



# Annual Report 2019

This report provides the highlights for CEDEC's activities from 1 January 2019 to 31 December 2019.  
CEDEC is legally constituted as a non-profit international organisation (AISBL) under Belgian law.



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## Objective of the annual report

CEDEC worked intensively on European energy initiatives throughout the year 2019. This report highlights the most important issues to which CEDEC has actively contributed. Thanks to a continuous proactive involvement with European institutions, CEDEC continued to put forward the strategic role of local and regional energy companies in the European energy landscape in full transition.

This report also features the positions adopted by CEDEC on European energy and climate policies.

For further specific information concerning CEDEC's positions and communications, you are kindly invited to visit our website [www.cedec.com](http://www.cedec.com).



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# The President's Statement

Dear CEDEC members and supporters,

2019 has been a particularly eventful year. It will possibly remain in the minds of people as the year of European elections and the beginning of a new legislative period in the EU, and for the energy companies it was marked by the completion of the Clean Energy Package and the prominent European Green Deal, announced as a new era for the energy sector.

In Spring 2019 and after more than two years of intense negotiations, the Clean Energy Package was completed with the adoption of the two final legal instruments, the Electricity Market Design Directive and Regulation, representing a major step towards the completion of the Energy Union. The new rules prepare the ground for the 2030 energy and climate goals, acknowledging what CEDEC has been advocating for many years now: that decentralised solutions are reality and the driving force for a successful energy transition.

Building upon the Clean Energy Package, the new European Commission under President Ursula von der Leyen has sent a strong signal for Europe's commitment to leadership on climate, declaring the European Green Deal as a top priority for the Commission's agenda. Coming in times, when the voice of the citizens on climate change is becoming

louder than ever, the Commission provides fertile ground for new and revised European rules, which aim at making Europe a climate-neutral continent by 2050.

The paradigm has shifted from a centralised to a decentralised energy system, also leading to a general rethinking on how the energy transition can best be achieved. The European institutions, national governments, local authorities need to maintain this momentum. I am fully convinced that local energy companies with their integrated solutions are best placed to respond to this new challenge. Let us make the most out of it and demonstrate that local energy companies are taking their full responsibility in shaping the clean energy transition, because climate change affects all of us.

Rome was not built in a year, and the same is true for the transformation of the energy system. With collective force, we have achieved together with the endurance of our members, that local and regional energy companies are acknowledged as the driving force of the energy transition. But we are only at the beginning of our journey, challenging years are still ahead of us.

We will continue to advocate for local integrated solutions, but we must also prove that we have all the knowledge and tools needed to make this pan-

European project a success to help achieve climate neutrality by 2050. As another wave of legislative and regulatory initiatives is being prepared, a great deal of work is awaiting CEDEC and its members in the upcoming five years.

Let me finish by expressing my gratitude for all CEDEC members and the secretariat team, for their precious support, dedication and their hard work that contributes to the associations' continuous success and visibility, which proved once again that CEDEC is not only an influential and valuable partner to the European institutions, but also a passionate and respected defender of local energy companies.



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**Florian Bieberbach**  
CEDEC President



# Who we are

The European Federation of Local and Regional Energy Companies (CEDEC), located in Brussels, represents the interests of more than 1.500 local and regional energy companies, serving 85 million electricity and gas customers and connections and with a total turnover of €120 billion.

CEDEC was founded in 1992 in Brussels and has been actively advocating the interests of local and regional companies active in the fields of electricity, gas and district heating at European level.

"In the process of shaping Europe's energy future, there is no time to waste:  
Listen to experts from the field, translating their know-how into vision"



**1500**  
companies

"1500 local and regional energy companies are ready to contribute to a sustainable energy future"

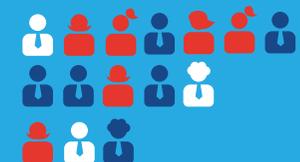
**85.000.000** consumers



"Linking 85 million European gas and electricity customers, throughout urban and rural, local and regional energy companies"

"Representing local energy companies means representing 350.000 jobs all across Europe"

**350.000**  
employees





# What is our mission

CEDEC's missions consist of:

- 1 Representing the interest** of its affiliated local and regional companies' on European level, through a continuous dialogue with policymakers in the European institutions, and through active and constructive contributions to official working groups and Commission Fora;
- 2 Promoting the exchange** of information and technical and economic experience regarding energy distribution between its members on one hand, and between CEDEC and relevant international organisations on the other;
- 3 Delivering services** to its members by monitoring and analysing legislative and regulatory initiatives and communicating on relevant topics.

Therefore, CEDEC pursues the following activities, via its diverse bodies:

- › **Inform** its members on upcoming and ongoing political initiatives at European level, through Board and Working Groups meetings, seminars and webinars, website & members' portal, and newsletters;
- › **Develop** common positions on relevant policy issues;
- › **Represent** the interests of its members in their relationship with European institutions and international and national organisations;
- › **Organise** internal and public meetings to promote the sharing of experience, knowledge and best practices;
- › **Contribute** to energy-related studies and research in the fields of economics, technology and social sciences.



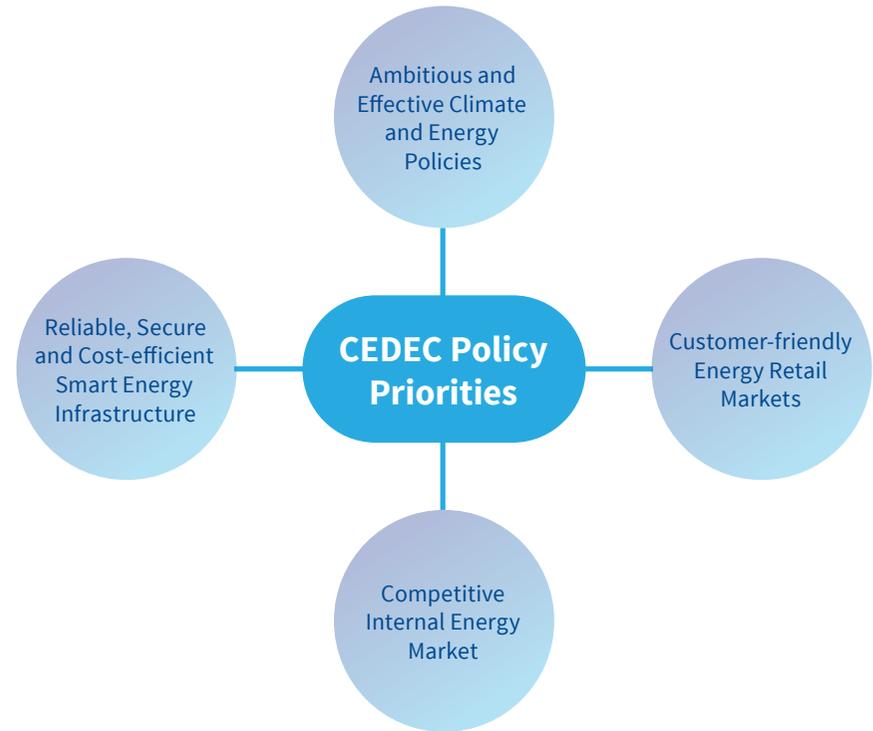
# CEDEC General Policy Priorities

**Ambitious and Effective Climate and Energy Policies:** CEDEC members are committed to the transition to a sustainable European energy system based on energy efficiency, renewable energy and decarbonisation. Representing locally and regionally active companies, CEDEC promotes a decentralised energy supply, further enabled through the integration of local energy systems.

