

# E.DSO amendments to EU Electricity Market Design reform

### May 2023

As representation of the largest European Distribution System Operators (DSOs), E.DSO supports the efforts by the European Commission and the European Parliament to reform the Electricity Market Design to a new, fossil free reality, and thus, protecting customers from unproportioned price spikes effecting their electricity bills and increase competitiveness of European industries by facilitating possibilities to invest in clean tech measures required to achieve the net zero path.

We welcome the report by MEP Nicolás Casares published on May 12, particularly regarding the proposed amendments emphasising the need for **anticipatory investment in grid infrastructure**, the recognition of the **role of DSOs in peak load reduction** and its limitation to a crisis mechanism, the efforts to **further clearly distinguish between the main meter and other measuring devices**, as well as the inclusion of incentives **for energy sharing at the local level**.

To ensure the most effective outcome of the EMD revision, E.DSO members put forward a number of suggestions, as listed below.

\*Proposed changes appearing as deleted or added

\*\*EP Report amendments supported by E.DSO

\*\*\*E.DSO additional suggestions to improve the EP's report

\*\*\*\*EP Report amendments unwelcomed by E.DSO



	Detailed ame	ndme	nts											
N°	Commission	-	osal		ropean Pa				O Recon	nmend	ations	E.DSO Ju	stification	
	(14 March 2	2023 <u>J</u>		(15	5 May 2022	4)		(Ma)	y <b>2023</b> )					
	Recital (16) - Regulation (EU) 2019/943 - Peak shaving													
1				[AM	ENDMENT 8	3]								
	To ensure	the	efficient	То е	ensure the $\epsilon$	efficient integ	ration	To	ensure	the	efficient	E.DSO	welcomes	the
	integration	of	electricity	of	electricity	generated	from	integ	ration	of	electricity	acknowle	dgment	of
	generated	from	variable	vari	able renewa	able energy so	ources	gene	rated	from	variable	distributi	ion	system

renewable energy sources and to reduce the need for fossil-fuel based electricity generation in times when there is high demand for electricity combined with low levels of electricity *generation* from variable renewable energy *sources,* it should be possible for transmission system operators to design a peak shaving product enabling demand response to contribute to decreasing peaks of consumption in the electricity system at specific hours of the day. The peak shaving product should contribute to maximize the integration of electricity produced from renewable sources into the system by shifting the electricity consumption to moments of the

and to reduce the need for fossilfuel based electricity generation in times of electricity price crisis it should be possible transmission and distribution **system operators** to design a peak shaving product enabling demand response to contribute decreasing peaks of consumption in the electricity system at specific hours of the day. The peak shaving product should contribute to maximize the integration of electricity produced from renewable sources into the system shifting the electricity consumption to moments of the day with higher renewable electricity generation. As the peak shaving product aims to reduce and shift the electricity consumption, the scope of this product should be renewable energy sources and to reduce the need for fossil-fuel based electricity generation in times electricity generation from variable renewable energy sources, it should be possible for transmission system operators, collaboration distribution system operator. to design a peak shaving product enabling demand response to contribute to decreasing peaks of consumption in the electricity system at specific hours of the day, in particular during periods of crisis. The peak shaving product should contribute to maximize the integration of electricity produced renewable from sources into the system by shifting the electricity

operators' role when comes to procuring peak shaving products, as outlined in the Parliament's Amendment

Further, we support Parliaments incentive to **make** peak-shaving mechanism a price crisis mechanism only.

Peak-shaving mechanism and the flexibility support schemes for new storage and demand response should be integrated via an enhanced participation of demand response and storage in all short-term energy markets or ancillary services and in capacity mechanisms, and not via the establishment of separate and non-harmonized mechanisms discriminating



#### **Commission Proposal European Parliament E.DSO Recommendations E.DSO Justification** (14 March 2023) (15 May 2022) (May 2023) day with higher renewable limited to demand response. The consumption to moments of the among technologies providing electricity generation. As the procurement of the peak shaving day with higher renewable flexibility and firmness or peak shaving product aims to electricity generation. As the peak product should take place in such a between existing and new way that it does not overlap with shaving product aims to reduce reduce and shift the electricity assets. consumption, the scope of this the activation of balancing products and shift the electricity The crucial role of DSOs in the product should be limited to which aims at maintaining the consumption, the scope of this procurement and demand *side* response. The frequency of the electricity system product should be limited to implementation of peak procurement of the peak shaving stable. In order to verify volumes of demand side response. The shaving products during price product should take place in activated demand reduction, the procurement of the peak shaving crisis is outlined with a product should take place in such such a way that it does not transmission system operator concrete example here overlap with the activation of should use a baseline reflecting the a way that it does not overlap below. balancing products which aim at expected electricity consumption with the activation of balancing maintaining the frequency of the without the activation of the peak products which aim electricity system stable. In shaving product. However, the maintaining the frequency of the electricity system stable. In order order to verify volumes of **Commission, together with ACER** activated demand reduction, the and ENTSO-E, should also assess to verify volumes of activated transmission system operator the impacts on the functioning of demand reduction. the should use a baseline reflecting the electricity market of the transmission system operator introduction of peak shaving should use a baseline reflecting expected electricity the products by the transmission consumption without the expected electricity activation of the peak shaving distribution without and system consumption the operators outside electricity product. activation of the peak shaving price crisis situations. These product. products should help to reduce the electricity demand and price during peak hours, while ensuring these products do not to distort the functioning of the day ahead, intraday,

balancing markets and do not



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification
		cause a redirection of demand response services towards peak shaving products.		

