



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.