

REVISION OF THE ELECTRICITY MARKET DESIGN

E.DSO position on EP report - June 2023

WHAT WE SUPPORT

- Additional provisions emphasising the need for anticipatory investment
- The acknowledgment of the DSO's role in peak shaving and its limitation to a crisis mechanism
- Flexibility support schemes including a locational criterion ensuring new investments in generation to take place in the optimal place

WHAT IS MISSING

- Geographical limitations of energy sharing determined by MS to match local generation & local consumption and eventually, to avoid congestion
- Stronger incentives for MS to implement balanced investment frameworks
- Ensuring an adequate framework for investment assessments by including also medium and long term.
- Clarification that only the main meter must be used for billing purposes to avoid variety of substandards. Need to link existing legislation on metering.
- assessments of flexibility needs focusing on demand response & storage to ensure consistency among MS.



- Allow existing investments in DSR & storage participate in flexibility support schemes along with new investments if special support is needed.
- Geographically differentiated tariffs go against some Member States' fundamental principle to secure the same tariffs for all customers, independent of their location.
- We call for non-binding national objectives for flexibility, as progress depends on national experiences.

ABOUT US

E.DSO promotes and enables **customers empowerment** and the increase in the use of **clean energy sources** through electrification, the development of smart and digital grid technologies in real-life situations, new market designs and regulation. We gather **35 leading electricity DSOs**, including 2 national associations, cooperating to ensure the reliability of Europe's electricity supply for consumers and enabling their active participation in our energy system. How? By shaping smarter grids <u>for your future</u>.



Detailed amendments

E.DSO Proposed changes appearing as **deleted** or **added (supported - to be improved - unwelcomed)**EP amendments **highlighted.**

N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
1		[AMENDMENT 8]		
	based electricity generation in times when there is high demand for electricity	of electricity generated from variable renewable energy sources and to reduce the need for fossilfuel based electricity generation in times of electricity price crisis it should be possible for transmission and distribution system operators to design a peak shaving product enabling demand response to contribute to decreasing peaks of consumption in	of electricity generated from variable renewable energy sources and to reduce the need for fossilfuel based electricity generation in times electricity generation from variable renewable energy sources, it should be possible for transmission system operators, in	E.DSO welcomes the acknowledgment of distribution system operators' role when it comes to procuring peak shaving products, as outlined in the rapporteur's Amendment 8. Further, we support the rapporteurs incentive to make peak-shaving a price crisis mechanism only.
	for transmission system operators to design a peak shaving product enabling demand response to contribute	product should contribute to	1	Peak-shaving mechanism and the flexibility support schemes for new storage and demand



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	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 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 limited to demand side response. The procurement of the peak shaving product should take place in such a way that it does not overlap with the activation of balancing products which aim at maintaining the frequency of the electricity system stable. In order to verify volumes of activated demand reduction, the transmission system operator should use a baseline reflecting the expected electricity consumption without the	electricity produced from renewable sources into the system by 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 limited to demand response. The procurement of the peak shaving product should take place in such a way that it does not overlap with the activation of balancing products which aims at maintaining the frequency of the electricity system stable. In order to verify volumes of activated demand reduction, the transmission system operator should use a baseline reflecting the expected electricity consumption without the activation of the peak shaving product. However, the Commission, together with ACER and ENTSO-E, should also assess the impacts on the functioning of the electricity market of the introduction of peak shaving products by the transmission and distribution system operators	during periods of crisis. 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 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 limited to demand side response. The procurement of the peak shaving product should take place in such a way that it does not overlap with the activation of balancing products which aim at maintaining the frequency of the electricity system stable. In order to verify volumes of activated demand reduction, the transmission system operator should use a baseline reflecting the expected electricity consumption without the activation of the peak shaving product.	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 among technologies providing flexibility and firmness or between existing and new assets. The crucial role of DSOs in the procurement and implementation of peak shaving products during price crisis is outlined with a concrete example here below.