### Supporting example of E.DSO justification - Enedis

To ensure security of supply in the winter of 2022/2023, the French authorities have asked Enedis to temporarily suspend the automatic heating of electric water heaters in private homes during the lunch time periods. To be more precise, Enedis used its smart meters "Linky" to turn off the automatic heating of water during the day. Consequently, the water heaters were turned on only during the night to save on the consumption of electricity. Despite this intervention, consumers had constant access to hot water. If necessary, the boiler could be turned on manually.

This measure, implemented by Enedis, led to a reduction in electricity consumption during peak hours: After one month in force, 2.4 GW could be saved.

### Recital (17) - Regulation (EU) 2019/943 - Dedicated Measurement Device

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In order to be able to actively participate in the electricity markets and to provide their flexibility, consumers are progressively equipped with smart metering systems. However, in a number of Member States the roll-out of smart metering systems is still slow. In those instances where smart metering systems are not yet installed and in where instances smart

#### [AMENDMENT 9]

In order to be able to actively participate in the electricity markets and to provide their flexibility, consumers progressively equipped with smart metering systems. However, in a number of Member States the rollout of smart metering systems is still slow and therefore they do not provide for the sufficient level of data granularity. Member States should speed up the rollout of smart metering systems.

In order to be able to actively participate in the electricity markets and to provide their flexibility. consumers are progressively equipped with smart metering systems, where observability and settlement flexibility of services are better metered. **Smart** meters that deployed bv distribution **system** operators provide accurate billing information

E.DSO welcomes the Parliaments ambition to further push for the urgently needed advancement of smart meter roll outs all over Europe, as already required by the Clean Energy Package.

We strongly advocate for a clear distinction between smart metering and dedicated measuring devices must be provided, to avoid the implementation of a variety of



## N° Commission Proposal (14 March 2023)

metering systems do not provide for the sufficient level of data granularity, transmission and distribution system operators should be able to use data from dedicated metering devices for the observability and settlement of flexibility services such as demand response and energy storage. Enabling the use of data from dedicated metering devices for

observability and settlement should facilitate the active participation of the consumers in the market and the development of their demand response. The use of data from these dedicated *metering* devices should be accompanied by quality requirements relating to the data.

### European Parliament (15 May 2022)

However, consumers should have the right to use/request a dedicated measurement device. independently from being already equipped with a smart metering system. In addition to the use of data from smart metering systems, transmission and distribution system operators should be able to use data from dedicated measurement devices the observability settlement of flexibility services such as demand response and energy storage. Enabling the use of data from dedicated measurement devices for observability and settlement should facilitate the participation of the active consumers in the market and the development of their demand response. The use of data from these dedicated measurement devices should be accompanied by quality requirements relating to the data.

## E.DSO Recommendations (May 2023)

based on actual and certified electricity consumption while preserving data privacy. However, in a number of Member States the roll-out of smart metering systems is still slow. Independently of the current stage of smart meters roll out, connecting transmission and distribution system operators should additionally be able to access and use data from dedicated metering measurement devices for the observability and settlement of flexibility services such as demand response and energy storage. Enabling the use of data from dedicated metering measurement devices for observability and settlement should facilitate the active participation of the consumers in the market and the development of their demand response. The use of data from these dedicated metering measurement devices should be accompanied by quality requirements relating to the data and meet the compatibility

### **E.DSO Justification**

sub-standard instruments which may not be readable by System Operators.

E.DSO therefore supports the introduction of a differentiation between the main metering and dedicated measurement devices.

E.DSO, strongly advices colegislators to further clarify, that measurement devices should only be allowed for observability purposes or the settlement of the demand response and flexibility services and by all means not for billing purposes, which should only be done through the main meter.

The usage of dedicated measurement devices must serve overall system efficiency, which is why flexibility must materialise at the main meter.

To ensure that all metering devices meet the same requirements and standards (same technical, metrological,



No	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
14	(14 March 2023)	( 15 May 2022)	(May 2023)	
			requirements of the EU	
			<b>Measuring Instruments</b>	main meter provided by the
			Directive as well as the	DSO, we further propose to
			<b>Network Code on Demand</b>	include a direct link to existing
			Response [available in 2024].	legislation on this same issue.

### **Example supporting E.DSO justification: Enedis**

To ensure security of supply in the winter of 2022/2023, the French authorities have asked Enedis to temporarily suspend the automatic heating of electric water heaters in private homes during the lunch time periods. To be more precise, Enedis used its smart meters "Linky" to turn off the automatic heating of water during the day. Consequently, the water heaters were turned on only during the night to save on the consumption of electricity. Despite this intervention, consumers had constant access to hot water. If necessary, the boiler could be turned on manually.

	Recital 22 a (new) - Grid Investments (Regulation (EU) 2019/943)						
3	The energy transition requires a rapid acceleration in the deployment of renewables, onshore and offshore, and electrified demand promoting sector coupling. Such a prompt ramp-up of installations together with the inherent complexities of managing an electricity system with variable and distributed resources, is posing substantial challenges to the grids. In general, the transmission grid will incorporate large amounts of onshore and offshore renewable		E.DSO welcomes the additional acknowledgment by the Parliament to incentives Member States to provide anticipatory investments, especially with respect to the role distribution system operators in enabling the integration of most distributed energy resources.  We appreciate the emphasis on the anticipatory investments considering that more support to enable proactive				



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
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		capacities and transmit the		investments are urgently
		electricity to demand areas,		needed,
		further interconnect Member		
		States and enable flows from		
		distributed renewables to other		
		demand areas. The distribution		
		grid will incorporate most new		
		onshore renewable capacities		
		and electrified and smart		
		household demand. National		
		regulatory authorities will play a		
		central role in ensuring that		
		enough investment goes into the		
		necessary grid development,		
		expansion and reinforcement.		
		Regulatory authorities should		
		promote the utilisation of		
		anticipatory investments,		
		encouraging the acceleration of		
		grid development to meet the		
		accelerated deployment of		
		renewable generation and smart		
		electrified demand such as		
		electric vehicles and heat pumps.		
		This may be the case in		
		particular for designated		
		renewables acceleration areas		
		where anticipatory investments		
		will be instrumental in ensuring		



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		that grids become enablers and not bottlenecks.		

