



Joint Statement on the EU DSO Entity

For the attention of the European Parliament and Council:

The EU DSO entity promoting stronger DSO cooperation will be a genuine counterpart to ENTSO-E, and its main activity will be to propose draft EU regulation in the form of Network Codes affecting distribution matters. The co-signatories are however **concerned with the European Council's general approach and ITRE's compromise amendment on Articles 49, 49 (a), 50 and 50 (a) new of the Electricity Regulation** as it undermines fair and proportional representation in the entity.

We note and welcome that Article 49 extends membership eligibility to all DSOs in Europe, of which there are of the order of 2,500 throughout Europe. We welcome that voting at the General Assembly will be proportional to the number of customers served. For reasons of practicality, we agree that members should be permitted representation by a proxy in the General Assembly. **However, member-DSOs should be able to choose a suitable proxy and the details of the proxy selection should be left to the upcoming statutes.**

The way in which the members of the DSO entity are organised (group composition) and come to a decision (voting right) is of utmost importance. This is a matter that should also be properly contained in the statutes and should not be part of this Regulation.

We are therefore deeply concerned about the current position taken by the Council and the Compromise Amendments before the ITRE Committee vote (cf. art 50.a new, prescribing all rules and procedures for the EU-DSO entity). These proposals concerning decision-making rules do not properly reflect the DSO reality on-the-ground or their market share.

The proposed composition of the Board of Directors of 9 seats for DSOs with more than 1 million grid users, 9 seats for DSOs with more than 100,000 and less than 1 million grid users and 9 seats for DSOs with less than 100,000 grid users (9/9/9) is clearly unbalanced and disproportionate. Giving 2/3rd of the voting power to the small and medium-sized DSOs, which connect only 25% of European customers and 1/3 of the voting power to the DSOs that represent almost 75% of the EU customers is clearly on its face unreasonable and disproportional. This unfair representation of DSO groups will impair the legitimacy of the entity and its ability to forge successful cooperation.

To ensure a fair and proportional decision-making process of the entity, we support the 14/7/7 representation per DSO size group in the entity's Board as originally proposed by the European Commission. This would ensure legitimacy and establish the entity as a strong and trusted expert-based organisation with a strong industry focus.

EDSO for Smart Grids, eurelectric and Geode, therefore, urge the rejection of all Compromise Amendments (32, 32a, 33) prescribing detailed governance structure and voting rights to avoid imposing rigidity that would require the amending of EU law if changes are necessary at a later stage.

The Regulation should only contain the main principles and guidelines for governing rules. Corresponding details should be carefully analysed and deployed in the future statutes of the entity by the DSOs under the scrutiny of ACER and the Commission.