**Reliable, Secure and Cost-effective Smart Energy Infrastructure:** CEDEC is actively promoting the deployment of smart distribution networks to ensure reliable and secure grid operation, while facilitating the market for smart energy services.

**Customer-friendly Energy Retail Markets:** CEDEC member companies are traditionally close to the customer. CEDEC promotes a reliable, affordable, simple energy retail market, with adequate protection and empowerment of all customers, with specific attention for the most vulnerable ones.

**Competitive Internal Energy Market:** CEDEC is actively involved in the development of the European network codes on gas and electricity and as official stakeholder represented in the European Commission Regulatory Fora for electricity, gas and energy infrastructures.



# CEDEC Structure and organisation

As a non-profit association, CEDEC is governed by a Board elected by the members of the General Assembly. The CEDEC presidency is held by Florian Bieberbach, Chairman of the Management Board of Stadtwerke München. The CEDEC President is supported by four Vice-Presidents and the Secretary General.

## CEDEC internal Structure 2019

### General Assembly

### Board of Directors

#### President

Florian BIEBERBACH (SWM)

#### Vice-Presidents

Rudi OSS (Dolomiti Energia)  
André JURJUS (Netbeheer Nederland)  
Luc HUJOEL (Sibelga)  
Akhobi SITOU (Séolis)

#### Secretary General

Gert DE BLOCK

The General Assembly and the Board of Directors are responsible for all association-wide decisions while CEDEC Working Groups (cf. page 9) are involved in the preparation of topic-specific policy positioning. During 2019, the Board of Directors met on 28/3/2019 (Verona – Italy), 27/06/2019 (Berlin – Germany), and 21/11/2019 (Brussels – Belgium).

## Members of the Board of Directors (31/12/2018)

#### President

Florian BIEBERBACH (Stadtwerke München)  
(since 12/03/2019)  
Andreas FEICHT (Wuppertaler Stadtwerke)  
(till 12/03/2019)

#### Vice Presidents

Rudi OSS (Dolomiti Energia)  
André JURJUS (Netbeheer Nederland)  
Luc HUJOEL (Synergrid)  
Akhobi SITOU (Séolis)

#### Administrators

Giordano COLARULLO (Utilitalia)  
Michele CROCE (AGSM / Utilitalia) (till 17/04/2019)  
Claude DESAMA (ORES / Synergrid)  
Plamen DILKOV (SPEE-BG)  
Michel FAURÉ (SICAP / FNSICAE)  
Daniele FINOCCHIARO (AGSM / Utilitalia)  
(since 17/04/2019)  
Peter FLOSBAACH (DEW21 / VKU)  
Heidrun MAIER-DE KRUIJFF (VKÖ)  
George RODENHUIS (Netbeheer Nederland)  
Xavier ROSEREN (FNCCR)  
Elisa SCHENNER (Wiener Stadtwerke / VKÖ)  
Stefan SEDIN (Jämtkraft/ Elinorr)  
Marc-Antoine SURER (SiCOM / Multidis)  
Géry VANLOMMEL (Fluvius / Synergrid)  
Kirsten WILKESHUIS (Netbeheer Nederland)  
Michaël WÜBBELS (VKU)

#### Assistants to the Board of Directors

Mirco CALIARI (AGSM / Utilitalia)  
Bérénice CRABS (Synergrid)  
Eric DAVALLE (SIE / Multidis)  
Francesco DELFINI (FNSICAE)  
Dieter GISIGER (SEIC / Multidis)  
Jacques GLORIEUX (INTER-REGIES)  
Florian GRÄSSLER (VKU)  
Pascal GRIMAUD (Soregies / ELE)  
Yves RAGUIN (FNCCR)  
Pascal SOKOLOFF (FNCCR)  
Björn TER BRUGGEN (Sundsvall Elnät / Elinorr)  
Christian VIAENE (Sibelgas / Synergrid)

#### Commissioners

Karl FERRARI (SEL-A.G / Utilitalia)  
Pascal GRIMAUD (Soregies / ELE)  
Jacques VANDEBOSCH (INTER-REGIES)

#### CEDEC Secretariat

Gert DE BLOCK – Secretary General  
Catherine BIREN – Office & Event Manager  
Andrea PRZYBYLA – EU Policy Officer (since 2/5/2019)  
Monica DI PINTI – EU Policy Officer (since 7/10/2019)  
Ludovica SARA FONDI – EU Policy Officer  
(till 1/02/2019)  
Alice FRANZ – EU Policy Officer (till 30/09/2019)



# Working groups

Experts from CEDEC members (both from associations and companies) develop positions on specific policy issues in the **Working Groups**, which meet either on regular or ad-hoc basis depending on the policy priorities.

## WORKING GROUP “ENERGY AND CLIMATE”

The Working Group “Energy and Climate”, chaired by CEDEC, focuses on the Commission’s proposals linked to the EU climate agenda and the European Green Deal, including energy efficiency and RES targets & policies, sustainable finance and the EU ETS scheme.

## WORKING GROUP “SMART GRIDS”

The Working Group “Smart Grids”, chaired by Paul De Wit (Alliander – NL), focuses on the different strategic and operational aspects of smart electricity grids. The new roles and responsibilities of DSOs as market facilitator, the use of flexibility, as well as management and communication of data regarding smart meters, play a central role in the discussions.

## WORKING GROUP “GAS”

The Working Group “Gas”, chaired by Peter Jakwerth (Wiener Netze – AT), treats strategic European gas topics that are relevant for local and regional gas companies and the gas DSOs, including upcoming EU gas legislation, sectoral integration, terminology for renewable and decarbonized gases, methane emissions and the role of gas DSOs in the energy transition.

## WORKING GROUP “DIGITALISATION”

The Working Group produces recommendations on legislative proposals related to digitalisation of infrastructures, services and data.

The Working Group also analyses the interlinkages with already existing legislative measures on related topics (i.a. GDPR, NIS Directive, PSI Directive, ePrivacy, Cybersecurity Act, etc.)