### Recital 46- Dedicated Measurement Device (Regulation (EU) 2019/943)

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Consumers should be able to choose the supplier which offers them the price and service which best suits their needs. Advances in metering and submetering technology combined information and communication technology mean that it is now technically possible to have multiple suppliers for a single premises. If they so wish. customers should be able to use these possibilities to choose a separate supplier notably for electricity to power appliances such as heat pumps or electric which vehicles have particularly high consumption or which also have the capability shift their electricity consumption automatically in response to price signals. Moreover, with fast-responding dedicated **metering** devices

#### [AMENDMENT 34]

Consumers should be able to choose the supplier which offers them the price and service which best suits their needs. Advances in metering and submetering technology combined with information and communication technology mean that it is now technically possible to have multiple suppliers for a single premises. If they so wish. customers should be able to use these possibilities to choose a separate supplier notably for electricity to power appliances such as heat pumps or electric vehicles which have a particularly high consumption or which also have the capability to shift their electricity consumption automatically in response to price signals. For this purpose. customers should be allowed to have more than one metering

Consumers should be able to choose the supplier which offers them the price and service which best suits their needs. Advances in metering and submetering technology combined with information and communication technology mean that it is now technically possible to have multiple suppliers for a single premises. If they so wish. customers should be able to use these possibilities to choose a separate supplier notably for electricity to power appliances such as heat pumps or electric vehicles which have a particularly high consumption or which also have the capability to shift their electricity consumption automatically in response to price signals. For this purpose, customers should be allowed to have more than one In line with comments made above, notably the proposed Amendment 9, E.DSO supports the use of several metering devices for different connection and billing points, that are covered by the single connection point in their premisses, which is installed, operated, and managed by the System Operator.

Dedicated measurement devices should only serve as additional means of observability the or settlement of the demand response and flexibility **services.** We reiterate that only metering devices, installed and managed by system operators, should be qualified for billing purposes.



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N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
	(14 March 2023)	( 15 May 2022)	(May 2023)	
	which are attached to or	and billing point covered by the	0 1	
	embedded in appliances with	single connection point for their		
	flexible, controllable loads, final	premises. The rules for the	_	
	customers can participate in	allocation of the associated costs	*	
	other incentive-based demand	should be determined at	allocation of the associated	
	response schemes that provide	national level. Some smart	costs should be determined at	
	flexibility services on the	metering systems may directly		
	electricity market and to	cover more than one metering	metering systems may directly	
	transmission and distribution	point and therefore enable	8	
	system operators. Overall, such	customers to have more than one	point and therefore enable	
	arrangements should contribute	electricity supply contract at the		
	to the increased uptake of	same time. Moreover, with fast-	one electricity supply contract	
	demand response and to	responding dedicated	at the same time. Moreover,	
	consumer empowerment	<b>measurement</b> devices which are	with fast-responding dedicated	
	allowing them to have more	attached to or embedded in		
	control over their energy use	appliances with flexible,		
	and bills, while providing to the	controllable loads, final customers	appliances with flexible,	
	electricity system additional	can participate in other incentive-	controllable loads, final	
	flexibility in order to cope with	based demand response schemes		
	demand and supply fluctuations.	that provide flexibility services on	other incentive-based demand	
		the electricity market and to	response schemes that provide	
		transmission and distribution	flexibility services on the	
		system operators. Overall, such	1	
		arrangements should contribute to	transmission and distribution	
		the increased uptake of demand	system operators. Overall, such	
		response and to consumer	arrangements should contribute	
		empowerment allowing them to	to the increased uptake of	
		have more control over their	1	
		energy use and bills, while		
		providing to the electricity system	allowing them to have more	



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		additional flexibility in order to cope with demand and supply	control over their energy use and bills, while providing to the					
		fluctuations.	electricity system additional flexibility in order to cope with demand and supply fluctuations.					
	Article 2 - Definitions (Regulation (EU) 2019/943)							
5	"(8) 'active customer' means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises located within confined boundaries or self-generated or shared electricity within other premises located within the same <b>bidding zone</b> , or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity.";	<del>-</del>	"(8) 'active customer' means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises located within confined boundaries or self-generated or shared electricity within other premises located within the same bidding zone-single DSO area, or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity.";					
6		[AMENDMENT 44]						
		(73) 'peak shaving' means the ability of market participants to reduce electricity consumption		In line with comments made to Amendment 8 by the EP, <b>E.DSO</b> welcomes and support the				



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		from the grid or reduce electricity prices at peak hours determined by the transmission or distribution system operator;		acknowledgment of distribution system operators and their role when it comes to peak shaving.
7		[AMENDMENT 45]  (74) 'peak shaving product' means a market-based product through which market participants can provide peak shaving to the transmission system or distribution operators;		In line with comments made to EP's Amendment 8 and 44, E.DSO welcomes and support the acknowledgment of distribution system operators and their role when it comes to peak shaving.
		Article 7a - Peak Shaving Product (	Regulation (EU) 2019/943)	
8	[1] Without prejudice to Article 40(5) and 40(6) of the Electricity Directive, transmission system operators may procure peak shaving products in order to achieve a reduction of electricity demand during peak hours.	[AMENMENT 58]  [1] Without prejudice to Article 40(5) and 40(6) of Directive (EU) 2019/944, transmission and distribution system operators may procure peak shaving products in order to achieve a reduction of electricity demand and price in peak hours, without harming the functioning of balancing markets. The procurement of peak shaving products shall be limited to situations where a		E.DSO welcomes and support the acknowledgment of distribution system operators and their role when it comes to peak shaving, as well as the limitation of peak shaving products procurement to situations where a regional or Unionwide electricity price crisis is declared in accordance with



