

European Distribution System Operators for Smart Grids

EDSO amendments on the Directive of the
European Parliament and of the Council on the
internal market for electricity (recast)

June 2017

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I. Introduction

Enhancing DSOs' tasks and responsibilities

- EDSO sees a significant improvement to the proposed Clean Energy Package related to the recognition of the evolving DSOs' tasks and responsibilities in meeting the clean energy transition. We support the enabling framework for DSOs to make use of flexibility as a means to improve system efficiency and avoid grid reinforcements, but submitting DSOs to strictly regulated exceptions, particularly on storage, can impose certain impediments.
- EDSO agrees with Article 36 that storage services should remain a market activity. However, if the DSOs needs the storage for maintaining grid stability and security, an exemption to the DSO use of own grid-scale storage facilitates shall be granted for this particular case. DSOs should not use storage to engage in the market, but only for technical purposes to solve local grid constraints (emergency situations, voltage limits and reactive power control.)
- DSOs will play a key role in facilitating and integrating the uptake of electro-mobility into distribution grids. Recharging infrastructure should be mainly developed by market parties if the business cases develops in this area. DSOs should nevertheless be allowed to deploy and operate the infrastructure in those member states where it is politically desired, as well as be involved the planning and development phases.
- Ensuring DSOs' continued access to all grid and metering data, as well as handling it, when applicable on behalf of customers, is crucial for fulfilling core DSOs tasks in maintaining system stability and quality of supply. Given the diversity of data models across member states, a common EU data format should be first weighted for its costs and benefits.

Incentivising flexibility use by DSOs and from other players

- Article 32 follows a market-based approach to the use of flexibility, allowing DSOs to procure flexibility services, which is welcome. One missing piece of this approach is

that it oversees the impact of other market parties' activation of flexibility on distribution networks. Another is the possibility of using direct contractual arrangements with grid users to meet more local DSO needs.

- Network development plans may prove an useful tool in enabling transparency in network planning, and demonstrating the use of flexibility in electricity grids. Nevertheless, EDSO believes this is too early to apply for low-voltage networks.

Avoid cross-subsidisation and net metering of prosumers

- Granting customers' and communities' right to generate and sell their own electricity, store it and participate in demand response, represents a robust development of a more dynamic energy system. We particularly welcome the prevention of net metering to avoid free riding of market participants, and ensure that prosumers are contributing to cost-reflective network charges.
- Clarifying roles and responsibilities of all new market entities is key to ensure a fair participation and a level playing field for everyone. DSOs are willing to support the organisation of energy stakeholders at small scale, but any unfair distribution of benefits at the expense of DSO customers should be avoided.
- In their roles as neutral but active market facilitators, DSOs are increasingly fostering customer engagement through smart metering and data provision. As smart meters deployment is still ongoing in some countries, care must be taken to avoid retroactive measures for compliance with minimum criteria.

II. Amendment proposals

Definitions

Article 2 paragraph 39 – Definitions

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
(39) 'non-frequency ancillary service' means a service used by a transmission or distribution system operator for steady state voltage control, fast reactive current injections, inertia and black start capability;	(39) 'non-frequency ancillary service' means a service used by a transmission or distribution system operator for steady state voltage control, fast reactive current injections, inertia, black start capability and island operation ;

Justification:

The definition of flexibility shall also include 'island operation'. DSOs and should be able to use this option (e.g. to provide alternative supply in case of emergency, faults).

DSO roles

Article 31 – Tasks of distribution system operators

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>1. The distribution system operator shall be responsible for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity, for operating, maintaining and developing under economic conditions a secure, reliable and efficient electricity distribution system in its area with due regard for the environment and energy efficiency.</p> <p>5. <i>Each distribution system operator shall procure the energy it uses to cover energy losses and the non-frequency ancillary services in its system according to transparent, non-discriminatory and market based procedures, whenever it has such a function. Unless justified by a cost-benefit analysis, the procurement of non-frequency ancillary services by a distribution system operator shall be transparent, non-discriminatory and market based ensuring effective participation of all market participants including renewable energy sources, demand response, energy storage facilities and aggregators, in particular by requiring</i></p>	<p>1. The distribution system operator shall be responsible for:</p> <p><i>(a)</i> ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity, for operating, maintaining and developing under economic conditions a secure, reliable and efficient electricity distribution system in its area with due regard for the environment and energy efficiency.</p> <p><i>(b) managing electricity flows on the distribution system, taking into account exchanges with other interconnected systems. The distribution system operator shall be responsible for ensuring a secure, reliable and economically efficient distribution system.</i></p> <p>5. <i>If a distribution system operator procures energy or non-frequency ancillary services for its system management, this procurement should follow transparent, non-discriminatory and market based procedures.</i></p>