## WORKING GROUP “NETWORK CODES”

The Working Group “Network Codes Electricity”, chaired by Marc Malbrancke (Synergrid – BE), followed up on the development and the implementation of the European Network Codes for Electricity, and on the impact of those codes on Distribution System Operators (DSOs).

## WORKING GROUP “GRID TARIFFS “

The Working Group “Grid tariffs”, chaired by Ilse Malfait (Fluvius – BE), analyses different grid tariff models and related regulatory approaches throughout the EU Member States, and continues to develop future-proof concepts for grid tariff structures.

## WORKING GROUP “TRADING”

The Working Group “Trading”, chaired by CEDEC, handles subjects regarding wholesale markets in a broad sense, in particular MIFID, REMIT, capacity mechanisms and balancing issues.

## WORKING GROUP “CONSUMERS”

The Working Group “Consumers”, chaired by CEDEC, works on issues related to the functioning of the energy retail markets for all types of consumers, including for the most vulnerable ones. It closely follows the activities in this field of the EU institutions and the Council of the European Energy Regulators (CEER).



# Membership benefits

CEDEC membership entails many benefits for local and regional energy companies who wish to actively engage at European level:

## INFORMATION

Receive the most current policy updates and top-level analysis

## INFLUENCE

Shape European policymaking through your contribution to CEDEC positions

## EXCHANGE

Share knowledge and best practices in CEDEC working groups and webinars

## VISIBILITY

Ensure the representation of local and regional actors on European level through CEDEC communications and actions

## How to join us?

CEDEC membership is open to all associations and companies with an interest in the European energy sector (local generation, grids, metering, supply and energy services), representing activities on local or regional scale and/or with local shareholders.

For more information please contact [info@cedec.com](mailto:info@cedec.com).





# CEDEC Policy priorities 2019-2024

## The 2050 energy and climate challenges

DECARBONISE, DECENTRALISE, DIGITALISE

*While the Clean Energy Package is paving the way for an ambitious trajectory towards 2050 targets, the European Green Deal needs to kickstart the realisation of full decarbonisation throughout all EU policy frameworks.*

*The energy transition needs additional incentives for making it real, including at local level, through sectoral integration and by maximising the potential of local resources.*

*A roadmap with intermediate steps in 2030 and 2040 is needed to create visibility for investors, big and small, private and public. In respect for future generations,*

## Decentralised is the new normal

LOCAL AND DIGITAL, CLOSE TO CITIZENS AND CUSTOMERS

**Technological developments and digitalisation go hand in hand to unlock the potential of local sustainable resources. Bringing the options close to citizens will contribute to the involvement of local communities in the energy transition.**

Local energy companies have since their existence guaranteed this local 'connection'. As the technology now can go local, the need for additional contested large-scale infrastructures will be reduced, if the right policy choices are made. Concepts should be shared, choices can be made locally.

In a rapidly decentralising energy system, the DSO (Distribution System Operator) becomes an active system manager in close cooperation with the TSO (Transmission System Operator) and acts as market facilitator, including for flexibility. Their contribution to storage and alternative fuel charging infrastructures should be reconsidered.

The development of Citizens Energy Communities requires an adequate balance between their aspirations and the integrity of the existing grids.

## Make sectoral integration happen - locally

LINKING ELECTRICITY WITH GAS, HEAT AND TRANSPORT

**Stop silo-thinking: sectoral integration and sector coupling are essential elements in any cost-efficient and energy-efficient strategy to respect the Paris Agreement.**

They contribute to the necessary flexibility in an energy system with a steeply rising share of variable renewable energy sources and increased energy efficiency.

An integrated approach – within the energy sector and between energy and other sectors (heating & cooling, transport, building) - combined with elements of circular economy, offer an effective and cost-efficient answer to maximise the potential of local renewable resources, close to the customer. Local, integrated energy companies demonstrate that this potential can be realised – if the right incentives are in place.

## From natural gas to renewable and decarbonised gases

### REALISING THE POTENTIAL

**On the road to full decarbonisation, gases will continue to play a key role to decrease CO<sub>2</sub> emissions** gradually (amongst others by switching from coal and fuel to natural gas), as an essential contributor to seasonal energy storage and for the long-distance transmission of large quantities of energy.

Natural gas is currently a major source for heating and for centralised and decentralised electricity generation, with an increasing role in transport. Through the right regulatory incentives, producers, infrastructure providers and the appliances industry will need to incorporate the potential of renewable and decarbonised gases in fast track. Existing gas transport and distribution infrastructure are readily available for storage and transport of energy, as well as for the connection and distribution of decentralised renewable and decarbonised gas sources.

## Sustainable financing

### TRANSFORMING ENERGY INFRASTRUCTURES

**European legislation on sustainable financing will orient investors towards sustainable energy infrastructures and projects, through the establishment of sustainability criteria.**

The choice of these criteria will directly and indirectly affect the financing costs of any future project in the European energy sector. Technology neutrality will

have to be ensured to allow different technologies and different energy vectors to contribute in different degrees - sustainable, enabling or transitional - to the required CO<sub>2</sub> reduction.

## The digital energy (r)evolution

### OPPORTUNITIES AND CHALLENGES FOR THE INDUSTRY AND STAKEHOLDERS

**Intelligent grids, communicating meters, platform revolutions, energy communities, data accessibility, cybersecurity, customer consent.**

Digitalisation will create opportunities for innovation and higher efficiency in every part of the value chain, for companies and citizens. Increasingly interconnected energy systems will equally bring challenges, for cybersecurity and data protection in a digital habitat where DSOs act as neutral market facilitator, making data available in a neutral and secure way. New actors will enter the market and offer innovative energy products and services, implying a need for clarity on rights and obligations for the industry and stakeholders.

## A just and inclusive transition

### GETTING ALL ON BOARD

**Regions and citizens start the transition journey with a different inheritance: getting and keeping all on board must be an evident goal for the Energy Union.**

A just transition ensures that all regions – with a different energy history and diverging potential for sustainable solutions – are supported in their

necessary efforts to work towards a sustainable future. An inclusive transition ensures that all citizens – independent of their personal capacities – and all companies – independent of their size - have the possibility to develop, work and live in a sustainable environment, contributing according to their possibilities.

## Implementing the Clean Energy Package

### Respect the balance between European solutions and subsidiarity

The Clean Energy Package has reviewed all strategic lines in the existing EU legislation on energy.

Its implementation should now respect the spirit of the agreements between Commission, Parliament and Member States.

New designs have been agreed, new lines have been drawn, new concepts have been developed. Taking into account the large diversity between Member States, in types of economic actors, market dynamics, renewables potential and energy mix, the balance that was found between European solutions and subsidiarity must be respected to ensure effective and efficient answers to the unprecedented challenges ahead.