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification
		regional or Union-wide electricity price crisis is declared in accordance with Article 66a of the [revised EMD Directive].		Article 66a of the [revised EMD Directive].
9		[AMENDMENT 59]		
	submit a proposal setting out the dimensioning and conditions for the procurement of the peak shaving product to the regulatory authority of the Member State concerned. The proposal of the transmission system operator shall comply	system operators seeking to procure a peak shaving product shall submit a proposal setting out the dimensioning and conditions for the procurement and	operators, in collaboration with	distribution system operators and their role when



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
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10		[AMENDMENT 65]		
	[4] Regulatory authorities shall approve the proposal of the transmission system operators seeking to procure a peak shaving product and the baseline methodology submitted in accordance with paragraphs 2 and 3 or shall request the transmission system operators to amend the proposal where it does not meet the requirements set out in these paragraphs.	Regulatory authorities shall, in consultation with market participants, approve the proposal of the transmission and distribution system operators seeking to procure a peak shaving product and the baseline methodology submitted in accordance with paragraphs 2 and 3 or shall request the transmission system operators to amend the proposal where it does not meet the requirements set out in these paragraphs. ACER may issue an opinion on the proposal of the Member State concerned and may request to amend the proposal if a risk of distortions in the integrated electricity market is identified.	[4] Regulatory authorities shall approve the proposal of the transmission system operators seeking to procure a peak shaving product and the baseline methodology submitted in accordance with paragraphs 2 and 3 or shall request the transmission system operators to amend the proposal where it does not meet the requirements set out in these paragraphs. The Agency for the Cooperation of energy Regulators (ACER) may issue an opinion on the proposal of the Member State concerned and may request to amend the proposal if a risk of distortions in the integrated electricity market is identified.	E.DSO supports amendment 65 and the intention to approve the DSO role when it comes to peak shaving, as well as the further step allowing ACER to give an opinion and request amendments towards the National TSO/NRA proposal.
	Artio	ele 7b - Dedicated measurement dev	rice (Regulation (EU) 2019/943)	
11		[AMENDMENT 68]		
	[1] Member States shall allow transmission system operators			E.DSO supports the additional differentiation



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	and distribution system operators to use data from dedicated <i>metering</i> devices for the observability <i>and</i> settlement of demand response and flexibility services, including from <i>storage systems</i> .	participants, with explicit consent, on the owners' and users' behalf, transmission system operators and distribution system operators to have access and use data from dedicated measurement devices for the observability, settlement and flexibility services and energy sharing, including from demand response and energy storage systems in accordance with the applicable Union data protection and privacy rules.	operators and distribution system operators to use data from dedicated metering measurement devices for the observability and or the settlement of demand response and flexibility services, including from storage systems.	between measurement and metering devices as introduced throughout the parliaments report.  Regarding the Amendment of Rapporteur on the necessity of explicit consent is written which it is not possible when legitimate interests are in question, in accordance with the applicable Union data protection and privacy rules  As pointed out in the comments
12	[2] Member States shall establish requirements for a dedicated <i>metering</i> device data validation process to check and ensure the quality of the respective data.	[AMENDMENT 69]	[2] Pursuant to Directive (EU) 2014/32 [Metering Instruments Directive] and the new Network Code for Demand Response [available from 2024] Member States shall establish requirements for a dedicated metering measurement device data collection and validation processes to check and ensure the interoperability and quality of the respective data, including guiding principles for the certification of data and	As pointed out in the comments to the EP's Amendment 9, E.DSO supports the inclusion of a reference to Directive (EU) 2014/32 [Metering Instruments Directive] and the new Network Code on Demand Response [available 2024], as it ensures measuring and metering devices to follow essential principles guaranteeing system efficiency, data accuracy and the secure use of customer data.  In this vein, we support the amendment made by the EP and would suggest, to



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification
		legislation on measurement instruments.	methods to ensure consistency of measurement activities.	additionally include a mentioning of the Directive EU 2014/32 on Metering Instruments, as well as the mentioning of both, the directive and the network code, in the definition of Dedicated Measurement Devices.

### **Example 1 supporting E.DSO justification:**

DSOs face situations where a customer has one connection with two parallel meters on their household. It is nowadays very easy to connect all electrical gear of the household behind both meters and have a spot-price driven switch selecting which meter to use. Two contracts with suppliers: one fixed price contract and one spot price based (hourly dynamic price) contract.

Every time spot price is lower than the fixed price contracts the switch connects the meter with spot price contract and vice versa. This leads to a massive volume risk for the supplier offering the fixed price contract and a higher margin for fixed price contracts.

### **Example 2 supporting E.DSO justification:**

Let assume that a customer has a heat pump with a dedicated metering device verifying the demand response he/she is participating in. The heat pump produces heat with a COP of 4,5. The customer gets an offer to be compensated for reducing consumption and switch off the heat pump. Supposing it is its cold, this is compensated by thermostats switching on regular electric heaters with COP 1,0.