<p><i>regulatory authorities or distribution system operators in close cooperation with all market participants, to define technical modalities for participation in these markets on the basis of the technical requirements of these markets and the capabilities of all market participants.</i></p>	
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Justification:

The recasts of the Regulation and Directive aim at mirroring the new and extended role of DSOs. The European Commission itself states an “increase of responsibilities” of DSOs. Such increase of responsibilities should be codified in the Directive, ensuring each DSO is responsible for the operation of its own distribution system, and the safe and reliable delivery of electricity. In meeting this obligation, DSOs also need to make use of ‘non-frequency ancillary services’.

Ancillary services are critical for the operation of both transmission and distribution systems. Regulation should also allow DSOs to use and contract non-frequency ancillary services themselves for grid management purposes, and guarantee security of supply with high quality standards (voltage control reserves, fast reactive start-up, black-start capabilities, power quality and reactive power).

DSOs should not be limited to procuring flexibility on the market but instead need to have the choice to do it themselves to account for those situations when the market service cannot be immediately available or it is more expensive. In those situations where DSOs procure flexibility on the market, then transparent, non-discriminatory and market-based procedures should be applied.

Article 32 – Tasks of distribution system operators in the use of flexibility

<p><i>ORIGINAL TEXT</i></p>	<p><i>PROPOSED TEXT</i></p>
<p>1. Member States shall provide the necessary regulatory framework to allow and incentivise distribution system operators to <i>procure services</i> in order to improve efficiencies in the operation and development of the distribution system, including local congestion management. In particular, regulatory frameworks shall enable distribution system operators to procure services from resources such as distributed generation, demand response or storage and consider energy efficiency measures, which may supplant the need to upgrade or replace electricity capacity and which support the efficient and secure operation of the distribution system. <i>Distribution system operators shall procure these services according to transparent, nondiscriminatory and market based procedures.</i></p>	<p>1. Member States shall provide the necessary regulatory framework to allow and incentivise distribution system operators to <i>access and use all flexibility options</i> in order to improve efficiencies in the operation and development of the distribution system, including local congestion management <i>and local energy balance, as well as overseeing third-party uses of flexible resources connected to their networks.</i></p> <p><i>The national regulatory frameworks shall foster the development of different forms of network regulation, including flexible contracts, network tariffs, connection agreements as well as market-based procedures.</i> In particular, regulatory frameworks shall enable distribution system operators to procure services from</p>

<p>Distribution system operators shall define standardised market products for the services procured ensuring effective participation of all market participants including renewable energy sources, demand response, and aggregators. Distribution system operators shall exchange all necessary information and coordinate with transmission system operators in order to ensure the optimal utilisation of resources, ensure the secure and efficient operation of the system and facilitate market development. Distribution system operators shall be adequately remunerated for the procurement of such services in order to recover at least the corresponding expenses, including the necessary information and communication technologies expenses, including expenses which correspond to the necessary information and communication infrastructure.</p>	<p>resources such as distributed generation, demand response or storage and consider energy efficiency measures, or use other flexibility options which may supplant the need to upgrade or replace electricity capacity and which support the efficient and secure operation of the distribution system. If distribution system operators procure market-based services, this shall be done in a transparent and non-discriminatory way.</p> <p>Distribution system operators and market players shall define standardised market products at a Member State level for the services procured ensuring effective participation of all market participants including renewable energy sources, demand response, and aggregators. Distribution system operators and transmission system operators shall exchange all necessary information and coordinate between themselves, in order to ensure the optimal utilisation of resources, ensure the secure and efficient operation of the system and facilitate market development. Distribution system operators shall be adequately remunerated for the procurement of such services in order to recover at least the corresponding expenses, including the necessary information and communication technologies expenses, including expenses which correspond to the necessary information and communication infrastructure.</p>
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Justification:

While incentivising DSOs to procure system flexibility through market-based solutions is important, security and quality of supply also require other options for DSOs. We believe that Article 32 needs to be changed to ensure that DSOs are able to access all forms of flexibility, contracting local flexibility from market players as well as directly. These can include accessing flexibility through direct contractual arrangements with grid users, connection agreements or network tariffs. These should also be complementary to the option of reinforcing the network. DSOs should have the regulatory incentive to choose the most cost-efficient option.

