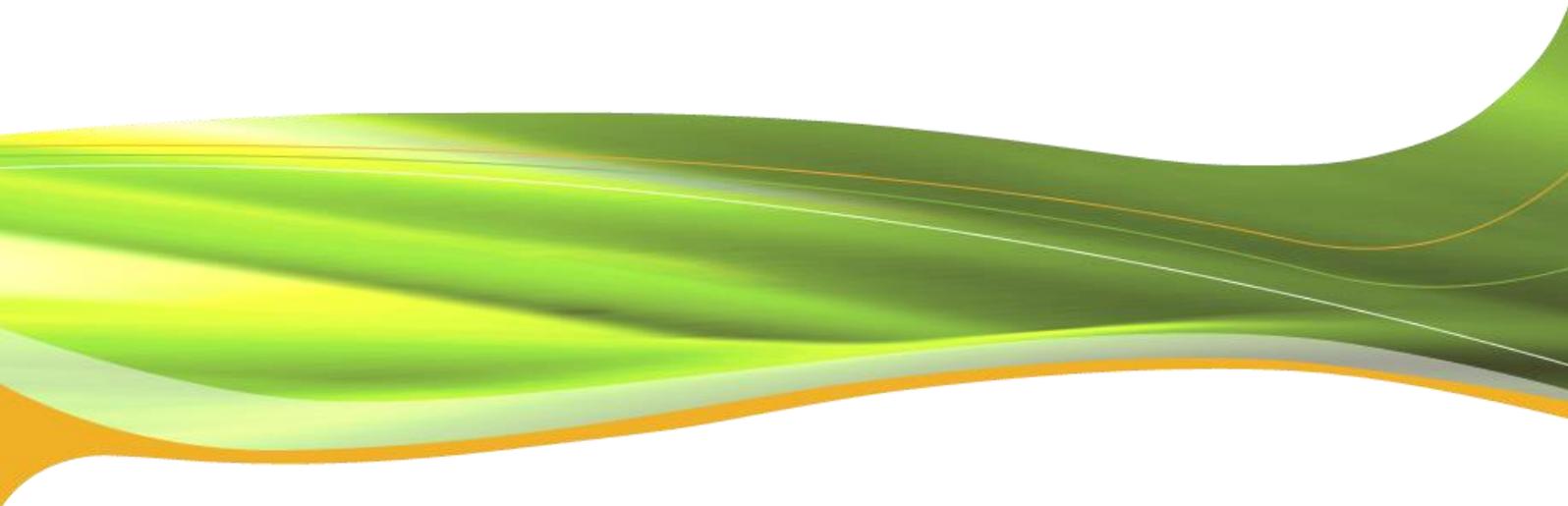


European Distribution System Operators for Smart Grids

Views on ACER 2015 work programme

June 2014



EDSO for Smart Grids views' on ACER 2015 Work Programme

EDSO for Smart Grids welcomes the opportunity to comment ACER's work programme. The years 2014-2015 represent a significant milestone for the European energy sector, with among others objectives, the coupling of energy markets, the finalisation of the first network codes, the preparation of new framework guidelines, the launch of the first PCIs, etc.

Network codes are of particular interest for DSOs and their proper implementation is key for the good management of the electricity grid. As mentioned in our response to the European Commission public consultation on the establishment of annual priority lists for the development of network codes and guidelines for 2015 and beyond¹, we believe that ENTSO-E will have a supporting role to play during the implementation of the codes, but regulators, through ACER and NRAs, should be in the driving seats. During the implementation phase, flaws or loopholes in the code might become visible. If this is the case, amendments should be proposed and processed in a transparent and neutral way, and regulators should be guiding the amendment process, as suggested in ACER's guidance document published on 24 September 2013.

This greater control over the network codes process, in addition to the rest of ACER's extensive work programme is a strong signal that energy regulators are pushing energy integration further. Disappointedly, no activities related to distribution networks are currently present in the work programme, as there is no such obligations in European regulations.

As ACER has a possibility to start some activities on its own initiatives, EDSO for Smart Grids encourages the energy regulators to devote some of their resources to study the role of the DSO and how it can further grow to accommodate the development of distributed energy resources and the apparition of new energy use.

The types of RES growing the most, i.e. solar and wind, are variable and their integration into our electricity networks necessitates additional efforts to balance the system, both when power from RES is available and when it is not.

For distribution system operators (DSOs), this transformation poses a number of challenges. Today, the majority of new RES installed capacity has to be integrated into networks at distribution level. In areas with low demand in particular, where electricity generation from RES may easily exceed consumption, distribution systems have to be reinforced and extended. In a similar fashion, demand may increase significantly due to heat pumps, electrical vehicles and new energy intensive appliances.

¹ [EDSO responds to EC consultation on annual priority lists for the development of network codes and guidelines for 2015 and beyond](#), May 2014

Distribution System Operators have called² for a revision of network regulation to incentivise DSOs to make the necessary long-term investments that ensure a secure, sustainable and reliable electricity supply to Europe's citizens. More specifically by making sure the national regulation provide for: long-term predictability, an efficient remuneration scheme that delivers an adequate return on investment, including timely cost recovery for the roll-out of smart metering and room for innovation.

As ACER's purpose is to assist and foster cooperation between NRAs, it could, for instance, use its resources to prepare a benchmark of existing national regulatory frameworks and suggest guidelines for supporting the development of smart grids.

EDSO for Smart Grids remains at the disposal of ACER to support any work related to distribution networks and smart grids.

² [EDSO, Eurelectric, CEDEC, Geode, DSO Declaration: Power Distribution: Contributing to the European Energy Transition](#), May 22 2014



EDSO for Smart Grids is a European association gathering leading Electricity Distribution System Operators, cooperating to bring Smart Grids from vision to reality.

www.edsoforsmartgrids.eu