Based on the dedicated metering device the customer participating in demand response while, the customer is increasing his/her electricity consumption. Only the main meter for the connection can verify this, but these meters measure (with high reliability) only kilowatts on an hourly basis and it is questionable if the measurement fulfils demands of aggregators buying demand response. In our view there might be a need to verify if an appliance has been on or off (dedicated metering device), combined with information what the actual change in consumption has been (DSO meter at connection point)

	Article 18 - Charges for access to networks, use of networks	ks and reinforcement (Regulation (EU) 2019/943)
13	[AMENDMENT 86]	



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DS
	(14 March 2023)	( 15 May 2022)	(May 2023)	
	[2] Tariff methodologies shall	[2] Tariff methodologies shall	[2] Tariff methodologies shall be	E.DSC
	reflect the fixed costs of	reflect the fixed costs of	based on recognized techno-	propo
	transmission system operators	transmission system operators and	economic principles and reflect	inves
	and distribution system	distribution system operators and	the fixed costs of transmission	of e
	operators and shall consider	shall consider both capital and	system operators and	princ
	both capital and operational	operational expenditure to provide	distribution system operators	suppl
	expenditure to provide	appropriate incentives to	and shall consider both capital	has 1
	appropriate incentives to	transmission system operators and	and operational expenditure to	foster
	transmission system operators	distribution system operators over	provide appropriate and reliable	capac
	and distribution system	both the short and long run,	<b>conditions</b> and incentives to	flexib
	operators over both the short	including anticipatory investments,	transmission system operators	arran
	and long run, including	apply the "energy efficiency first"	and distribution system	stora
	anticipatory investments, in	principle pursuant to Article 3 of	operators over <del>both</del> the <b>short</b> ,	infras
	order to increase efficiencies,	[Revised EED Directive], in order	medium and long run, including	needs
	including energy efficiency, to	to increase efficiencies, to foster	anticipatory investments, in	E.DSC
	foster market integration and	market integration, renewable	order to incentivise investing in	the
	security of supply, to support the	energy production capacity, and	both the additional physical as	sustai
	use of flexibility services,	security of supply, to support the	well as digital network	succe
	efficient investments including	use of flexibility services, enable	elements needed while at the	invest
	solutions to optimise the	the use of flexible connection	same time increasing overall	reinfo
	existing grid and facilitate	arrangements, efficient and	system efficiency ies, as	by 1
	demand response and related	timely investments including	required including energy	flexib
	research activities, and to	solutions to optimise the existing	efficiency,de to foster market	plants
	facilitate innovation in the	grid and facilitate <b>energy storage</b> ,	_	_
	interest of consumers in areas	demand response and related	supply, to support the use of	To av
	such as digitalisation, flexibility	research activities, to reduce	flexibility services, to support	short-

environmental

**E.DSO Justification** 

0 welcomes the EP's posal to for timely estments and the priority energy efficient first' ciple, as well as the olementary weight the EP placed on measures to er **renewable energy** acity, the enabling of connection ible ngements. energy age and the required astructure reinforcement ls.

E.DSO strongly believes, that in the long run the most sustainable solutions for a successful energy transition are investments and grid reinforcements, complemented by the use of available flexibility provided by new plants connected to the grid.

To avoid a narrow focus on the short-term marginal impact of investments on network tariffs and widen the focus of NRAs to consider the medium and

services and interconnection";

impact,

promote social acceptance, and

to facilitate innovation in the

to

the further increase of the

ability to connect renewable

capacity to the grid, to support



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
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		interest of consumers in areas such	efficient investments and	longer-term benefits of
		as digitalisation, flexibility services	network infrastructure	achieving decarbonization, in
		and interconnection, including the	reinforcement to facilitate the	terms of overall cost of
		required infrastructure to reach	energy transition including	electricity, energy
		the minimum 15% electricity	innovative solutions to optimise	independence, sustainability
		interconnection targets set out	the existing grid and facilitate	and more, E.DSO calls for the
		in point (1) of Article 4(d) of	demand response and flexibility	explicit mentioning of the
		Regulation (EU) 2018/1999.	<b>services</b> , to support related	medium-term benefits in this
			research activities, and to	paragraph when it comes to
			facilitate innovation in the	assessing grid investment.
			interest of consumers in areas	
			such as digitalisation, flexibility	
			and demand response services	
			and interconnection. National	
			grid tariffs should be designed	
			to provide the right incentives	
			by combining timely	
			recognition of necessary grid	
			investments, including grid	
			infrastructure reinforcement,	
			and adequate returns from the	
			share of flexibility services in	
			operating costs, and taking into	
			account the necessary grid	
			expansion and reinforcement	
			which should take place in	
			parallel with the expansion of	
			renewables.	
14		[AMENDMENT 87)		



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
IN	(14 March 2023)	(15 May 2022)	(May 2023)	
	[8] Transmission and	[8] Transmission and distribution	[8] Transmission and distribution	
	distribution tariff	tariff methodologies shall provide	tariff methodologies shall provide	
	methodologies shall provide		incentives to transmission and	
	incentives to transmission and	distribution system operators for	distribution system operators for	
	distribution system operators	the most cost-efficient operation	the most cost-efficient operation	
	for the most cost-efficient	<u> </u>	and development of their	
	operation and development of		networks including through the	
	their networks including		procurement of services. For that	
	through the procurement of		purpose, regulatory authorities	
	services. For that purpose,		shall recognise relevant costs as	
	regulatory authorities shall		eligible, shall include those costs	
	recognise relevant costs as	investments, shall include those	in transmission and distribution	
	eligible, shall include those costs	costs in transmission and	tariffs, and shall introduce	
	in transmission and distribution	distribution tariffs, and shall	performance targets, in order to	
	tariffs, and shall introduce	introduce performance targets in	provide positive incentives to	
	performance targets in order to	order to provide incentives to	transmission and distribution	
	provide incentives to	transmission and distribution	system operators to ensure the	
	transmission and distribution	system operators to increase	necessary investments in a	
	system operators to increase	efficiencies in their networks,	short, medium and long term to	
	efficiencies in their networks,		increase efficiencies in their	
	including through energy	by applying the "energy	networks, including through	
	efficiency, the use of flexibility	efficiency first principle"	energy efficiency, network	
	services and the development of	pursuant to the Article 3 of	infrastructure reinforcements,	
	smart grids and intelligent	[Revised EED Directive], the use	the use of flexibility services and	
	metering systems.	of flexibility services and the	the development of smart grids and intelligent metering	
		development of smart grids and intelligent metering systems.	and intelligent metering systems."	
15		[AMENDMENT 88]	systems.	If grid capacity is scarce and
13		[AMENDMENT OO]		local flexibility markets are not
		[9a] (naw)		yet available, flexible grid
		[8a] ( <i>new)</i>		yet avallable, llexible gfid