Standardisation of market products does not stand in the way of innovation and dynamic product development. As flexibility markets do not exist yet for DSOs, it is important that at this early stage to define standardised definitions (common language, terms and definitions) regarding flexibility products. Once these definitions are put in place and before harmonising

these products at national level, we believe that market parties should find out the best possible solution in order to allow for the development of innovative solutions.

Article 32 paragraph 2 – Tasks of distribution system operators in the use of flexibility

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>2. The development of a distribution system shall be based on a transparent network development plan that distribution system operators shall submit every two years to the regulatory authority. The network development plan shall contain the planned investments for the next five to ten years, with particular emphasis on the main distribution infrastructure which is required in order to connect new generation capacity and new loads including re-charging points for electric vehicles. The network development plan shall also demonstrate the use of demand response, energy efficiency, energy storage facilities or other resources that distribution system operator is using as an alternative to system expansion. The regulatory authority shall consult all current or potential system users on the network development plan. The regulatory authority shall publish the result of the consultation process on the proposed investments. Member States may decide not to apply this obligation to integrated undertakings serving less than 100 000 connected consumers, or serving isolated systems.</p>	<p>2. The development of a distribution system shall be based on a transparent network development plan that distribution system operators, owning and operating high-voltage networks, shall submit at the end of each regulatory period to the regulatory authority. The network development plan should be limited to high-voltage networks only, and shall contain the planned investments for the next five to ten years, with particular emphasis on the main distribution infrastructure which is required in order to connect new generation capacity and new loads including re-charging points for electric vehicles. The network development plan for high voltage shall also demonstrate the use of demand response, energy efficiency, energy storage facilities or other resources that distribution system operator is using as an alternative to system expansion. The regulatory authority shall consult all current or potential system users on the network development plan. The regulatory authority shall publish the result of the consultation process on the proposed investments. Member States may decide not to apply this obligation to integrated undertakings serving less than 100 000 connected consumers, or serving isolated system.</p>

Justification:

Network development plans for all voltage levels are unnecessary and would result in onerous costs and administrative burden of little additional value, overlapping with current regulations ensuring quality of supply. Therefore, the obligation for network development plans should be limited to high-voltage networks only, where grid planning timeframes match development plans and their costs might be appropriate in relation to the benefits.

Storage

Article 36 – Ownership of storage facilities

ORIGINAL TEXT	PROPOSED TEXT
<p>1. Distribution system operators shall not be allowed to own, develop, manage or operate energy storage facilities.</p> <p>2. By way of derogation from paragraph 1, Member States may allow distribution system operators to own, develop, manage or operate storage facilities only if the following conditions are fulfilled:</p> <p>(a) other parties, following an open and transparent tendering procedure, have not expressed their interest to own, develop, manage or operate storage facilities;</p> <p>(b) such facilities are necessary for the distribution system operators to fulfil their obligations under this Directive for the efficient, reliable and secure operation of the distribution system; and</p> <p>(c) the regulatory authority has assessed the necessity of such derogation taking into account the conditions under points (a) and (b) and has granted its approval.</p> <p>3. Articles 35 and 56 shall apply to distribution system operators engaged in ownership, development, operation or management of energy storage facilities.</p> <p>4. Regulatory authorities shall perform at regular intervals or at least every five years a public consultation in order to reassess the potential interest of market parties to invest, develop, operate or manage energy storage facilities. In case the public consultation indicates that third parties are able to own, develop, operate or manage such facilities, Member States</p>	<p>1. Distribution system operators shall not be allowed to own, develop, manage or operate energy storage facilities for engaging in commercial storage services.</p> <p>2. Distribution system operators shall be allowed to own, develop, manage or operate storage facilities if the following conditions are fulfilled:</p> <p>(a) other parties, following an open and transparent tendering procedure have not expressed their interest to own, develop, manage or operate storage facilities in a cost-efficient manner, necessary for the distribution system operator to fulfil its obligations under this Directive for the efficient, reliable and secure operation of the distribution system; or</p> <p>(b) if they relate to a specific range of technical situations the DSO needs to address relating to the secure and reliable operation of the distribution system; or</p> <p>(c) the regulatory authority has granted its approval, ensuring that the costs incurred by the distribution system operator for the storage facilities are fully covered.</p> <p>3. Articles 35 and 56 shall apply to distribution system operators engaged in ownership, development, operation or management of energy storage facilities.</p> <p>Deleted</p>

<i>shall ensure that distribution system operators' activities in this regard are phased-out.</i>	
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Justification:

Article 36 should not exclude DSOs’ right to storage ownership and operation for ensuring network security and secure operations. Whereas storage services should remain a market activity, there are some particular situations that require technical solutions without the need of the DSOs of having to go to the market to ask for such services. These technical situations include voltage control, reactive power control, emergency situations, maintenance, voltage limits and reactive power control.