# Communication highlights

## 16.04.2019 A toolbox for TSOs and DSOs to make use of new system and grid services



The European associations representing the distribution system operators (DSOs) – CEDEC, E.DSO for Smart Grids, Eurelectric and GEODE - together with ENTSO-E, representing the transmission system operators (TSOs), launched on 16 April 2019 a report on the development and integration of new flexibility services in the electricity system and market. These services could support system operators to actively manage congestions in their grids caused by increased electrification and shares of decentralised energy sources. Since the same resources can also be used by TSOs, the interaction between congestion management and balancing was addressed in the report. Therefore, TSOs and DSOs proposed a vision in their common report “An integrated approach to Active System Management”.



## 20.11.2019 Congress 2019 “Local Energy Transition - Mission possible!”

The annual CEDEC Congress focused on the key elements for the EU political debate on the necessary energy transition: decarbonizing and integrated local energy systems, the potential of renewable and decarbonized gases to gradually decrease CO<sub>2</sub> emissions, the opportunities and challenges of digitalization for the energy industry, start-ups and consumers, the strategic value of sectoral integration and the reorientation of financing mechanisms for sustainable energy projects.

During the high-level opening “EU Policy and the 2050 challenge – Decentralize, digitalize, decarbonize”, CEDEC’s President, Dr Florian Bieberbach, recalled the crucial role of local energy companies for achieving the (local) energy transition, close to citizens and customers. “Supporting local integrated solutions allows to maximize the sustainability potential of local resources.”

“Local energy companies are those who are closest to the people. And the trust of their citizens in local projects is key to convince them to participate in the transformation of the energy system.” declared Member of the European Parliament Jutta Paulus (DE, Greens/EFA) addressing the participants of the CEDEC 2019 annual Congress.



In view of the eagerly awaited Green Deal, the CEDEC Congress provided again a unique opportunity to exchange strategic views and to prepare for the upcoming policy debates.

# CEDEC highlights 2019

## JAN

- ▶ CEDEC President and Wuppertaler Stadtwerke CEO Andreas Feicht becomes the new permanent State Secretary for Energy in Germany, and resigns as CEDEC President, as from 1 February 2019.
- ▶ On 23 January, the four EU associations representing electricity DSOs (CEDEC, EDSO, Eurelectric and Geode) signed a Memorandum of Understanding in view of their cooperation for the set-up of the EU DSO Entity for electricity.

## FEB

- ▶ CEDEC, EDSO, GEODE, Eurelectric signed a Joint Statement on the European Parliament's proposal to revise the TEN-E Guidelines, which should be revised in order to reflect the rising importance of DSOs in the energy transition and the new priorities in the transformation of the distribution systems, by supporting the facilitation of the needed investments.

## APR

- ▶ The European associations representing the distribution system operators (DSOs) – CEDEC, E.DSO for Smart Grids, Eurelectric and GEODE – together with ENTSO-E, representing the transmission system operators (TSOs), launch their “Report on Active System Management” on the development and integration of new flexibility services in the electricity system and market.

## MAY

- ▶ CEDEC responded to the CEER Consultation on “Dynamic regulation to enable digitalisation of the energy system”
- ▶ CEDEC contributed to the CEER Consultation on “Regulatory challenges for a sustainable gas sector”.
- ▶ On 23 and 24 May, CEDEC attended the Energy Infrastructure Forum organized by the European Commission in Copenhagen.

## JUN

- ▶ Following the General Assembly of CEDEC in Berlin, Dr. Florian Bieberbach was elected unanimously as new Chairman of CEDEC. Mr Bieberbach is CEO of Stadtwerke München (SWM) and Member of the Steering Group Energy of VKU.
- ▶ On 5 and 6 June, CEDEC attended the Gas Forum organized by the European Commission in Madrid. During the Forum, CEDEC gave a presentation on “The role of DSOs in the decarbonisation process and regulatory barriers”, on behalf of the EU DSO associations for gas (CEDEC, Eurogas, Geode) and gave a presentation on “New gases terminology” on behalf of all EU gas associations.
- ▶ On 17 and 18 June, at the Electricity Forum organised by the European Commission in Florence, CEDEC gave a presentation on “Cybersecurity and a future network code -DSO views” on behalf of the EU DSO associations for electricity.

## JUL

- ▶ On 18 June, CEDEC co-organised an Energy Day in the framework of the EU Sustainable Energy Week with COGEN Europe, EHI and Hydrogen Europe on “Fuel Cells and Hydrogen in Buildings: Integrating Electricity, Heat and Gas for a Decarbonised Future Energy System”.
- ▶ During the same EU Sustainable Energy Week, CEDEC contributed to an event to present the system operators’ report on Active System Management and new flexibility services.

## SEP

- ▶ CEDEC replied on the CEER consultation on its 2020 Work Programme.

## OCT

- ▶ On 12 and 13 September, CEDEC attended the Citizen’s Energy Forum organised by the European Commission in Dublin, with a specific focus on customers issues.
- ▶ CEDEC responded to the ACER public consultation on the “Bridge beyond 2025” document, referring specifically to the future role of gas in the energy transition.
- ▶ CEDEC replied on a European Commission call for feedback on the TEG (Technical Expert Group) report on EU Taxonomy.

## NOV

- ▶ On 23 and 24 October, during the Gas Forum organised by the European Commission in Madrid, CEDEC , presented an updated version of the gas terminology proposal on behalf of the New Gases Network.

## DEC

- ▶ On 20 November, CEDEC organised its successful Annual Congress in Brussels, under the inspiring theme “Local Energy Transition: Mission possible!”.
- ▶ CEDEC welcomed the European Green Deal adopted by the new Commission, and presented by Commissioner and Executive Vice-President Frans Timmermans.
- ▶ In view of the European Commission’s upcoming initiatives on digitalisation and cybersecurity, CEDEC has created a Working Group “Digitalisation”.
- ▶ CEDEC co-signed a Joint statement on “Taxonomy Delivering Sustainable Growth in Europe” with organisations representing a wide variety of industrial initiatives in the European energy sector, pleading for a more balanced and comprehensive Sustainable Finance framework.



# 2019 Key topics

## European Elections 2019 – Shifts in the EU Institutional framework

The year 2019 was marked by a landmark political event, the European elections 2019, with a reshuffle in the European Parliament, a new College of European Commissioners and a new President of the European Council, constituting the starting signal for the new legislative period 2019-2024.

The new compositions will considerably influence Europe’s energy and climate framework.

The 2019 European elections were followed by a controversy which emerged from diverging opinions on which political group can put forward the Commission President: the *Spitzenkandidaten* process as agreed prior to the European elections being scrapped by Member States, lead to an unexpected candidate, namely former German defence minister Ursula von der Leyen.