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	activation of the peak shaving product.	outside electricity price crisis situations. These 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, and balancing markets and do not 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				
2		[AMENDMENT 9]			
	participate in the electricity	participate in the electricity	In order to be able to actively participate in the electricity	ambition to further push for the	
	markets and to provide their flexibility, consumers are		markets and to provide their flexibility, consumers are		
	progressively equipped with	progressively equipped with smart	progressively equipped with smart		



N°	Commission Proposal
	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
	instances where smart
	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

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 metering smart systems. 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 for the observability and 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 active of the consumers in the market and the

development of their demand

European Parliament

E.DSO Recommendations

metering systems, where observability and the settlement of flexibility services are better metered. Smart meters that are deployed by distribution system operators provide accurate billing information based on actual and certified electricity consumption while preserving data privacy. However, in a number of Member States the rollout 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 settlement should facilitate the active participation of consumers in the market and the development of their demand response. The use of data from response. The use of data from

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already required by the Clean Energy Package.

We strongly advocate for a clear distinction between main metering and dedicated measuring devices to avoid the implementation of a variety of sub-standard instruments which may not be readable by System Operators.

We strongly advices to further clarify. that measurement devices should he allowed only 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

to the data.



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		these dedicated measurement devices should be accompanied by quality requirements relating to the data.]	requirements and standards (same technical, metrological, and legal requirements) as the main meter provided by the DSO, we further propose to include a direct link to existing 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	J) 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	E.DSO welcomes the additional acknowledgment to incentives Member States to provide anticipatory investments, especially with respect to the role of distribution system operators in enabling the integration of most distributed energy resources.



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification
N°	Commission Proposal	posing substantial challenges to the grids. In general, the transmission grid will incorporate large amounts of onshore and offshore renewable capacities and transmit the electricity to demand areas, 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	E.DSO Recommendations	We appreciate the emphasis on the anticipatory investments considering that more support to enable proactive investments are urgently needed,



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		for designated renewables acceleration areas where anticipatory investments will be instrumental in ensuring that grids become enablers and not bottlenecks.		

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

4

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 vehicles which have particularly high consumption or which also have the capability shift their electricity to

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[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 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 response to price signals. For this response to price signals. For this

In line with comments made above, E.DSO supports the use of several metering devices for different connection and billing points, that are covered by a single connection point in their premisses, which is operated, installed. and managed by the System Operator.

Dedicated measurement devices should only serve as additional of means observability or the settlement of the demand response and flexibility services. We reiterate that only the main metering device, installed and managed



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	consumption automatically in	purpose, customers should be	purpose, customers should be	system operators, should be
	response to price signals.	allowed to have more than one	allowed to have more than one	qualified for billing purposes.
	Moreover, with fast-responding	metering and billing point	metering and billing point	
	dedicated metering devices	covered by the single connection	covered by the single connection	
	which are attached to or	point for their premises. The	point for their premises. The	
	embedded in appliances with	rules for the allocation of the	rules for the allocation of the	
	flexible, controllable loads, final	associated costs should be	associated costs should be	
	customers can participate in	determined at national level.	determined at national level.	
	other incentive-based demand	Some smart metering systems	Some smart metering systems	
	response schemes that provide	may directly cover more than one	may directly cover more than one	
	flexibility services on the	metering point and therefore	metering point and therefore	
	electricity market and to	enable customers to have more	enable customers to have more	
	transmission and distribution	than one electricity supply	than one electricity supply	
	system operators. Overall, such	contract at the same time.	contract at the same time.	
	arrangements should contribute	Moreover, with fast-responding	Moreover, with fast-responding	
	to the increased uptake of	dedicated measurement devices	dedicated measurement devices	
	demand response and to	which are attached to or embedded	which are attached to or embedded	
	consumer empowerment	in appliances with flexible,	in appliances with flexible,	
	allowing them to have more	controllable loads, final customers	controllable loads, final customers	
	control over their energy use	can participate in other incentive-	can participate in other incentive-	
	and bills, while providing to the	based demand response schemes	based demand response schemes	
	electricity system additional	that provide flexibility services on	that provide flexibility services on	
	flexibility in order to cope with	the electricity market and to	the electricity market and to	
	demand and supply fluctuations.	transmission and distribution	transmission and distribution	
		system operators. Overall, such	system operators. Overall, such	
		arrangements should contribute to	arrangements should contribute to	
		the increased uptake of demand	the increased uptake of demand	
		response and to consumer	response and to consumer	
		empowerment allowing them to	empowerment allowing them to	
		have more control over their energy	have more control over their energy	