DSOs, that must ensure security and quality of service at the least societal cost, must be able operate own storage facilities as part of their regulatory asset base whenever this proves efficient. DSOs shall be able to own and operate own storage for local network operations purposes, if network security and safety is at stake. This will not breach EU energy market regulation as the role of the DSOs is not engage in market activities. Moreover, DSOs’ right to storage ownership must avoid any stranded costs or negative externalities.

DSOs’ rights to deploy and operate their own grid-scale network storage assets is therefore crucial as an important grid management tool for an efficient network operation. This should be used for network management purposes only, and not to engage in providing commercial storage services which is clearly a market activity.

Data management

Article 23 – Data management

ORIGINAL TEXT	PROPOSED TEXT
<p>1. When setting up the rules regarding the management and exchange of data, Member States or, where a Member State has so provided, the designated competent authorities shall specify the eligible parties which may have access to data of the final customer with their explicit consent in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council. For the purpose of this Directive, data shall include metering and consumption data as well as data required for consumer switching. Eligible parties shall include at least customers, suppliers, transmission and distribution system operators, aggregators, energy service companies, and other parties which provide energy or other services to customers.</p>	<p>1. When setting up the rules regarding the management and exchange of data, Member States or, where a Member State has so provided, the designated competent authorities shall specify the eligible parties which may have access to data of the final customer with their explicit consent in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council and without prejudice to its provisions regarding the lawfulness of data processing without consent. Eligible parties shall include at least customers, suppliers, transmission and distribution system operators, aggregators, energy service companies, and other parties which provide energy or other services to customers.</p> <p>2. Member States shall organise the management of data in order to ensure</p>

<p>2. Member States shall organise the management of data in order to ensure efficient data access and exchange. Independently of the data management model applied in each Member State, the party or parties responsible for data management shall provide to any eligible party with the explicit consent of the final customer, access to the data of the final customer. Eligible parties should have at their disposal in a non-discriminatory manner and simultaneously the requested data. Access to data shall be easy, while relevant procedures shall be made publicly available.</p> <p>4. No additional costs shall be charged to final customers for access to their data. Member States shall be responsible for setting the relevant costs for access to data by eligible parties. Regulated entities which provide data services shall not profit from that activity.</p>	<p>efficient data access and exchange. Independently of the data management model applied in each Member State, the party or parties responsible for data management shall provide to any eligible party with the explicit consent of the final customer, access to the data of the final customer <i>in accordance with Regulation (EU) 2016/679 and without prejudice to its provisions regarding the lawfulness of data processing without consent.</i> Eligible parties should have at their disposal in a non-discriminatory manner and simultaneously the requested data. Access to data shall be easy, while relevant procedures shall be made publicly available.</p> <p>4. No additional costs shall be charged to final customers for access to their data. Member States shall be responsible for setting the relevant costs for access to data by eligible parties. Regulated entities which provide data services shall not profit from that activity.</p>
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Justification:

Data needs to be made available in a timely manner: and access to grid and metering data is critical for fulfilling DSOs’ core tasks in ensuring system stability and security of supply. Data collection and handling constitute a critical tool to fulfilling DSOs’ regulated tasks, most crucially for maintaining security and quality of supply, and for neutral market facilitation.

The provisions in Article 23 should not prevent the DSOs from accessing all necessary data from the customers, including metering and consumption data, not only for a safe grid operation, but also for continuing to promote real market facilitation. DSOs’ access to customers should comply with EU data protection regulation which already provides exemptions regarding customers’ consent in some cases. Moreover, customers’ consent should be arranged in standardised contracts, and any delivery of information to third parties will only be carried out based on explicit customers’ consent.

DSOs have been, and remain major providers of grid and metering data today and in the future. DSOs are trusted, neutral and regulated parties that are fully responsible for all the actions that relate to data collection, processing and delivery. In a clear majority of member states, they provide the data in a secure, cost-effective and neutral way to authorised market parties either through data hubs or other means.