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
IN	(14 March 2023)	( 15 May 2022)	(May 2023)	
		(a) Distribution system operators shall offer the possibility of a flexible connection agreement. Such flexible connection agreements shall specify the following:		connection agreements can be a valuable alternative to facilitate grid connection of solar PV projects. In such cases, it is critical to ensure economic incentives for managing the risk for the solar PV generator or the solar prosumer to
		i) the maximum firm import and export of electricity to the grid as well as the		provide flexibility via their PV export and for the DSO.
		additional flexible import and export capacity that can be		
		connected, differentiated by time blocks throughout the year,		
		ii) the network charges applicable to both the firm and flexible import and export		
		capacities, iii) the probabilities of curtailment if the maximum firm capacity is exceeded. The system user requesting a flexible		



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification
		grid connection shall be requested to install a power control system as certified by a national standards body.		
	Artic	le 19c - Assessment of flexibility ne	eds (Regulation (EU) 2019/943)	
16	Assessment of flexibility needs	[NO AMENDMENT PROVIDED]	Assessment of demand side response and storage needs	E.DSO argues that flexibility issues concern many possible mechanisms and depend mostly on national experiences
17		[AMENDMENT 109]		and specific circumstances (including specific level of smart grid development).
	[1] By <b>1 January 2025</b> and every two years thereafter, the regulatory authority of each Member State shall assess and draw up a report on the need for flexibility in the electricity system for a period of at least <b>5</b> years, in view of the need to cost effectively achieve security of supply and decarbonise the power system, taking into account the integration of different sectors. The report shall be based on the data and	[1] By 1 January 2025 and every two years thereafter, the regulatory authority of each Member State shall assess and draw up a report on the need for flexibility in the electricity system for a period of at least 10 years, in view of the need to cost effectively achieve security of supply and decarbonise the power system, contributing to the stability and reliability of the system and the efficient management and development of electricity networks, and	[1] Within 12 months from the publication of the adopted proposal by ACER as per paragraph 6, 6-months after the approval by ACER of the methodology, developed by the EU DSO Entity and ENTSO-E as referred to under Article 19c (3)(6), and every two years thereafter, Member State shall assess the needs (and may ask NRAs) and draw up a report on the need for flexibility demand side response and storage in	Therefore, the flexibility needs shall only be assessed towards demand side response and storage needs. Narrowing the scope to DSR and storage will increase the unified approach of assessment of needs at EU level, as flexibility mechanisms may vary significantly from MS to MS (especially when taking into



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
	(14 March 2023)	( 15 May 2022)	(May 2023)	
	analyses provided by the	0	the electricity system for a period	consideration flexibility as
	transmission and distribution	of the renewable energy sources	of at least 10 years, in view of	defined in Article 2(8).
	system operators of that Member State pursuant to paragraph <b>2</b> and using the methodology pursuant to paragraph <b>3</b> .	and the different sectors. The report shall be based on the data and analyses provided by the transmission and distribution system operators of that Member State, following a public consultation including energy suppliers and aggregators, pursuant to paragraph 3 and using the methodology pursuant to paragraph 4 and shall include an assessment of the progress towards the 15% electricity interconnection target set out in Regulation (EU) 2018/1999.	contributing to the stability and reliability of the system and the efficient management and development of electricity networks, and taking into account the integration of RES and of different sectors. The report shall be based on the data and analyses provided by the transmission and distribution system operators of that Member State pursuant to paragraph 2 and using the methodology pursuant to paragraph 3.	Flexibility is developing at a very different pace throughout the different MS. <b>DSF</b> and storage, however, are the basic common element when it comes to flexibility. Above that, Art. 19(d) does only refer to DSF and storage, which is why we consider it useful to further align the proposal in this respect.  As it is considered unrealistic to expect first national assessment reports of flexibility needs by January
18		[AMENDMENT 111]		<b>2025,</b> it is proposed to include
10				a minimum period <b>of 6</b>
				months, after the approval by
	[2] The report shall include an	[2] The <b>reports referred to in</b>	[2] The report shall include an	ACER of the methodology,
	evaluation of the need for	paragraphs 1 and 1a shall	evaluation of the need for	developed by the EU DSO Entity
	flexibility to integrate electricity	include an <b>assessment</b> of the need	flexibility demand side	and ENTSO-E as referred to
	generated from renewable	for flexibility to integrate	response and storage to	under Article 19c (3)(6). In line
	sources in the electricity system	electricity generated from	integrate electricity generated	with this argument, we further
	and consider, in particular, the	renewable sources in the	from renewable sources in the	propose that the date in Art.
	potential of non-fossil flexibility	electricity system and consider, in	electricity system and consider,	19c(6) should be adjusted from
	such as demand side response	particular, the potential of non-	in particular, the potential of non-	« by 1 March 2024 » <b>to « 6</b> -
	and storage to fulfil this need,	particular, the potential of hon	fossil flexibility such as demand	months after a day of