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		use and bills, while providing to the electricity system additional flexibility in order to cope with demand and supply fluctuations.	use and bills, while providing to the electricity system additional flexibility in order to cope with demand and supply fluctuations.	
		Article 2 - Definitions (Regu	lation (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 bidding zone, 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.";	[Read in conjunction with EP AMENDMENT 150]	"(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 geographically confined boundaries to be identified by Member States other premises located within the same bidding zone, other premises located within the same 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.";	E.DSO's welcomes the EP's Amendment 150, proposing to focus for energy sharing on small and non-commercial market actors in a relatively close area. While for some member states the limitation to a single DSO area, as previously support by E.DSO, does indeed make sense, for other members of E.DSO this would place an undue burden on larger DSO. In line with the newly added paragraph (7) under Article 15a, it should be up to the member states to decide on the most appropriate limitation, which possibly is also a single DSO area.



E.DSO calls on the EP to make amendments consistent with amendments to Article 7a on Peak Shaving, which include DSOS in the process around the
procurement of such products. TO be precise, the forecast should not be limited to the TSO, it should also take into consideration the forecasts from the DSO.
In line with comments made to Amendment 8 of the rapporteur, E.DSO welcomes and supports the
acknowledgment of distribution system operators and their role when it comes to peak shaving.
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8		[COMPROMISE AMENDMENT 45, 392 & 393] (74) 'peak shaving product' means a market-based product through which market participants can provide peak shaving to the transmission system or distribution operators;		
		Article 7a - Peak Shaving Product	(Regulation (EU) 2019/943)	
9	[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 regional or Union-wide electricity price crisis is declared in accordance with Article 66a of the [revised EMD Directive].		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 Union-wide electricity price crisis is declared in accordance with Article 66a of the [revised EMD Directive].



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10	submit a proposal setting out the	activation of the peak shaving product to the regulatory authority of the Member State concerned. The proposal of the transmission	in collaboration with distribution system operators,	the acknowledgment of distribution system operators and their role when



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11	[4] Regulatory authorities shall	[AMENDMENT 65] Regulatory authorities shall, in	[4] Regulatory authorities shall	E.DSO supports amendment 65
	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.	consultation with market participants, approve the proposal	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.	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.



N°	Commission Proposal	European Parliament	E.DSO Recommendations	E.DSO Justification		
	Article 7b - Dedicated measurement device (Regulation (EU) 2019/943) [AMENDMENT 66]					
12		[COMPROMISE AMENDMENT 67, 501, 502, 503, 506, & 512]				
	[1] Member States shall allow transmission system operators and distribution system operators to use data from dedicated metering devices for the observability and settlement of demand response and flexibility services, including from storage systems .	19 of Directive 2019/944, Member States shall allow customers and market participants, including independent aggregators, with	[1] Member States shall allow connecting transmission system 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.	E.DSO supports the additional differentiation between measurement and main metering devices. Regarding the necessity of explicit consent by users and owners, E.DSO emphasises, that this is not possible when legitimate interests are in question, in accordance with the applicable Union data protection and privacy rules. E.DSO would like to point out that consumer consent about access and use of data from dedicated measurement devices should be implicit (mandatory) if the DSO is tasked with the obligation of collecting the data, or if the customer uses the resource being measured to take part in		