Article 24 – Data format

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
1. Member States shall define a common data format and a transparent procedure	1. Member States shall define a common data format, <i>if a thorough cost-benefit</i>

<p>for eligible parties to have access to the data listed under Article 23 (1), in order to promote competition in the retail market and avoid excessive administrative costs for the eligible parties.</p> <p>2. The Commission, by means of implementing acts adopted in accordance with the advisory procedure referred to in Article 68, shall determine a common European data format and non-discriminatory and transparent procedures for accessing the data, listed under Article 23 (1), that will replace national data format and procedure adopted by Member States in accordance with paragraph 1. Member States shall ensure that market participants apply a common European data format.</p>	<p>analysis demonstrates the added value of such a format, and a transparent procedure for eligible parties to have access to the data listed under Article 23 (1), in order to promote competition in the retail market and avoid excessive administrative costs for the eligible parties. The above-mentioned cost benefit analysis shall include an evaluation to determine whether this format should be limited to a ‘minimum content’.</p> <p>2. The Commission, by means of implementing acts adopted in accordance with the advisory procedure referred to in Article 68, shall determine a common European data format or ‘minimum content’, if the cost-benefit analysis referred to in paragraph 1 demonstrates the added value of such a format, and non-discriminatory and transparent procedures for accessing the data, listed under Article 23 (1).</p>
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Justification:

An EU-wide retail market for electricity should develop in harmony with existing national data models, whereas harmonisation of data management at the European level could prove a costly endeavour. Different data hubs and formats have been, and are currently being implemented across member states.

The setting-up of a common European data format would be very costly to implement given the heterogeneous national frameworks, standards and market processes, and therefore its costs should be compared against its benefits. In addition, evaluate whether the common data format should be limited to a ‘minimum content’ to ensure easier implementation.

Article 34 – Tasks of distribution system operators in data management

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>Member States shall ensure that all eligible parties have non-discriminatory access to data under clear and equal terms. In Member States where smart metering systems have been implemented according to Article 19 and distribution system operators are involved in data management, compliance programmes as set in Article 35(2)(d) shall include specific measures in order to exclude discriminatory access to data from eligible parties as provided for in Article 23. Where distribution system operators are not subject to Article 35(1), (2) and (3),</p>	<p>Member States shall ensure that all eligible parties have non-discriminatory access to data under clear and equal terms, in consideration of provisions regarding data protection and security standards at the national level, and cybersecurity principles. In Member States where smart metering systems have been implemented according to Article 19 and distribution system operators are involved in data management, compliance programmes as set in Article 35(2)(d) shall include specific measures in order to exclude discriminatory access to data from eligible</p>

Member States shall take all necessary measures to ensure that the vertically integrated undertaking do not have privileged access to data for the conduct of its supply activity.	parties as provided for in Article 23. Where distribution system operators are not subject to Article 35(1), (2) and (3), Member States shall take all necessary measures to ensure that the vertically integrated undertaking do not have privileged access to data for the conduct of its supply activity.
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Justification:

The sentence aims at opening the door for the exchange of aggregated data between system operators. System operators are eligible parties, but do not necessarily need access to individual data. In the majority of cases, aggregated data is sufficient to fulfil the given task. As data protection and cybersecurity are facilitated by aggregation of data, aggregation should have priority over exchange of individual data. The provisions of this directive should not overlap with EU data protection regulation (2016/679).

Electro-mobility

Article 33 – Integration of electro-mobility into the electricity network

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>1. Member States shall provide the necessary regulatory framework to facilitate the connection of publicly accessible and private recharging points to the distribution networks. Member States shall ensure that distribution system operators cooperate on a non-discriminatory basis with any undertaking that owns, develops, operates or manages recharging points for electric vehicles, including with regard to connection to the grid.</p> <p>2. Member States may allow distribution system operators to own, develop, manage or operate recharging points for electric vehicles only if the following conditions are fulfilled:</p> <p>(a) other parties, following an open and transparent tendering procedure, have not expressed their interest to own, develop, manage or operate recharging points for electric vehicles;</p> <p>(b) the regulatory authority has granted its approval.</p>	<p>1. Member States shall provide the necessary regulatory framework to facilitate the connection of and the efficient integration of publicly accessible and private recharging points to the distribution networks. Member States shall ensure that distribution system operators have the means in place to supervise and monitor the integrated distribution system infrastructure, and cooperate on a non-discriminatory basis with any undertaking that owns, develops, operates or manages recharging points for electric vehicles, including with regard to connection to the grid.</p> <p>2. Member States shall allow distribution system operators to own, develop, manage or operate recharging points for electric vehicles if the following conditions are fulfilled:</p> <p>(a) other parties, following an open and transparent tendering procedure, have not expressed their interest to own, develop, manage or operate recharging points for electric vehicles at a cost-competitive price</p>

