



E.DSO statement on the proposal to revise the TEN-E Guidelines

Brussels, 14 May 2020

As part of its European Green Deal communication, released **on 11 December 2019**, the **European Commission suggested a possible revision of the Trans-European Networks – Energy (TEN-E) Regulation (347/2013) by Q4 2020**. In the light of this new EU flagship initiative aiming to make the EU's society carbon-neutral by 2050, **the European Parliament adopted a resolution on the Green Deal on 14 January**, broadly calling “for a revision of the trans-European energy (TEN-E) guidelines before the adoption of the next list of projects of common interest (PCI) in order to align the legislative framework with the priority of smart grid deployment and to prevent the lock-in of carbon-intensive investments”. **Parliament’s Committee on Industry, Research and Energy (ITRE) proposed another motion for resolution on 2 March**. It is more specific, calling on the Commission to ensure that a recast proposal is presented before the end of this year. Moreover, the Commission should propose transitional guidance on spending under the Connecting Europe Facility and on the selection process of the 5th PCI list.

E.DSO greatly welcomes the Parliament’s proposal, calling upon the Commission to work on a recast before the end of this year. We also strongly suggest consulting relevant stakeholders, including DSOs, early in this process.

Why is a revision needed?

1. Since the TEN-E Regulation’s adoption in 2013, the energy sector and its links with environmental and climate concerns have changed substantially, as reflected in the long-term vision ‘A Clean Planet for All’, setting out the EU’s commitment to the Paris Agreement. Nevertheless, the current Regulation does not exactly take into account the outcomes of the Clean Energy Package which recognises a more important role for DSOs, as key enablers of the energy transition. In practice, too few smart grid projects involving DSOs have been recognised so far. **Still, the TEN-E Regulation and the Projects of Common Interest (PCIs) selected under this framework should be fully aligned with the Clean Energy Package, the new European Green Deal and the Union’s climate and energy goals.**
2. The Green Deal emphasises sustainability across all European sectors. The goal of the European Commission is to deliver policies that contribute to the empowerment of citizens and that allow other key actors to participate more actively in the energy system. **Consequently, the TEN-E Regulation review should focus as well on decentralised energy networks, smart grid projects, a better integration of RES at local level and enhancing the involvement of consumers by developing incentives for more efficient network use as well as market-based mechanisms, aligned with system needs, where proven more cost effective.**

However, the last PCI list included **only 6 smart grid Projects of Common Interest out of a total list of 152 projects**. Indeed, the existing framework is not adapted to small-scale smart grid projects but much more to larger interconnection. The administrative process for granting is particularly heavy in comparison to the financial weight of these projects. It prevents smaller stakeholders (including SMEs) from taking part in PCIs. Also, the cross-border criterion, as it is currently applied, prevents important projects that are in fact of common interest for different Member States from being considered. **We**



therefore believe that it is necessary to change the existing framework in such a way that the crucial role of decentralised electricity infrastructure is adequately recognised.

What should a revision include?

Distribution networks are the direct link between citizens and the wider energy system. Large investments will be required to enable digitalisation, progressive integration of RES (90% are connected to the distribution system) flexibility use, storage at any voltage level, connection of new loads and new services, and to facilitate the electrification of heat and transport sectors. Moreover, the increasingly important role of smart sector integration should be acknowledged under a TEN-E recast.

The DSOs' efforts being paramount for the energy transition in that regard, E.DSO finds it essential to revise the TEN-E Regulation in order to:

1. **Appreciate the significance of electricity distribution infrastructure for Europe, particularly in an interconnected European market that increasingly relies on distributed generation and active participation of end consumers.** Smart distribution networks are critical to enable these new interactions. Therefore, improve and ease the eligibility criteria of smart grid projects to be considered as PCI projects that can receive CEF funding, for example, by not limiting projects to 'cross-border' participation, to higher voltage levels and to the compulsory participation of both TSOs and DSOs. In addition, projects with beneficial implications or synergies for more than one Member State, not necessarily involving a common border should be recognised. Local infrastructures can have cross-border impacts. That means that if there is a replicability effect among different Member States, a 'common interest' exists.
2. **Facilitate synergies under the TEN-E Regulation.** The recast of the Regulation should address a cross-sectoral approach between energy, mobility, and digital infrastructure and services (for instance: developing the distribution grid to connect EV chargers on a mobility corridor).
3. **Address emerging trends in the European energy sector that are of common interest for the EU,** such as digitalisation, cybersecurity, renewables integration, flexibility, transport, heat electrification and smart sector integration (when it contributes to decarbonise the gas sector).
4. **Align the PCI list procedure with sustainable and environmental requirements.**

The first outcome E.DSO underlines is *a shift of mindset, and a new approach and definition to "(Projects of) Common Interest."*

From a Regulation centred exclusively around large cross-border transmission infrastructure, an updated TEN-E framework should also address new forms of infrastructure projects. Therefore, **a more open-minded approach to the definition of PCI smart grid projects should result from this review** in order to consider as well: local, decentralised and participative smart grid projects without a physical border. Accordingly, a specific "full distribution projects" category, as there is one dedicated to transmission projects only, should be considered.



Local and decentralised projects could indeed bring positive effects not only to regional and national systems but also throughout multiple Member States, e.g. in integrating renewables, establishing electric vehicles corridors, preventing and solving congestions and avoiding negative externalities. This approach could therefore include DSO projects such as:

1. Projects connecting isolated systems – e.g. islands.
2. Projects between Member States using digital platforms to release the benefits of smart grids in both countries.
3. Projects that lead to a broader adoption of similar concepts across Europe, such as smart grid solutions in multiple Member States which generate additional value for the connected citizens.
4. Projects that foster a European approach to flexibility and that extend the engagement of consumers, notably by better linking distribution and transmission system operation to existing and new centralised and local markets.

Consequently, to fulfil the EU's commitments on climate change and to acknowledge the new energy landscape that unfolded since the first adoption of the TEN-E Regulation in 2013, **a recast is necessary that must adequately consider the crucial role of distribution electricity infrastructure.**

E.DSO and its members remain fully committed to contributing to the fulfilment of EU climate and energy goals and are looking forward to providing more detailed proposals in the course of the revision.