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13	[2] Member States shall establish requirements for a dedicated metering device data validation process to check and ensure the quality of the respective data.	[AMENDMENT 68] [2] Member States shall establish uniform fit-for-purpose requirements for a dedicated measurement device data validation process to check and ensure the quality and interoperability of the respective data, in compliance with the provisions included in article 23 of Directive (EU) 2019/944 and the procedures set out in the network code adopted pursuant to Article 59(1)(e) of Regulation (EU) 2019/943 and taking into account the relevant Union legislation on measurement instruments.	[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 methods to ensure consistency of measurement activities.	any flexibility service provided to the DSO. E.DSO cannot support, however, that energy sharing is included under the activities measurable via dedicated measurement devices. Energy Sharing should only be metered main meters in order to have a guarantee that the balance between parties sharing energy is correctly metered at the connection point of both parties. E.DSO holds the opinion, as earlier mentioned, that measuring devices should only be allowed for observability and flexibility purposes, not however, for the purpose of billing. As pointed out in comments to the 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



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				and main metering devices to follow essential principles guaranteeing system efficiency, data accuracy and the secure use of customer data.

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)



SHAPING SMARTER GRIDS FOR YOUR FUTURE				
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Article 18 - Charges for access to networks, use of networks and reinforcement (Regulation (EU) 2019/943)				
14		[AMENDMENT 86]		
	reflect the fixed costs of transmission system operators	transmission system operators and	based on recognized techno- economic principles and reflect	proposal for timely investments and the priority
	and distribution system	distribution system operators and	the fixed costs of transmission	

operators and shall consider both capital and operational expenditure provide to appropriate incentives to transmission system operators and distribution system operators over both the short including long run, anticipatory investments, in order to increase efficiencies, including energy efficiency, to foster market integration and security of supply, to support the use of flexibility services, efficient investments including solutions to optimise the grid and facilitate existing demand response and related research activities. and innovation in the facilitate interest of consumers in areas

shall consider both capital and operational expenditure to provide appropriate incentives transmission system operators and distribution system operators over both the short and long run, including anticipatory investments, apply the "energy efficiency first" principle pursuant to Article 3 of [Revised EED Directive], in order to increase efficiencies, to foster market integration, renewable energy production capacity, and security of supply, to support the use of flexibility services, enable the use of flexible connection arrangements. efficient and timely investments including solutions to optimise the existing grid and facilitate energy storage, demand response and related

system operators and distribution system operators and shall consider both capital and operational expenditure to provide appropriate and reliable conditions and incentives to transmission system operators and distribution system operators over both the short, medium and long run, including anticipatory investments, in order to incentivise investing in both the additional physical as well as digital network elements needed while at the same time increasing overall system efficiency ies, as required including energy efficiency,de to foster market integration and security of supply, to support the use of flexibility services, to support the further increase of the ability to connect

proposal for timely investments and the priority of energy efficient first' principle, as well as the supplementary weight the EP has placed on measures to foster renewable energy capacity, the enabling of flexible connection arrangements, energy storage and the required infrastructure reinforcement needs.

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.



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	such as digitalisation, flexibility services and interconnection";	research activities, to reduce environmental impact, to promote social acceptance, and to facilitate innovation in the interest of consumers in areas such as digitalisation, flexibility services and interconnection, including the required infrastructure to reach the minimum 15% electricity interconnection targets set out in point (1) of Article 4(d) of Regulation (EU) 2018/1999.	renewable capacity to the grid, to support efficient investments and network infrastructure reinforcement to facilitate the energy transition including innovative solutions to optimise the existing grid and facilitate demand response and flexibility services, to support related research activities, and to facilitate innovation in the 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.	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 longer-term benefits of achieving decarbonization, in terms of overall cost of electricity, energy independence, sustainability and more, E.DSO calls for the explicit mentioning of the medium-term benefits in this paragraph when it comes to assessing grid investment. E.DSO advocates for development of smart grids and better intelligent metering system.