<p>3. Articles 35 and 56 shall apply to distribution system operators engaged in ownership, development, operation or management of recharging points.</p> <p>4. Member States shall perform at regular intervals or at least every five years a public consultation in order to re-assess the potential interest of market parties to own, develop, operate or manage recharging points for electric vehicles. In case the public consultation indicates that third parties are able to own, develop, operate or manage such points, Member States shall ensure that distribution system operators' activities in this regard are phased-out.</p>	<p>nor can ensure an adequate infrastructure coverage, or;</p> <p>(b) the regulatory authority has granted its approval.</p> <p>3. Articles 35 and 56 shall apply to distribution system operators engaged in ownership, development, operation or management of recharging points.</p> <p>4. Member States shall perform at regular intervals or at least every five years a public consultation in order to re-assess the potential interest of market parties to own, develop, operate or manage recharging points for electric vehicles. In case the public consultation indicates that third parties are able to own, develop, operate or manage such points, Member States shall ensure that distribution system operators' activities in this regard are phased-out. In this case, the national regulatory authority needs to ensure adequate compensation for the DSOs to be able to recover its stranded costs.</p>
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Justification:

DSOs should be involved in the planning of EV infrastructure since public recharging stations will impact the operation of the distribution system. Furthermore, it makes sense for DSOs to roll-out EV infrastructure if so desired by MS, especially in case private parties show no interest in developing public recharging points. Involving DSOs has already helped to kick-start the EV market some countries. DSO need to have regulatory certainty that they can recover any costs incurred (avoided stranded costs and stranded investments), should these activities be handed to a free commercial market party at a later point in time.

Microgrids (local energy communities)

Article 2 paragraph 7 – Definitions

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>7. 'local energy community' means: an association, a cooperative, a partnership, a non-profit organisation or other legal entity which is effectively controlled by local shareholders or members, generally value rather than profit-driven, involved in distributed generation and in performing activities of a distribution system operator,</p>	<p>7. 'local energy community' means: an association, a cooperative, a partnership, a non-profit organisation or other legal entity which is effectively controlled by local shareholders or members, generally value rather than profit driven, which shall act as a distribution system operator if involved in distributed generation and in performing activities of a distribution system operator,</p>

supplier or aggregator at local level, including across borders;	<i>or as a supplier or an aggregator at local level, including across borders if involved in activities related to the supply and aggregation business.</i>
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Article 16 – Local energy communities

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>1. Member States shall ensure that local energy communities:</p> <p>(a) are entitled to own, establish, or lease community networks and to autonomously manage them;</p> <p>(b) can access all organised markets either directly or through aggregators or suppliers in a non-discriminatory manner;</p> <p>(c) benefit from a non-discriminatory treatment with regard to their activities, rights and obligations as final customers, generators, distribution system operators or aggregators;</p> <p>(d) are subject to fair, proportionate and transparent procedures and cost reflective charges.</p> <p>2. Member States shall provide an enabling regulatory framework that ensures that:</p> <p>(a) participation in a local energy community is voluntary;</p> <p>(b) shareholders or members of a local energy community shall not lose their rights as household customers or active customers;</p> <p>(c) shareholders or members are allowed to leave a local energy community; in such cases Article 12 shall apply;</p> <p>(d) Article 8 (3) applies to generating capacity installed by local energy communities as long as such capacity can be considered small decentralised or distributed generation;</p>	<p><i>1. For the purposes of this Directive, local energy communities shall be defined as distribution system operators if they own and operate networks.</i></p> <p>2. Member States shall ensure that local energy communities:</p> <p>(a) are entitled to own, establish and manage autonomously new community networks, in cases where the existing DSO cannot deliver a necessary service in accordance with conditions laid down by each Member State, or to lease them to the distribution system operator to which their network is connected;</p> <p>(b) can access all organised markets either directly or through aggregators or suppliers in a non-discriminatory manner;</p> <p>(c) benefit from a non-discriminatory treatment with regard to their activities, rights and obligations as final customers, generators, distribution system operators or aggregators;</p> <p>(d) are subject to fair, proportionate and transparent procedures and cost reflective charges and;</p> <p><i>(e) contribute a cost-reflective and fair share of network charges and other system costs and charges, if local energy communities act as parallel infrastructure connected to the distribution system grids.</i></p> <p>3. Member States shall provide an enabling regulatory framework that ensures that:</p> <p>(a) participation in a local energy community is voluntary;</p>