### A renewed Parliament

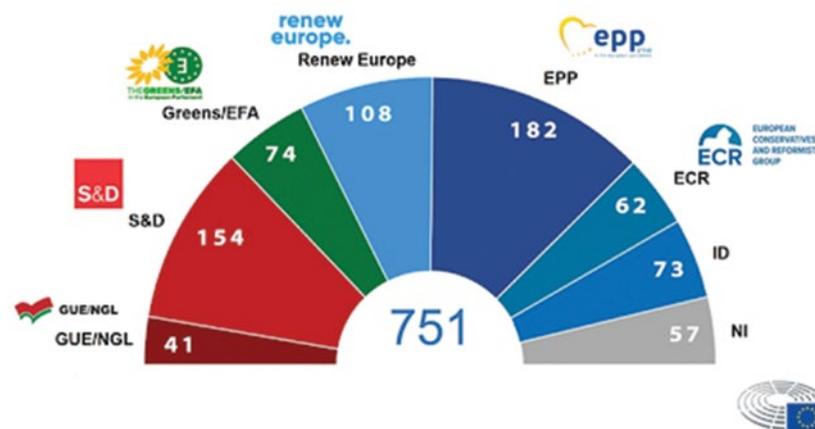
European citizens went to the polls for the ninth time in the history of the European Union to decide on how the seats in the new European Parliament should be filled. The elections were held in all the

Member States between 23 and 26 May. The European Parliament held its constituent session on 2 July and elected David Maria Sassoli (S&D, Italy) as Parliament President on 3 July. He will preside the Parliament for two and a half years.

The new European Parliament consists of seven political groups, filling a total of 751 seats (to be reduced to 705 following Brexit as of 1 February 2020): EPP (European People’s Party) and S&D (Progressive Alliance of Socialists and Democrats) continue to be the groups with the most representatives, followed by the emerging Renew Europe group, formerly known as ALDE (Alliance of Liberals and Democrats for Europe), the Greens/EFA (the Greens/ European Free Alliance) – both gaining considerable votes compared to the last European elections in 2014 –, ID (Identity and Democracy), leaving ECR

(European Conservatives and Reformists) and GUE/NGL (the Confederal Group of the European United Left – Nordic Left) behind.

CEDEC will continue building trust with the new Members in the European Parliament, with a focus on CEDEC relevant committees, which will play a key role in co-negotiating crucial legislation in the energy and climate field.



## A Commission with focus on green and digital

Following the European elections 2019, Ursula von der Leyen (EPP, Germany) was proposed as the candidate for Commission President by the Member States and was officially elected by the absolute majority of the Parliament on 16 July 2019.

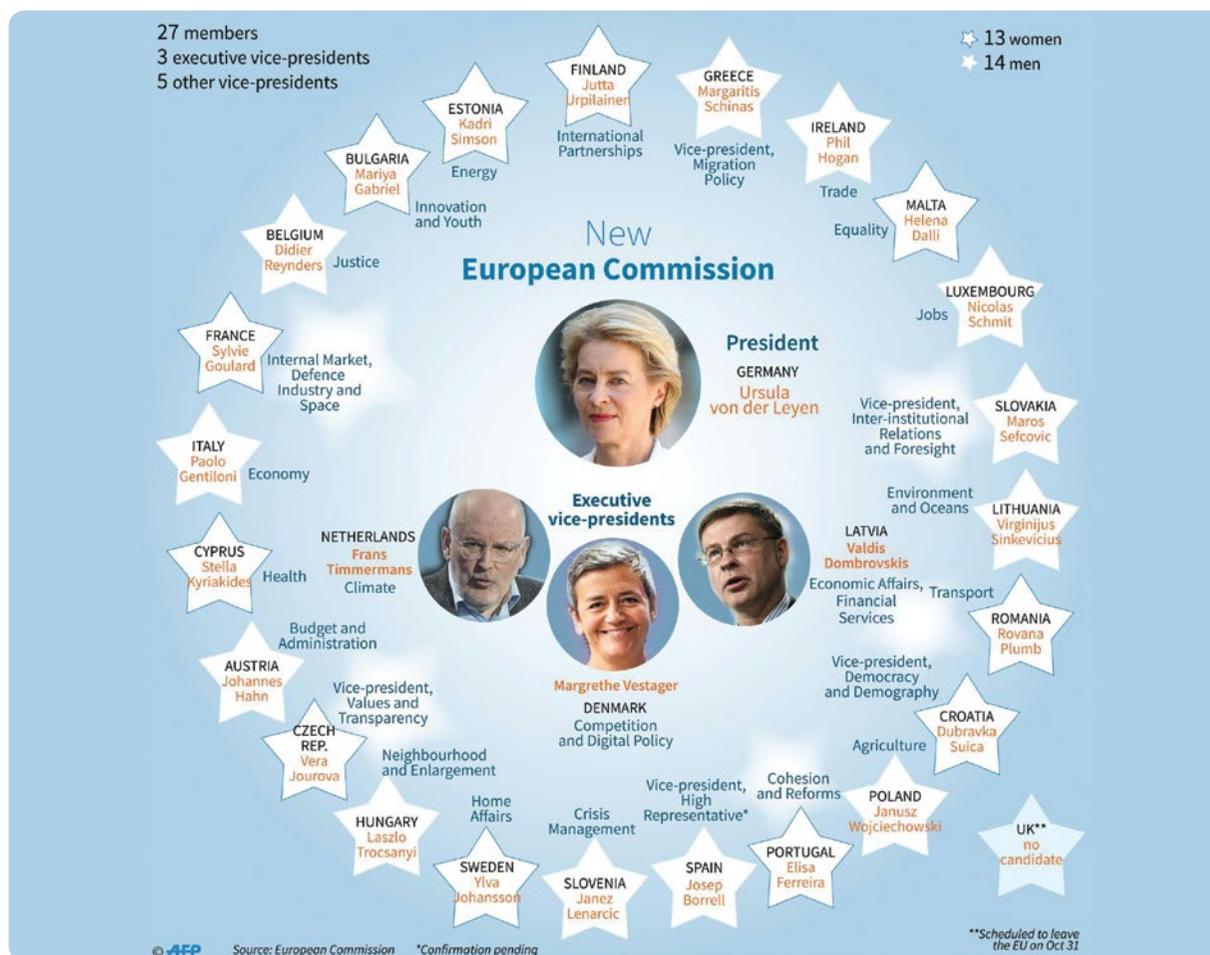
On 10 September, the Council adopted its list of candidates for appointment as Commissioners, by common accord with the President-elect, enabling the start of the hearings in the European Parliament. The hearings began on 30 September and were originally

scheduled to last until 8 October. Due to the rejection of three candidates by the Parliament, new hearings were scheduled on 14 November for three new Commissioners-designates from France, Hungary and Romania.

