

European Distribution System Operators for Smart Grids

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a European Union Agency for the Cooperation of Energy Regulators (recast)

June 2017

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Key Messages

I. Introduction

The role of ACER and involvement of DSOs in the development of network codes

- When revising network codes, DSOs and other relevant stakeholders should be fully involved before ACER submits its proposal to the European Commission (Article 5)
- Enhancing the role of ACER in new DSO areas, including its oversight over the new DSO entity is positive insofar as it calls for a proper involvement and consultation of DSOs
- Involve member states in determining the boundaries of system operation regions (Article 8)
- Keep the old voting rule, i.e. decisions of the Administrative Board of ACER shall be adopted on the basis of a two thirds majority of the members present to guarantee representative decision-making (Article 19)
- EDSO has reservations about ACER's recommendations on distribution tariff harmonisation (Article 16 (9) Electricity Regulation)

II. Amendment proposals

Tasks of the Agency

Article 5 – Tasks of the Agency as regards the development and implementation of network codes and guidelines

ORIGINAL TEXT	PROPOSED TEXT
1. The Agency shall participate in the	1. The Agency shall participate in the
development of network codes in	development of network codes in
accordance with Article 55 of [recast	accordance with Article 55 of [recast
Electricity Regulation as proposed by	Electricity Regulation as proposed by
COM(2016) 861/2] and Article 6 of	COM(2016) 861/2] and Article 6 of
Regulation (EC) No 715/2009. It shall in	Regulation (EC) No 715/2009. It shall in
particular:	particular:
(c) The Agency shall submit the revised	(c) The Agency shall submit the revised
network code to the Commission in	network code to the Commission, after
accordance with Article 55(10) of [recast	consulting with the relevant
Electricity Regulation as proposed by	stakeholders, including the EU DSO
COM(2016) 861/2] or pursuant to Article	entity referred to in Article 49 of [recast
6(9) of Regulation (EC) No 715/2009. The	Electricity Regulation as proposed by
Agency shall prepare and submit a draft	COM(2016) 861/2] , and in accordance
network code to the Commission where	with Article 55(10) of [recast Electricity
it is requested to do so under Article	Regulation as proposed by COM(2016)
55(11) of [recast Electricity Regulation as	861/2] or pursuant to Article 6(9) of
proposed by COM(2016) 861/2] or	Regulation (EC) No 715/2009. The
Article 6(10) of Regulation (EC) No	Agency shall prepare and submit a draft
715/2009;	network code to the Commission where
	it is requested to do so under Article
2. In cases where the network codes and	55(11) of [recast Electricity Regulation as
guidelines developed pursuant to	proposed by COM(2016) 861/2] or
Chapter VII of [recast Electricity	Article 6(10) of Regulation (EC) No
Regulation as proposed by COM(2016)	715/2009;
861/2] provide for the development of	
proposals for terms and conditions or	2. In cases where the network codes and
methodologies for the implementation	guidelines developed pursuant to
of those network codes and guidelines	Chapter VII of [recast Electricity
which require regulatory approval by all	Regulation as proposed by COM(2016)
regulatory authorities or by all regulators	861/2] provide for the development of
of the concerned region, the terms and	proposals for terms and conditions or
conditions or methodologies shall be	methodologies for the implementation
submitted for revision and approval to	of those network codes and guidelines
the Agency. Before approving the terms	which require regulatory approval by all
and conditions or methodologies, the	regulatory authorities or by all regulators
Agency shall revise and change them	of the concerned region, the terms and

where necessary in order to ensure that	conditions or methodologies shall be
they are in line with the purpose of the	submitted for revision and approval to
network code or guideline and	the Agency. Before approving the terms
contribute to market integration, non-	and conditions or methodologies, the
discrimination and the efficient	Agency shall, after consulting with the
functioning of the market. The procedure	relevant stakeholders, including the EU
for the coordination of regional tasks in	DSO entity referred to in Article 49 of
accordance with Article 7 shall apply.	[recast Electricity Regulation as
	proposed by COM(2016) 861/2], revise
3. In the context of the bidding zone	and change them where necessary in
review, the Agency shall approve and	order to ensure that they are in line with
may request amendments to the	the purpose of the network code or
methodology and assumptions that will	guideline and contribute to market
be used in the bidding zone review	integration, non-discrimination and the
process pursuant to Article 13 paragraph	efficient functioning of the market. The
3 of [recast Electricity Regulation as	procedure for the coordination of
proposed by COM(2016) 861/2].	regional tasks in accordance with Article
	7 shall apply.
	3. In the context of the bidding zone
	review, the Agency shall approve and
	may request amendments to the
	methodology and assumptions that will
	be used in the bidding zone review
	process pursuant to Article 13 paragraph
	3 of [recast Electricity Regulation as
	proposed by COM(2016) 861/2].

The Commission wants the new EU DSO entity to take on a crucial role in the development of network codes, together with ACER and the TSOs. This new role should be formalised and explicitly mentioned here.