<p>(e) provisions of Chapter IV apply to local energy communities that perform activities of a distribution system operator;</p> <p>(f) where relevant, a local energy community may conclude an agreement with a distribution system operator to which their network is connected on the operation of the local energy community's network;</p> <p>(g) where relevant system users that are not shareholders or members of the local energy community connected to the distribution network operated by a local energy community shall be subject to fair and cost-reflective network charges. If such system users and local energy communities cannot reach an agreement on network charges, both parties may request the regulatory authority to determine the level of network charges in a relevant decision;</p> <p>(h) where relevant local energy communities are subject to appropriate network charges at the connection points between the community network and the distribution network outside the energy community. Such network charges shall account separately for the electricity fed into distribution network and the electricity consumed from the distribution network outside the local energy community in line with Article 59 (8).</p>	<p>(b) shareholders or members of a local energy community shall not lose their rights as household customers or active customers;</p> <p>(c) shareholders or members are allowed to leave a local energy community; in such cases Article 12 shall apply;</p> <p>(d) Article 8 (3) applies to generating capacity installed by local energy communities as long as such capacity can be considered small decentralised or distributed generation;</p> <p>(e) provisions of Chapter IV apply to local energy communities that perform activities of a distribution system operator;</p> <p>(f) where relevant, a local energy community may conclude an agreement with a distribution system operator to which their network is connected on the operation of the local energy community's network. <i>The energy community's rights and duties shall be established in this cooperation agreement;</i></p> <p>(g) where relevant system users that are not shareholders or members of the local energy community connected to the distribution network operated by a local energy community shall be subject to fair and cost-reflective network charges. If such system users and local energy communities cannot reach an agreement on network charges, both parties may request the regulatory authority to determine the level of network charges in a relevant decision;</p> <p>(h) where relevant local energy communities are subject to appropriate network charges at the connection points between the community network and the distribution network outside the energy community. Such network charges shall account separately for the electricity fed into distribution network and the electricity consumed from the distribution network outside the local energy community in line</p>
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	with Article 59 (8). <i>Charges shall be not only negatively but also positively non-discriminatory, namely in order to allow self-consumers to fairly contribute to system costs and other related costs. In such case, however, Member States may adopt specific measures to avoid that excessive burden may be placed to the final consumer and to ensure that self-consumption is incentivised, without neglecting the need for costs to be recovered.</i>
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Justification:

The distortion of competition between ‘local energy communities’ and ‘distribution network operators’ should be avoided at all costs. Therefore, if they perform the same activities as a DSO, we believe that these entities should take the role of a DSO.

Microgrid structures associated with local energy communities should not result in unfair distribution of benefits at the expense of the connected customers. Therefore, a fair and cost-reflective network contribution is required from local energy communities connected to the DSO grid. Also, the exact structure, size and obligations of local energy communities need to be further clarified in order to eliminate uncertainty.

The decision of creating a new type of stakeholder in an already complex energy market must be taken after a careful cost-benefit analysis, proving that the expected services cannot be successfully provided by the system and its already existing stakeholders.

Metering and aggregation

Article 20 – Smart metering functionalities

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>Where smart metering is positively assessed as a result of cost-benefit assessment referred to in Article 19(2), or systematically rolled out, Member States shall implement smart metering systems in accordance with European standards, the provisions in Annex III, and in line with the following principles:</p> <p>(a) the metering systems accurately measure actual electricity consumption and provide to final customers information on actual time of use. That information shall be made easily available and visualised to final customers at no additional cost and at nearreal time in order to support</p>	<p>1. Where smart metering is positively assessed as a result of cost-benefit assessment referred to in Article 19(2), or systematically rolled out, Member States shall implement smart metering systems in accordance with European standards, the provisions in Annex III, and in line with the following principles:</p> <p>(a) the metering systems accurately measure actual electricity consumption and provide to final customers information on actual time of use. That information shall be made easily available and visualised to final customers at no additional cost and at nearreal time <i>where such communication is feasible</i> in order to support automated</p>