With one-month delay, on 1 December, the von der Leyen Commission took office in its entirety, after positive completion of the hearings in the Parliament.

The new Commission college is composed of the College of Commissioners from 27 EU countries, which form the Commission's political leadership during the next 5-year-term.

The new Commission has presented its priorities, amongst which the top priorities are the 'European Green Deal', led by Executive Vice-President and Commissioner Frans Timmermans (S&D, the Netherlands) and 'A Europe fit for the digital age' headed by Executive Vice-President and Commissioner Margrethe Vestager, putting a clear focus on green and digital policies.





## A new President of the Council

On 2 July, the 28 EU leaders elected Charles Michel (former Prime Minister of Belgium) as the President of the European Council for a term of two and a half years, which is renewable once. He took office on 1 December, succeeding former Polish Council President Donald Tusk.

## Implementing the Clean Energy Package

Following more than two intense years of negotiations with the Commission, the Parliament and the Council, the 1.000 pages long Clean Energy Package was completed in May 2019, giving way for a huge set of new rules in the energy sector. Having finalised the largest ever review of all aspect of EU energy legislation, the ball was now mainly in the hands of the Member States who started the process of implementation of the different parts of the package, amongst others by drafting their National Energy and Climate Plans (NECPs), the new framework within which they will have to plan and follow-up their climate and energy objectives, targets, policies and measures.

With key provisions of the new Electricity Market Design already entering into force in 2019, the Commission will have to monitor the effective implementation of the Clean Energy Package, next to the EU progress as a whole towards achieving the 2030 targets. Work also needs to be done for the development of future network codes and guidelines, following the publication of the new electricity Regulation.

In 2019, CEDEC has provided important information on the implementation of the package to its members and will continue to assist members in this exercise. CEDEC continues to support a swift implementation of the Clean Energy Package, with respect for the subsidiarity where needed and foreseen.

## New building blocks and balanced competencies

The Clean Energy Package brings a large variety of changes to the energy system and the way electricity is produced, consumed, stored and distributed.

To ensure that a fair and clean energy transition can be achieved, it is crucial that the balance between European solutions and subsidiarity is respected, taking into account the large diversity between Member States, in types of economic actors, market dynamics, renewables potential and current energy mix. This will ensure that local energy companies, which are at the core of the clean energy transition, can fulfill their duties and deliver their services in the most effective and efficient way.

The new legal framework acknowledges that decentralisation is the new reality, which has the benefits of unlocking the huge potential of sustainable resources, while at the same time reducing the need for additional contested large-scale electricity infrastructures.

With local solutions come local players. For the first time, the concepts of Citizen Energy Communities (CECs) and Renewable Energy Communities (RECs)

have been introduced into EU legislation. Article 16 of the Electricity Directive and Article 22 of the Renewable Energy Directive (RED) allow for the organisation of an alternative governance of energy projects, with local actors being able to jointly invest in small-scale energy assets, acting as one entity. Recognizing the potential added value of those new entities with their emerging services, CEDEC is open for cooperation, with all parties contributing their fair share to the costs of the energy system. The development of energy communities of course also requires an adequate balance between their aspirations and the integrity of the existing distribution grids that serve the whole community.

Moreover, the package gives a strong push for a consumer-centred energy transition. EU legislation now finally includes for the first time – with thanks to the European Parliament and the Member States - measures aimed at protecting the most vulnerable consumers. The local energy companies that CEDEC is representing are the closest to the citizens and have the societal aspects of energy supply in their DNA. Upcoming legislation will have to continue putting high emphasis on an inclusive transition, ensuring that all citizens have the possibility to contribute, where possible, and can live in a sustainable environment.

CEDEC continues to monitor further legislative developments which build upon the recently adopted Energy Efficiency Directive (EED) and Energy Performance of Buildings Directive (EPBD). Changes to the existing framework are to be expected within the European Green Deal, which continues in the spirit of the Clean Energy Package, giving priority to energy efficiency. The Commission has announced that it

will consider reviewing existing Union legislation – potentially including provisions of the EED as well as the RED – in view of delivering on the increased climate ambition as identified by the Green Deal (see page 23).

## Laying the foundation for the future EU DSO entity

The new Electricity Market Design as part of the Clean Energy Package brings many changes to the energy system, one major novelty being the future European entity for electricity distribution system operators (DSOs). Article 52 of the electricity Regulation provides that European electricity distribution system operators shall establish an Entity of DSOs in the EU. The Entity should be operational by the first quarter 2021.

CEDEC has attentively and intensively followed up the negotiation process on the Clean Energy Package to ensure that the Entity allows for all 2.500 DSOs to become member of the Entity, and not only the 10% unbundled large DSOs as initially proposed by the European Commission. Also an adequate representation of smaller, local and regional DSOs was introduced, which resulted in a balanced final deal on the governance of the EU DSO entity: a double majority in the General Assembly requiring not only a majority of the votes based on the connected customers (favouring the position of very large DSOs) but also a 55% majority of the members of the Entity; the Board composition which is safeguarding an equal distribution of seats in the Board of Directors between three DSO categories (less than 100.000 connections;

more than 100.000 and less than 1 million; more than 1 million connections); the possibility for DSOs to be supported and be represented in the General Assembly by a national or European association of their choice.

The rationale behind the EU DSO Entity is to have a body of distribution system operators at European level, which will closely cooperate with transmission system operators and ENTSO-E on the preparation and implementation of Network Codes.

CEDEC actively contributed to the process of establishment of the Entity and will continue to do so until the completion of the process in 2021. In order to establish the Entity, CEDEC, together with the other three EU associations representing DSOs (E.DSO, Eurelectric and Geode) established a Joint Task Force consisting of representatives from the EU associations and representatives of DSO companies. As from April 2019, the Joint Task Force worked on the development of four deliverables, to be submitted to the Commission and ACER by July 2020, and which consist of:

- Statutes of the EU DSO entity, including a code of conduct;
- The financing rules and methodology for membership fees;
- Rules on the consultation process with ENTSO-E and other stakeholders;
- List of potential members.

CEDEC has engaged actively in the work of the Joint Task Force and its subordinated Working Groups, which are all equipped with CEDEC representatives from the CEDEC secretariat, its member associations and companies.

Building upon the agreements between Commission, Parliament and Member States on the governance rules for the EU DSO Entity, CEDEC strongly believes that not only the letter but the spirit of the new legal framework must be respected and translated in the future EU DSO entity. The large diversity in characteristics and size of DSOs must be equally respected within the principle rules and procedures of the Entity. This applies, in particular, to the rules on the voting in the General Assembly for the election of Board members and the annual contribution (membership fees) of registered members of the Entity as well as the nomination of the President and Vice-Presidents of the Board of Directors.