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15		[COMPROMISE AMENDMENT 590] [3] Where appropriate, the level of the tariffs applied to producers or final customers, or both shall provide locational investment signals, e.g. geographically differentiated tariffs, incentives via tariff structure, to reduce redispatching and power grid reinforcement costs; at Union level, and take into account the amount of network losses and congestion caused, and investment costs for infrastructure.	[3] Where appropriate, the level of the tariffs applied to producers or final customers, or both shall provide locational investment signals, e.g. geographically differentiated tariffs, incentives via tariff structure, to reduce redispatching and power grid reinforcement costs; at Union level, and take into account the amount of network losses and congestion caused, and investment costs for infrastructure.	E.DSO cannot support EP's additions about geographically differentiated tariffs, as it goes against some Member States' fundamental principle of customers, independent of their location, being secured to pay the same tariffs all over the country.
16	[8] Transmission and distribution tariff methodologies shall provide incentives to transmission and distribution system operators for the most cost-efficient operation and development of their networks including through the procurement of services. For that purpose, regulatory authorities shall recognise relevant costs as	[AMENDMENT 87) [8] Transmission and distribution tariff methodologies shall provide incentives to transmission and distribution system operators for the most cost-efficient operation and development of their networks including through the procurement of services. For that purpose, regulatory authorities shall recognise relevant costs as eligible, including the anticipatory investments, shall include those	[8] Transmission and distribution tariff methodologies shall provide incentives to transmission and distribution system operators for the most cost-efficient operation and development of their networks including through the procurement of services. For that purpose, regulatory authorities shall recognise relevant costs as eligible, shall include those costs in transmission and distribution	In line with arguments outlined above, E.DSO holds that the focus of NRAs should be explicitly include the mediumterm when it comes to assessing grid investment, to ensure a narrow focus on the short term assessment.



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	eligible, shall include those costs in transmission and distribution tariffs, and shall introduce performance targets in order to provide incentives to transmission and distribution system operators to increase efficiencies in their networks, including through energy efficiency, the use of flexibility services and the development of smart grids and intelligent metering systems.	costs in transmission and distribution tariffs, and shall introduce performance targets in order to provide incentives to transmission and distribution system operators to increase efficiencies in their networks, including through energy efficiency by applying the "energy efficiency first principle" pursuant to the Article 3 of [Revised EED Directive], the use of flexibility services and the development of smart grids and	tariffs, and shall introduce performance targets, in order to provide positive incentives to transmission and distribution system operators to ensure the necessary investments in a short, medium and long term to increase efficiencies in their networks, including through energy efficiency, network infrastructure reinforcements, the use of flexibility services and the development of smart grids and intelligent metering systems."	
		intelligent metering systems.		
17		[AMENDMENT 88] [8a] (new) (a) Distribution system operators shall offer the possibility of a flexible connection agreement. Such flexible connection agreements shall specify the following: i) the maximum firm import and export of electricity to the grid as well as the		If grid capacity is scarce and local flexibility markets are not yet available, flexible grid 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 provide flexibility via their PV export and for the DSO.



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		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 grid connection shall be requested to install a power control system as certified by a national standards body.			
	Article 19c - Assessment of flexibility needs (Regulation (EU) 2019/943)				
18	Assessment of flexibility needs	[NO AMENDMENT PROVIDED]	Assessment of demand side response and storage needs	E.DSO argues that flexibility issues concern many possible	



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N° 19	[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 5 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 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.	[AMENDMENT 109] [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 taking into account the integration of the renewable energy sources 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	[1] Within 12 months from the publication of the adopted proposal by ACER as per paragraph 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 the electricity system for a period of at least 10 years, in view of 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	mechanisms and depend mostly on national experiences and specific circumstances (including specific level of smart grid development). Therefore, the flexibility needs should 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 member state to member state (especially when taking into consideration flexibility as defined in Article 2). Flexibility is developing at a very different pace throughout the different member states.
	paragraph 3.	State, following a public	system operators of that Member	DSR and storage, however,
		consultation including energy	State pursuant to paragraph 2 and	are the basic common
		suppliers and aggregators, pursuant to paragraph 3 and using	using the methodology pursuant to paragraph 3.	element when it comes to flexibility. Above that, Art.
		the methodology pursuant to	paragrapii 3.	19(d) does only refer to DSR
		paragraph 4 and shall include an		and storage, which is why we