<p>automated energy efficiency programmes, demand response and other services;</p> <p>(b) the security of the smart metering systems and data communication is ensured in compliance with relevant Union security legislation having due regard of the best available techniques for ensuring the highest level of cybersecurity protection;</p> <p>(c) the privacy and data protection of final customers is ensured in compliance with relevant Union data protection and privacy legislation;</p> <p>(d) meter operators shall ensure that the meter or meters of active customers who self-generate electricity can account for electricity put into the grid from the active customers' premises;</p> <p>(e) if final customers request it, metering data on their electricity input and off-take shall be made available to them, via a local standardised communication interface and/or remote access, or to a third party acting on their behalf, in an easily understandable format as provided for in Article 24, allowing them to compare deals on a like-for-like basis;</p> <p>(f) appropriate advice and information shall be given to final customers at the time of installation of smart meters, in particular about their full potential with regard to meter reading management and the monitoring of energy consumption, and on the collection and processing of personal data in accordance with the applicable Union data protection legislation;</p> <p>(g) smart metering systems shall enable final customers to be metered and settled at the same time resolution as the imbalance period in the national market.</p>	<p>energy efficiency programmes, demand response and other services;</p> <p>(b) the security of the smart metering systems and data communication is ensured in compliance with relevant Union security legislation having due regard of the best available techniques for ensuring the highest level of cybersecurity protection;</p> <p>(c) the privacy and data protection of final customers is ensured in compliance with relevant Union data protection and privacy legislation;</p> <p>(d) meter operators shall ensure that the meter or meters of active customers who self-generate electricity can account for electricity put into the grid from the active customers' premises;</p> <p>(e) if final customers request it, metering data on their electricity input and off-take shall be made available to them, via a local standardised communication interface and/or remote access, or to a third party acting on their behalf, in an easily understandable format as provided for in Article 24, allowing them to compare deals on a like-for-like basis;</p> <p>(f) appropriate advice and information shall be given to final customers at the time of installation of smart meters, in particular about their full potential with regard to meter reading management and the monitoring of energy consumption, and on the collection and processing of personal data in accordance with the applicable Union data protection legislation;</p> <p>(g) smart metering systems shall enable final customers to be metered and settled at the same time resolution as the imbalance period in the national market.</p> <p><i>2. Smart meters shall not be required to comply with all minimum functionalities set out in paragraph 1 of this Article for those Member States that have initiated</i></p>
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	<p><i>deployment before entering into force of this Directive.</i></p> <p><i>(a) The decision whether the switch should be one of the minimum requirements shall be left to the Member States to decide.</i></p>
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Justification:

Smart meters deployment will be completed in some Member States by the time the Electricity Directive enters into force. Therefore, if already deployed smart meters were obliged to comply with all the minimum functionalities, this could result in stranded assets and costs may outweigh the benefits. In some member states the switch is assessed as a device with a high security of supply risk at societal level, and therefore contradictory with the requirement of highest level of security from sub-art b.

Active customers

Article 15 – Active customers

<i>ORIGINAL TEXT</i>	<i>PROPOSED TEXT</i>
<p>1. Member States shall ensure that final customers:</p> <p>(a) are entitled to generate, store, consume and sell self-generated electricity in all organised markets either individually or through aggregators without being subject to disproportionately burdensome procedures and charges that are not cost reflective;</p> <p>(b) are subject to cost reflective, transparent and non-discriminatory network charges, accounting separately for the electricity fed into the grid and the electricity consumed from the grid, in line with Article 59(8).</p> <p>2. The energy installation required for the activities of the active customer may be managed by a third party for installation, operation, including metering and maintenance.</p>	<p>1. Member States shall ensure that final customers:</p> <p>(a) are entitled to generate, store, consume and sell self-generated electricity in all organised markets either individually, collectively or through aggregators without being subject to disproportionately burdensome procedures and charges that are not cost reflective;</p> <p>(b) are subject to cost reflective, transparent and non-discriminatory network charges, accounting separately for the electricity fed into the grid and the electricity consumed from the grid, in line with Article 59(8). Charges shall be not only negatively but also positively non-discriminatory, namely in order to allow self-consumers to fairly contribute to system costs and other related costs. In such case, however, Member States may adopt specific measures to avoid that excessive burden may be placed to the final consumer and to ensure that self-consumption is incentivised, without neglecting the need for costs to be recovered.</p>

	2. The energy installation required for the activities of the active customer may be managed by a third party for installation, operation, and maintenance. <i>These third parties must be defined according to national law.</i>
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Justification:

Customers' right to self-consumption is a positive development. Prosumers should contribute in a fair manner to network charges and other system costs to ensure that cross-subsidization of costs, and net metering, is avoided. Article 15 paragraph 1 should be further amended to ensure that net metering is excluded by the provisions of these directive.



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