Definition of smart charging. This definition in **Article 2** must be expanded to include smart metering systems as these are the backbone of system integration which relies on data collection and management.

Evaluation of flexibility potential. The requirement for NRAs to evaluate the flexibility potential of electric vehicles should be designed coherently with the Electricity Market Directive which already foresees an exhaustive regime for this evaluation. According to this regime DSOs are responsible for ensuring a non-discriminatory participation into the market of all flexibility providers. **Article 14 (3)** should recognize the position of DSOs in the evaluation of flexibility potential. In this regard, the amendments suggested by the ITRE Committee offer a more consistent framework reflecting the Electricity Market Directive.²

Conclusion

E.DSO looks forward to a continued legislative dialogue on the RED and is open to participate in discussions about its recommendations. DSOs have an important role to play in facilitating the energy transition and we can provide a strong perspective how the industry can be equipped for the challenges ahead.

¹ Amendments 579 and 601 to MEP Michael Bloss' Draft Opinion (document reference PE704.872v01-00).

² Amendments 622-624 to MEP Michael Bloss' Draft Opinion (document reference PE704.872v01-00).