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20	[2] The report shall include an evaluation of the need for flexibility to integrate electricity generated from renewable sources in the electricity system and consider, in particular, the potential of non-fossil flexibility such as demand side response and storage to fulfil this need, both at transmission and distribution levels. The report shall distinguish between seasonal, daily and hourly flexibility needs.	assessment of the progress towards the 15% electricity interconnection target set out in Regulation (EU) 2018/1999. [AMENDMENT 111] [2] The reports referred to in paragraphs 1 and 1a shall include an assessment of the need for flexibility to integrate electricity generated from renewable sources in the electricity system and consider, in particular, the potential of non-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	[2] The report shall include an evaluation of the need for flexibility demand side response and storage to integrate electricity generated from renewable sources in the electricity system and consider, in particular, the potential of non-fossil flexibility such as demand 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.	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 2025, it is proposed to include a minimum period of 12 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). In line with this argument, we further propose that the date in Art. 19c(6) should be adjusted from «by 1 March 2024 » to «12-months after a day of entering into force of this regulation ».
		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	and storage needs.	The assessment requires the gathering of complex data and many interim approvals from different European and national institutions and organizations to determine e.g.,



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		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.		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
21		[AMENDMENT 115]		with acknowledgment of flexibility potential.
	[4](b) develop a methodology for the analysis by transmission and distribution system operators of the flexibility needs, taking into account at least all existing sources of flexibility and planned investments at interconnection, transmission and distribution level as well as the need to decarbonise the electricity system.	[4](b) develop a methodology for the analysis by transmission and distribution system operators of the flexibility needs, taking into account at least all existing sources of flexibility and planned investments at interconnection, transmission and distribution level, the needs and level of flexibility of the rest of the directly interconnected Member States as well as the level of renewable energy sources in the electricity mix needed to achieve the target referred to in Article 3(1) of Directive (EU) 2018/2001 and the need to decarbonise the electricity system in coherence with the Paris Agreement and the objective of	[4] (b) develop a methodology for the analysis by transmission and distribution system operators of the flexibility demand side response and storage needs, taking into account at least all existing sources of flexibility demand side response and storage and planned investments at interconnection, transmission and distribution level as well as the need to decarbonise the electricity system and possible solutions alternative to flexibility like upgrade or development of the power grid as defined in Network Development Plans.	It is important that DSOs are treated as equal partners, especially regarding their role in developing the methodology for the flexibility assessment. DSOs have invaluable knowledge of local practices and requirements. Given the crucial importance of local energy infrastructure, the involvement of the DSO is considered to be indispensable, and any alternative approach would not be in line with the current reality.



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		climate neutrality by 2050 at the latest.		
	Article 19d (new) - Ind	icative national objective for demar	nd side response and storage (Regul	lation (EU) 2019/943)
22		[AMENDMENT 121]		
	Indicative national objective for demand side response and storage	Indicative National objectives for demand side response and energy storage	Voluntary national objectives for demand side response and storage	E.DSO strongly opposes the EP's intention to introduce obligatory, national objectives for DSR and storage. We strongly believe that this has to be decided individually by member state and should not be an obligation, 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 member state have already introduced individual flexibility targets in their NECPs which would clash with an obligation in the framework of this revision. The



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				existing obligations and targets already set out by EU legislation.
23		[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 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.	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 Article 19c(7), shall include a quantification of actual available and forecasted capacity and energy content, shall also be reflected in Member States' integrated national energy and climate plans as regards the dimension 'Internal Energy Market' 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)	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 Market' 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.	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. The timeline added by the EP amendment 122 is unrealistic and should at least be aligned with E.DSO's suggestion to include a 12-months period instead (see comments on Amendment 109)



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		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.		
24		[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 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		



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		(11) of Article 2 of Regulation (EU) 2018/1999 and the climateneutrality 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]		
25		[1c] (new)		
		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	y) - Design principles for flexibility s	upport schemes (Regulation (EU) 2	019/943)
26		[AMENDMENT 127]		
	Flexibility support scheme for non-fossil flexibility such as		Flexibility support scheme for non- fossil flexibility—such as demand	E.DSO advocates for the existing investments in DSR



