

Response to ACER Consultation on the statutory Documents of the EU DSO entity to be established

July 2020

QUESTION 1: DO YOU CONSIDER THAT THE PROPOSED GOVERNANCE AND WORKING METHODS, AS LAID DOWN IN THE STATUTORY DOCUMENTS, ALLOW THE NEW EU DSO ENTITY TO EFFICIENTLY, PROPORTIONALLY AND TRANSPARENTLY COMPLY WITH ITS TASKS, WHILST ENSURING A BALANCED REPRESENTATION OF ALL PARTICIPATING DISTRIBUTION SYSTEM OPERATORS?

Overall the statutory documents outline a proposal that will enable the EU DSO to comply with its tasks, however currENT recommends that the below considerations are taken into account.

1. Strong alignment between the EU DSO, ENTSO-E, and other European agencies to accelerate progress towards European energy targets, while pursuing a system approach

The cooperation of the European entities for network companies play a key role in achieving the ambitious targets set out in the Green Deal. Such entities must work collectively to deliver on European energy policy, rather than acting independent of each other.

Given the rapid growth of distributed energy resources (DER) and other new technologies, the coordinated development of transmission and distribution grids is becoming increasingly important for a fit-for-purpose 2050 power grid. In line with Art. 57 of Regulation (EU) 2019/943, the EU DSO must facilitate strong coordination between its member DSOs and TSOs in the planning and operation of their networks.

It is critical that TSOs and DSOs have a data exchange platform that supports the transparent and efficient sharing of information to enable both of them to make the best use of grid assets. Furthermore, they must take a coordinated approach to network development and innovation, in order to fully capture the benefits of new flexible solutions and assets in the near- and long-term. Coordinated network development enables TSOs and DSOs to maximise the use of their existing infrastructure and increase their networks' flexibility.

2. Require high level of transparency in the strategy and core activities of the EU DSO

It is essential that the EU DSO's processes and activities are transparent and that there is opportunity for stakeholders to consult on major decisions or plans for the European network. Transparency and consultation are particularly important in the the EU DSO's recommendations to its members on the planning and operation of their networks. Stakeholders can offer alternative viewpoints to DSOs which ensures that all needs of society are fairly considered. In addition to the list in 2(3) of the draft Rules for procedure on consultations, best practices for optimising the use of the existing distribution network and increasing the networks energy efficiency should be consulted on.

Furthermore, the findings and recommendations of the EU DSO's Expert Groups should be published where it would be beneficial to the wider DSO community.

3. Add a point on RD and Innovation, optimisation of power networks, in Article 4

DSOs should be enabled and incentivised to facilitate new innovation and to collaborate with technology developers.

We agree with the list of additional tasks and roles for the EU DSO entity. We miss a point however on RD and Innovation. We wish to see a point included here, as a new point h. that states: the EU DSO shall ensure the cooperation and best practice sharing of DSOs on RD and I in distribution networks and publish an annual report on identified technologies, progress and best practice. It is also important that member DSOs share their learnings and best practices of innovation projects with TSOs and the wider energy community, to avoid wasting money and resources on duplicating pilots of already proven technologies. ENTSO-E and EU DSO should identify common optimisation opportunities in the RD and I areas to enhance the sharing of learnings.

To further support this there should be a dedicated Expert Group on RD and I, with a focus on implementing new innovative solutions at scale.

4. Ensure an efficient governance of the EU DSO entity in implementing qualified majority voting at the General Assembly

We believe that a fair way to represent the interest of all participants in the EU DSO Entity is needed. While most DSOs are of small size (less than 100.000 customers) and not un-bundled, the most significant part of customers is, by far, served by medium-size or large DSOs (more than one million customers). We believe that the qualified majority vote as introduced by the Lisbon

Treaty in November 2014 would be the suitable reference here. By increasing the voting power of the medium-size or large DSOs within the General Assembly, the EU DSO can guarantee a fair and proportional decision-making process.

5. Ensure consistency between the tasks of the EU DSO entity and other relevant legislation

With the Green Deal, legislation such as TEN-E are being updated to be brought in line with the new ambition. Likewise, we believe that the EU DSO needs to ensure maximum consistency with other relevant legislation concerning it, such as the updated TEN-E, but also the recommendations by the Infrastructure Forum, the Smart Grid Indicator, and efficiency provisions in the Energy Efficiency Directive.

QUESTION 2: DO YOU HAVE ANY OTHER COMMENTS ON THE PROPOSED STATUTORY DOCUMENTS?

CurrENT notes that the proposed tasks of the EU DSO entity in Article 4 of the draft Statutes are in line with the requirements of Article 55 of the Electricity Regulation. However, currENT believes that there should be a stronger task of the EU DSO entity to support the testing and demonstration of newer technologies or solutions that can increase the flexibility and resilience of the distribution network. This could be added as a task to Article 4 of the Draft Statutes and should be further supported by a dedicated Expert Group (Article 5 of the draft Rules of Procedure) on how member DSOs can better facilitate the testing of new innovative solutions and most importantly, bringing the proven solutions to wide-scale implementation on their networks.

As mentioned in our previous answer, there should also be a strong sharing of learnings between member DSOs, particularly when it comes to innovation, which could be facilitated by the above described Expert Group. Furthermore, this Expert Group should publish their findings/recommendations where possible to further support the sharing of learnings on innovation and other best practices for DSOs.

Additionally, currENT believes that there should be an obligation on the EU DSO entity to support the optimisation of the existing distribution network as a first step to increase network capacity. By maximising the use of existing capacity on the distribution network, the member DSOs can reduce the risk of stranded assets on their network by only building new infrastructure when there is insufficient capacity or circuits on the existing grid.