Throughout the year, CEDEC has already received from its associated companies the first declarations of interest to join the Entity, following active and timely campaigns by its member associations. Every DSO who wishes to become member can become a registered member of the Entity. Final registration of DSOs through the official website ([www.eudsoentity.eu](http://www.eudsoentity.eu)) will be possible as from June 2020, directly by the DSO or with support from their national or European association.

In 2020, work will continue and primarily focus on the finalisation and submission of all deliverables to ACER and DG ENER and the preparation of the first General Assembly, to constitute the Entity in March 2021.



## Enhanced DSO & TSO cooperation

DSOs and TSOs have been working together on European level since many years on different topics, besides the common work on Network codes and guidelines (see page 28).

CEDEC, together with the other associations representing electricity DSOs, has renewed the Memorandum of Understanding with ENTSO-E in December 2019 to confirm the conditions and priorities of their cooperation.

In 2019 a common vision on Active System Management (ASM) was achieved in order to integrate all distributed resources and new service providers in the electricity system and market, to ensure system security and to create value for the customer.

The earlier TSO-DSO Data Management report from 2016 had concluded that it is necessary for TSOs and DSOs to agree on mutual processes and data exchanges to guarantee the reliable, efficient and affordable operation of the electricity system, and to guarantee non-discriminatory and efficient functioning of markets. Furthermore, the new Electricity Directive (Article 32.1) gives the possibility to the DSOs to procure flexibility services, including for congestion management in their service area.

As a consequence, European TSOs' and DSOs' associations decided to focus on the use of flexibility for grid and system purposes, and on their interaction in different market processes.

The objective of the common report, presented on 16 April 2019, is to share views and increase mutual

understanding by identifying core questions and outlining possible solutions on ASM. It also elaborates on the principles and guidelines for congestion management and its interaction with balancing, and aims at a market-based approach.

Increased cooperation between system operators at EU level – on equal footing - is necessary to tackle the future challenges of integrating distributed flexibility resources, and to realise synergies in research, development and innovation.

In 2020, DSOs and TSOs will be focussing at EU level on the informal development of a Network Code on Cybersecurity, and on the preparation of a Delegated Act on Data Interoperability.

In the frame of integrated network development planning (TSO & DSO; electricity and gas), they will work on a common approach for shared European scenarios in the TYNDP 2022 (Ten Year Network Development Plan).

They will further establish a set of KPIs, Key Performance Indicators for the smartness of grids, as stipulated in the Clean Energy Package. The aim is to guide national regulatory authorities to develop a new methodology to monitor and better target necessary infrastructure upgrades.

## The European Green Deal – towards climate neutrality in 2050

The European Green Deal, as published in December 2019, added a new chapter to the European energy and climate policy framework, and can be seen as the answer of the new European Commission on the Clean Energy Package. While the Clean Energy Package is setting the policy framework for achieving the 2030 energy and climate goals and paving the way towards the 2050 long term strategy, the European Green Deal is set to realise full decarbonisation in all sectors towards achieving climate neutrality in 2050, reinforcing the EU's climate ambition for 2030 with a 50-55 % cut in greenhouse gas emissions.

The defining character of the Green Deal is that it better matches all available technological and financial resources. It addresses digitalisation, mobility and circular economics, in addition to the energy and environment sectors, to enhance cooperation between different policy areas and consistency in energy and climate legislation.

Amongst others, the Green Deal foresees a review of key pieces of current energy and climate legislation – some of which have just recently been adopted within the framework of the Clean Energy Package – in order to align them with the new goals: the Renewable Energy Directive (RED), the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) as well as the Emissions Trading and the Effort Sharing Regulation.

CEDEC welcomes the proposed measures of the Green Deal and fully supports the Commission's ambition to make Europe the first climate-neutral continent. The EU must now deliver, by translating its increased ambitions for 2050 into clear and concrete provisions, allowing for predictability of regulatory frameworks and visibility for investors. Along these lines, CEDEC appreciates the initiative of the Commission to enshrine the EU-wide binding objective of climate neutrality in EU legislation, through a European Climate Law.

The Green Deal also foresees a strategy for Energy System Integration, which CEDEC considers a key element for a cost-efficient transition. Integrated energy systems will form the backbone of an effective and cost-efficient decarbonised EU energy system.

Focussing also on the decarbonisation of the natural gas sector, the Commission will explore within the Green Deal ways on how to support the required development of the natural gas sector towards of renewable and decarbonised gases. Realising the full potential of these gases will be crucial to decarbonise all economic sectors in the most cost-efficient manner and to ensure security of supply through seasonal storage and through long-distance transport of large amounts of renewable and decarbonised energy. CEDEC will vigilantly monitor further developments regarding future changes to the European gas framework (see page 26).

Closely following the new initiatives to come, CEDEC is involved in an active exchange with the European institutions, to help prepare future key legislation, always underlining the need for local integrated solutions.

## Digital and data – Shaping Europe's future

When Commission President von der Leyen published her political guidelines for the legislative term 2019-2024, she clearly identified 'A Europe fit for the digital age' as one of two major priorities, embracing a significant investment in new technologies, a boost in digital skills and innovation. Embedded in a new economic strategy, the guiding principle of the new digital policy is technological sovereignty of Europe. As part of its strategy the Commission has announced a wide range of policy initiatives to bring the digital transition forward.

Digital technologies are identified as critical enablers for attaining the goals of the Green Deal in many sectors. CEDEC, therefore, expects several measures which will have considerable impact on the energy sector, such as the data strategy. Following the adoption of the Directive on public sector re-use of information, also called the Open Data Directive, the Commission intends to increase the amount of data available for re-use. Data access and data sharing shall be further promoted, even in sector specific data spaces, including for the energy sector.

CEDEC believes digitalisation will bring a lot of changes in the lives of people, as energy consumers and as citizens. The smartening of the energy grids and of homes, along with the big amount of data originating from them, represents both an opportunity and a challenge for both the energy sector and citizens. Anyway, digitalisation in every part of the energy value chains will be crucial for the energy transition.

As a preparation for the future legal framework, several consultations have been conducted in 2019 to collect stakeholders' views on digitalisation in the energy sector. CEDEC replied to all energy related consultations: the Council of European Energy Regulators (CEER) Public Consultation on Dynamic Regulation to Enable Digitalisation of the Energy System, and the Stakeholder Consultation Digitalisation in the Energy Sector conducted by the Commission.

CEDEC has also actively contributed to the work streams of the Smart Grids Task Force (SGTF), which was set up in 2009 to advise DG ENER on issues related to smart grid deployment and development. Through dedicated Expert Groups

(EG), EG 1 on Data Format and Procedures, EG 2 on Cybersecurity as well as EG 3 on Demand Side Flexibility, the foundations for further work were laid. Based on their reports, which were finalised in 2019, the Commission will start informal processes on the network codes on cybersecurity and on data access and data interoperability (see page 29) in 2020.