Article 8 – Tasks of the Agency as regards regional operational centres

ORIGINAL TEXT	PROPOSED TEXT
1. The Agency, in close cooperation with	1. The Agency, in close cooperation with
the national regulatory authorities and	the national regulatory authorities and
the ENTSO for Electricity, shall monitor	the ENTSO for Electricity, shall monitor
and analyse the performance of regional	and analyse the performance of regional
operational centres, taking into account	operational centres, taking into account
the reports provided for in [Article 43	the reports provided for in [Article 43
paragraph 4 recast Electricity Regulation	paragraph 4 recast Electricity Regulation
as proposed by COM(2016) 861/2].	as proposed by COM(2016) 861/2].

2. To carry out the tasks referred to in paragraph 1 in an efficient and expeditious manner, the Agency shall in particular:	2. To carry out the tasks referred to in paragraph 1 in an efficient and expeditious manner, the Agency shall in particular:
(a) decide on the configuration of system operation regions pursuant to Article 33(1) of [recast Electricity Regulation as proposed by COM(2016) 861/2]	(a) decide on the configuration of system operation regions pursuant to Article 33(1) of [recast Electricity Regulation as proposed by COM(2016) 861/2]. <i>Member states shall be involved in</i>
(b) request information from regional operational centres where appropriate pursuant to Article 43 of [recast	determining the boundaries of those system operation regions.
Electricity Regulation as proposed by COM(2016) 861/2];	(b) request information from regional operational centres where appropriate pursuant to Article 43 of [recast
(c) issue opinions and recommendations to the European Commission, the Council and the European Parliament;	Electricity Regulation as proposed by COM(2016) 861/2];
(d) issue opinions and recommendations to regional operational centres.	(c) issue opinions and recommendations to the European Commission, the Council and the European Parliament;
	(d) issue opinions and recommendations to regional operational centres.

The Member States know best the geographical, demographical, economic and technical aspects of their regions and how they interact with neighbouring regions and countries. Therefore, they shall be involved in determining the boundaries of system operation regions.

Article 10 – Tasks of the Agency as regards generation adequacy and risk preparedness

ORIGINAL TEXT	PROPOSED TEXT
1. The Agency shall approve and amend where necessary	1. The Agency shall, <i>after consulting</i> <i>with stakeholders</i> , approve and amend where necessary
(a) the proposals for methodologies and calculations related to the European resource adequacy assessment pursuant to Article 19(2), (3) and (5) of [recast Electricity Regulation as proposed by COM(2016) 861/2].	(a) the proposals for methodologies and calculations related to the European resource adequacy assessment pursuant to Article 19(2), (3) and (5) of [recast Electricity Regulation as proposed by COM(2016) 861/2].

(b) the proposals for technical	(b) the proposals for technical
specifications for cross-border	specifications for cross-border
participation in capacity mechanisms	participation in capacity mechanisms
pursuant to Article 21(10) of [recast	pursuant to Article 21(10) of [recast
Electricity Regulation as proposed by	Electricity Regulation as proposed by
COM(2016) 861/2].	COM(2016) 861/2].
2. The Agency shall approve and amend	2. The Agency shall, <i>after consulting</i>
where necessary the methodologies	with stakeholders, approve and amend
	where necessary the methodologies
(a) for identifying electricity crisis	
scenarios at a regional level as described	(a) for identifying electricity crisis
in Article 5 of [Risk Preparedness	scenarios at a regional level as described
Regulation as proposed by COM(2016)	in Article 5 of [Risk Preparedness
862];	Regulation as proposed by COM(2016)
	862];
(b) for short-term adequacy assessments	
as described in Article 8 of [Risk	(b) for short-term adequacy assessments
Preparedness Regulation as proposed by	as described in Article 8 of [Risk
COM(2016) 862].	Preparedness Regulation as proposed by
	COM(2016) 862].

The relevant stakeholders need to be consulted when it comes to proposals for methodologies and calculations related to the European resource adequacy assessment as well as proposals for technical specifications for cross-border participation in capacity mechanisms. They should also be involved in identifying electricity crisis scenarios at a regional level and consulting on short-term adequacy assessment. This needs to be specified in the legislation in order to ensure proper generation adequacy and risk preparedness.

Administrative Board

Article 19 – Composition of the Administrative Board

ORIGINAL TEXT	PROPOSED TEXT
5. Decisions of the Administrative Board	5. Decisions of the Administrative Board
shall be adopted on the basis of a <i>simple</i>	shall be adopted on the basis of a two
majority of the members present, unless	thirds majority of the members present,
provided otherwise in this Regulation.	unless provided otherwise in this
Each member of the Administrative	Regulation. Each member of the
Board or alternate shall have one vote.	Administrative Board or alternate shall
	have one vote.

The energy landscape in Europe is quite diverse and differs per member state. Therefore, it is crucial to make sure that all voices are heard and that a small majority cannot decide for all the rest whose decisions might not be represented.



EDSO for Smart Grids is a European association gathering leading electricity distribution system operators (DSOs), cooperating to bring smart grids from vision to reality. www.edsoforsmartgrids.eu