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
14	(14 March 2023)	( 15 May 2022)	(May 2023)	
	both at transmission and distribution levels. The report shall distinguish between seasonal, daily and hourly flexibility needs.	fossil flexibility such as demand response and energy storage, the self-consumption production capacity and renewable dispatchable production capacity to fulfil this need, both at transmission and distribution levels. The reports shall distinguish between seasonal, daily hourly and hourly flexibility needs, and between zonal flexibility needs, ensure all ancillary services are considered, consider congestion within a bidding zone, renewable energy curtailment levels. The reports shall include a high fossil fuel prices scenario and a business-as-usual scenario and consider the benefits to the Union energy and climate objectives.	side response and storage to fulfil this need, both at transmission and distribution levels. The report shall distinguish between seasonal, daily and hourly flexibility demand side response and storage needs.	we argue that the assessment requires the gathering of complex data and many interim approvals from different European and national institutions and organizations to determine e.g., the type of data and format, as well as developing a methodology for the analysis of the flexibility needs by system operators. In parallel, it needs also to take into consideration a methodology to prepare Network Development Plans with acknowledgment of flexibility potential.
19		[AMENDMENT 115]		
	[4](b) develop a methodology for the analysis by transmission and distribution system	[4](b) develop a methodology for the analysis by transmission and distribution system operators of	[4] (b) develop a methodology for the analysis by transmission and distribution system operators of	



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
N	(14 March 2023)	( 15 May 2022)	(May 2023)	,
	operators of the flexibility needs,	the flexibility needs, taking into	the <del>flexibility</del> demand side	
	taking into account at least all	account at least all existing sources	response and storage needs,	
	existing sources of flexibility and	of flexibility and planned	taking into account at least all	
	planned investments at	,	existing sources of <del>flexibility</del>	
	interconnection, transmission	transmission and distribution level,	demand side response and	
	and distribution level as well as		storage and planned investments	
	the need to decarbonise the		at interconnection, transmission	
	electricity system.	interconnected Member States as well as the level of renewable	and distribution level as well as the need to decarbonise the	
		energy sources in the electricity		
		mix needed to achieve the target	electricity system and possible solutions alternative to	
		referred to in Article 3(1) of		
		Directive (EU) 2018/2001 and		
		the need to decarbonise the	as defined in Network	
		electricity system in coherence	Development Plans.	
		with the Paris Agreement and	•	
		the objective of climate		
		neutrality by 2050 at the latest .		
	Article 19d (new) - Indicati	ve national objective for demand	d side response and storage (Ro	egulation (EU) 2019/943)
		[AMENDMENT 121]		
	Indicative national objective for		Indicative national objective for	E.DSO strongly opposes the
	demand side response and	1	demand side response and	EP's intention to introduce
	storage	storage	storage	obligatory, national
				objectives for DSF and
				storage. We strongly believe
				that this has to be decided
				individually by MS and should not be an obligation,
				should not be all obligation,



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
14	(14 March 2023)	( 15 May 2022)	(May 2023)	
				but rather an encouragement as these will be based on data from DSOs/ TSOs and potentially cover future system operators' actions (in relation to DSR and storage).
				Some MS have already introduced individual flexibility targets in their NECPs which would clash with an obligation in the framework of this revision. The proposal should align with existing obligations and targets already set out by EU legislation.
20		[AMENDMENTS 122]		
	Based on the report of the regulatory authority pursuant to Article 19c(1), each Member State shall define an indicative national objective for demand side response and storage. This indicative national objective shall also be reflected in Member States' integrated national energy and climate plans as regards the dimension 'Internal Energy Market' in accordance	Based on the report of the regulatory authority pursuant to Article 19c(1), each Member State shall define separate quantifiable national objectives for demand response and energy storage based on available capacity and develop a plan for delivering these objectives. These national objectives shall take into account ACER's opinion and recommendations referred to in	Based on the report of the regulatory authority pursuant to Article 19c(1), each Member State shall is encouraged to define an indicative national objective for demand side response and storage. This indicative national objective shall might also be reflected in Member States' integrated national energy and climate plans as regards the dimension 'Internal Energy	E.DSO strongly believe that use of demand side response and storage depends mostly on national and regional experiences and specific circumstances. To this end Member States should not be obliged but rather encouraged to define an indicative national objective.



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
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	with Articles 3, 4 and 7 of		Market' in accordance with	The timeline added by the EP
	Regulation (EU) 2018/1999 and	quantification of actual available	Articles 3, 4 and 7 of Regulation	amendment 122 is
	in their integrated biennial	and forecasted capacity and	(EU) 2018/1999 and in their	unrealistic and should at
	progress reports in accordance	energy content, shall also be	integrated biennial progress	least be aligned with E.DSO's
	with Article 17 of Regulation	reflected in Member States'	reports in accordance with	suggestion to include a 6-
	(EU) 2018/1999.	integrated national energy and climate plans as regards the	Article 17 of Regulation (EU) 2018/1999.	<b>months period instead</b> (see comments on Amendment 109)
		dimension 'Internal Energy Market'	2016/1999. 	comments on Amendment 109)
		in accordance with Articles 3, 4 and		
		7 of Regulation (EU) 2018/1999		
		and in their integrated biennial		
		progress reports in accordance		
		with Article 17 of Regulation (EU)		
		2018/1999. The plan to deliver		
		the first flexibility evaluation		
		should be incorporated into the		
		2024 integrated national energy		
		and climate plans as an		
		addendum upon completion.		
21		[AMENDMENTS 123]		
		[1d] (new)		
		By June 2025, after assessing the		
		national objectives for demand		
		response and energy storage		
		communicated by the Member		
		States through their integrated		
		national energy and climate		