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	demand response and storage applied by Member States in accordance with Article 19e(2) and (3) shall:	response and energy storage applied by Member States in accordance with Article 19e shall:	response and storage applied by Member States in accordance with Article 19e(2) and (3) shall:	and storage to be allowed to participate in flexibility support schemes along with new investments if special support is needed in order to further
27		[AMENDMENT 128]		develop these products.
	(b) be limited to new investments in non-fossil flexibility such as demand side response and storage;	(b) be limited to new-investments in non-fossil flexibility such as demand side response and storage;	(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
28		[AMENDMENT 129] (new) (b a) take into consideration	See below: E.DSO suggestions	in generation take place in optimal locations that do not create or worsen congestion in the grid.
		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;	under to add instead under Art. 19f(f))	E.DSO also argues, that the situation of flexibility support schemes under Article 19f, there is no need to
29		[read in conjunction with AMENDMENT 129]		concentrate only on DSF and storage as different flexibility mechanisms might be considered essential for
	(f) provide incentives for the integration in the electricity market in a market-based and market-responsive way, while avoiding unnecessary		(f) provide incentives for the integration in the electricity market in a market-based and market-responsive way, while avoiding unnecessary distortions of	capacity mechanism. It is different scope of regulation and related actions than in Art. 19c and 19d, where – for the



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	distortions of electricity markets as well as taking into account possible system integration costs and grid stability;		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;	reasons stated above, only DSR and storage is to be mentioned.
30	(g) set out a minimum level of participation in the market in terms of activated energy, which takes into account the technical specificities of storage and demand response;	[AMENDMENT 130] (g) set out a minimum level of participation in the market in terms of activated energy, which takes into account the technical specificities of energy storage and demand response assets ;	(g) set out a minimum level of participation in the market in terms of activated energy, which takes into account the technical specificities of storage and demand response assets flexibility mechanisms;	
		Article 15a - Right to energy sharin	g (Directive (EU) 2019/944)	
31		[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		In line with comments to Article 2(8) on active customers, E.DSO welcomes the EP's proposal for energy sharing to focus on small and non-commercial



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		the same electricity distribution area. This right shall not apply to private enterprises or		market actors in a relatively close area.
		undertakings whose participation constitutes part of their primary or professional activity.		While for some member states the limitation to a single DSO area, as previously support by E.DSO, does indeed make sense, for other member state this would place an undue burden on larger DSO.
				Therefore, the delimitations for energy sharing should be set by member states, as they are in the best position to decide on the most appropriate local limitation, which possibly is also a single DSO area.
32				
	[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	<u>-</u>	[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	E.DSO argues, that in line with the above amendment 150, Art 15a[1](h) must refer to energy sharing restrictions to geographically confined



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	restricted to within one and the same bidding zone.		DSO zone a geographically confined area to be identified by Member States.	boundaries to be identified by Member States.
				Above that we suggest the additional provision indicating a specific timeline in which
33			[7] (NEW) Member States shall identify no later than 6 months after the entry into force of this Directive the definition of geographically confined boundaries as mentioned in Article 15a of this Directive, to allow energy sharing, with a view to minimize redispatch and overall system costs.	member states have to define the boundaries of energy sharing.
	Article	31 - Tasks of distribution system o	perators (Directive (EU) 2019/944)
34		[COMPROMISE AMENDMENT 133, 134, 175, 1012, 1013, 1240, 1241]		
	(3) The distribution system operator shall provide system users with the information they need for efficient access to, including use of, the system.	(3) The distribution system operator shall provide system users with the information they need for efficient access to, including use of the system. In particular, the distribution system operator shall publish in a clear and transparent manner information	(3) The distribution system operator shall provide system users with the information they need for efficient access to, including use of the system. In particular, the distribution system operator shall publish in a clear and transparent manner information	E.DSO suggest keeping the previous text and leave updating requirements of information on efficient access on a "quarterly" basis.



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		next five years in congested areas if flexible [renewable generation and] energy storage connections can be	connections in its area of operation, including the criteria used to calculate such available capacity such as curtailment assumptions, the level of self-consumption capacity installed, topological and electrical characteristics of the grid, the demand and generation for the next five years and in congested areas if flexible [renewable generation and] energy storage connections can be accommodated temporarily until the decided network reinforcements have been accomplished, and update that	