E.DSO - European Distribution System Operators

Association Internationale Sans But Lucratif – AISBL



N°	<b>Commission Proposal</b>	European Parliament	E.DSO Recommendations	E.DSO Justification
1	(14 March 2023)	(15 May 2022)	(May 2023)	
		plans and in the light of ACER's		
		opinion and recommendations		
		referred to in Article 19c(7), the		
		Commission shall present a		
		report to the European		
		Parliament and the Council		
		assessing the national plans. In		
		the light of the conclusions of this		
		report, the Commission shall draw up a European strategy on		
		demand response and energy		
		storage consistent with the		
		Union's 2030 targets for energy		
		and climate as defined in point		
		(11) of Article 2 of Regulation		
		(EU) 2018/1999 and the climate-		
		neutrality objective laid down in		
		Article 2 of Regulation (EU)		
		2021/1119 which shall be		
		accompanied, where		
		appropriate, by a legislative		
		proposal amending this		
		Regulation and introducing minimum demand response and		
		energy storage targets at Union		
		level.		
-		[AMENDMENTS 124]		
22				
		[1c] (new)		



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification		
		Transmission and distribution system operators shall develop at least one network development plan based on the national objectives set out in paragraph 1.				
	Article 19f (new) - Design principles for flexibility support schemes (Regulation (EU) 2019/943)					
23		[AMENDMENT 127]				
	[1] Flexibility support scheme for non-fossil flexibility such as demand response and storage applied by Member States in accordance with Article 19e(2) and (3) shall:	[1] Flexibility support scheme for non-fossil flexibility such as demand response and <b>energy</b> storage applied by Member States in accordance with Article 19e shall:	[1] Flexibility support scheme for non-fossil flexibility—such as demand response and storage applied by Member States in accordance with Article 19e(2) and (3) shall:	E.DSO advocates for the existing investments in DSR and storage to be allowed to participate in flexibility support schemes along with new investments if special support is presided in order to further		
24		[AMENDMENT 128]		is needed in order to further develop these products.		
25	(b) be limited to new investments in non-fossil flexibility such as demand side response and storage;	(b) be limited to <b>new investments</b> in non-fossil flexibility such as demand side response and storage;  [AMENDMENT 129] (new)	(b) be limited to new investments in non-fossil flexibility such as demand side response and storage;	We welcome the inclusion of locational criteria under EP Amendment 129, which will ensure that new investments in generation take place in optimal locations that do not		
45		[AMENDMENT 129] (Hew)		optimal locations that do not		



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
IN	(14 March 2023)	( 15 May 2022)	(May 2023)	
		(b a) take into consideration locational criteria to ensure that investments in new capacity take place in optimal locations and that they do not create or worsen congestion in the grid;	See below: E.DSO suggestions under to add instead under Art. 19f(f))	create or worsen congestion in the grid.  E.DSO also argues, that the situation of flexibility support
26	(f) provide incentives for the	[read in conjunction with AMENDMENT 129]	(f) provide incentives for the	schemes under Article 19f, there is no need to concentrate only on DSF and storage as different flexibility mechanisms might be considered essential for capacity mechanism. It is different scope of regulation and related actions than in Art. 19c and 19d, where – for the reasons stated above, only DSF and storage is to be mentioned.
	integration in the electricity market in a market-based and market-responsive way, while avoiding unnecessary distortions of electricity markets as well as taking into account possible system integration costs and grid stability;		integration in the electricity market in a market-based and market-responsive way, while avoiding unnecessary distortions of electricity markets as well as taking into account possible system integration costs and grid stability, including allowing for locational criteria to ensure that new investments in generation take place in optimal locations that do not create or worsen congestion in the grid;	
27		[AMENDMENT 130]		
	(g) set out a minimum level of participation in the market in terms of activated energy, which	(g) set out a minimum level of participation in the market in terms of activated energy, which takes into	(g) set out a minimum level of participation in the market in terms of activated energy, which	



N°	Commission Proposal (14 March 2023) takes into account the technical	European Parliament (15 May 2022) account the technical specificities of	E.DSO Recommendations (May 2023) takes into account the technical	E.DSO Justification	
	specificities of storage and demand response;	energy storage	specificities of storage and demand response flexibility mechanisms;		
	Article 15a - Right to energy sharing (Directive (EU) 2019/944)				
28		[AMENDMENT 150]			
	[1] All households, small and medium sized enterprises and public bodies have the right to participate in energy sharing as active customers.	[1] All households, small and medium sized enterprises and public bodies have the right to participate in renewable energy sharing as active customers within the same electricity distribution area. This right shall not apply to private enterprises or undertakings whose participation constitutes part of their primary or professional activity.		E.DSO welcomes Amendment 150 introduced by the EP report.  As mentioned above in E.DSO Amendment N°3 referring to Art.2(8) and the definition of 'active customers', we believe that the EMD must tackle the opportunity to use energy sharing as a lever to reduce grid congestion or how to manage the potential risk for greater congestion resulting from energy sharing.	
				In line with suggestions made to Art 2(8), the energy sharing must be limited to the 'single DSO area' as geographical boundary for energy sharing, as it gives incentives to match	



N°	Commission Proposal (14 March 2023)	European Parliament ( 15 May 2022)	E.DSO Recommendations (May 2023)	E.DSO Justification
				local generation with local consumption.
29	[1](h) are informed of the possibility for changes in bidding zones in accordance with Article 14 of Regulation (EU) 2019/943 and of the fact that the right to share energy is restricted to within one and the same bidding zone.		[1](h) are informed of the possibility for changes in bidding zones in accordance with Article 14 of Regulation (EU) 2019/943 and of the fact that the right to share energy is restricted to within one and the same bidding zone single DSO zone.	E.DSO argues, that in line with the above EP amendment 150, Art 15a[1](h) should also – for reasons of consistency - refer to energy sharing restrictions to the same single DSO zone, instead of the bidding zone.