First concrete strategies are published in the first quarter of 2020, including the Communication Europe's digital future, the Data Strategy Communication and the White Paper on Artificial Intelligence, preparing the grounds for the EU data economy for the coming five years.



## Sustainable Finance – the Taxonomy for green investments

During 2019 the discussion on a Sustainable Finance package intensified in the energy community, notably in reaction to the development of the so-called Taxonomy Report by a Technical Expert Group on Sustainable Finance (TEG). “Taxonomy” is the term used for the EU classification system for defining sustainable investments, which is set out by a Regulation and will be complemented by a series of delegated acts defining the technical criteria. This will seriously impact the capital-intensive energy sector because of its potential to influence the financing cost of certain energy technologies.

Already in 2018, the TEG had been mandated by the Commission to develop a proposal for taxonomy: a first version of the TEG report has been published in July 2019 and been opened for feedback.

The Taxonomy Regulation has been agreed in trilogue on December 2019. It sets out the objectives of the taxonomy, it blacklists solid fossil fuels as non-sustainable investment (and therefore it excludes them from the taxonomy), it introduces three categories of investments - enabling, transitional, and sustainable – and gives power to the Commission to develop the technical criteria of the classification system through means of delegated act. As from the Regulation, the work of the Commission will be advised by a Platform of experts and will build on the work of the Technical Expert Group on Sustainable Finance (TEG).

CEDEC has identified several issues for its members and reacted to the TEG report replying to the relevant consultation and carrying on parallel advocacy activities. European legislation on sustainable financing has the huge potential of reorienting investors’ decisions towards sustainable energy infrastructure projects, affecting directly and indirectly the costs of any future project in the European energy sector. Therefore, CEDEC believes it is crucial that these criteria do not hamper the development of local innovative and integrated solutions, which we consider as key contributing elements to the energy transition.

The TEG recommends much more stricter criteria than the Regulation itself, ultimately compromising the level-playing field among energy technologies and underestimating the benefits to the energy transition of renewable and low-carbon gases, gas storage, CHP and other technologies likely to play an important role in the transition towards a climate neutral economy.

CEDEC believes that the taxonomy should take into account the positive impact of different energy technologies and solutions on all environmental objectives (e.g. the transition to circular economy), as well as their social and economic impact. The



technical screening criteria need to integrate concepts such as resource and energy efficiency, evaluate their benefit in terms of resource depletion, health and climate-resilience, and take into consideration reliable and secure energy supply.

The Commission is expected to start working on the Taxonomy technical criteria by Autumn 2020.

To further promote its position, CEDEC supported in December 2019 a letter co-signed by a broad coalition of representatives of the energy sector, other industrial segments and energy end-users.

In the European Green Deal communication, the Commission underlined the need to update the Sustainable Finance framework in order to deliver on the ambitious objectives of the Green Deal.

## A future framework for the decarbonisation of the gas sector

### « Gas package » preparation

After the completion of the Clean Energy Package, the energy community has shifted its attention towards a potential “Gas Package”. This package, originally announced to be part of the Clean Energy Package and later expected by 2020, would set the regulatory framework for gas in Europe to 2030 and beyond, defining the role gas(es) and molecules will play in a decarbonised economy in compliance with the Paris Agreement.

In the 2020 perspective, the European Commission had started its preparatory work in late 2018. This consists in a series of studies on specific topics which will help frame the scope of the Gas Package. The studies range from regulation of gas infrastructure to grid tariff adaptations and the potential of sector coupling technologies .

CEDEC has been working intensively on these gas issues from the clear perspective of a decarbonised and integrated energy system. Since the publication of its report on the “Sustainable potential of gas for the energy system”, CEDEC has been defending the role of gas as part of the solution to achieve ambitious

EU energy and climate goals. Gas networks can deliver the flexibility required by future energy systems: they can absorb volatile renewable electricity production, able to store it for a long period, and they can transport large energy volumes from generation sites to demand centres. Also, DSOs must be able to use this flexibility tool to ensure efficient network development and operation but also to contribute to the transition towards a more and more decarbonised and sustainable European energy sector.

During 2019, CEDEC has monitored and contributed to the development of preparatory studies and the discussion around the future of gas at European level. By end 2019, the majority of preparatory studies commissioned by the European Commission were still to be completed. On December 2019, the Commission has published the result of its study on sector coupling.

The framework for gas in 2030 and beyond is expected to be built mainly on the Commission strategy on Energy System Integration (initially referred to as “Smart Sector Integration”). The Energy System Integration strategy, announced as part of the European Green Deal, is expected to be published on June 2020: it will address the electrification of more economy segments as well as the integration of gas and electricity wherever needed to decarbonise sectors such as heavy industry, heating and cooling, mobility. Concrete legislative initiatives for the gas market are not expected before the beginning of 2021.



CEDEC strongly believes that by building on the strengths of both the gas and electricity systems, sector coupling and sector integration will form the solid backbone of a decarbonised EU energy system.

## Terminology of new gases

In December 2018, after several months of exchanges within the New Gases Network, composed of European associations of gas companies supporting the transition to a renewable and decarbonized gas sector (CEDEC, European Biogas Association, Entso-g, Eurogas, Geode, GIE and Hydrogen Europe), CEDEC agreed with the other members of the group on a common vocabulary of gas types, namely : renewables gases, decarbonised gases, and low carbon gases (based on CO<sub>2</sub> content).

This new gases terminology has been presented by CEDEC during the 32nd and 33rd Madrid Forum in April and October 2019. The aim is to mainstream the use of a common definition and provide input to the European Commission work to define renewable, decarbonized and low carbon gases in the future legislation.

Clearly defining new forms of gases is important for the following reasons:

- Need to align used terminology in view of future debate on energy transition
- Need to integrate ambitious decarbonisation goals in the new gases terminology

- Ensure transparency on the gas production processes and their sustainability/GHG reductions
- Need to align different work streams in view of developing new gases markets
- Facilitate the distinction between Guarantees of Origin from renewable, decarbonised and low carbon gas.
- To trigger demand and investments into plants producing/using renewable, decarbonised and low carbon gases.
- To create investment perspective for the needed retrofitting of gas transmission and distribution grids.

During the second half of the year, it was already clearly noticed that the new terminology was widely used by most stakeholders in the debate on the future of the gas sector. During 2020, CEDEC and the other members of the New Gases Network will work on bringing forward the terminology and collaborate with technical institutes and NGOs.

## Methane emissions in the energy sector

In December 2019, in the European Green Deal communication, the European Commission clearly identified the need for reducing methane emissions and announced the publication of a Strategy for Methane Emissions in the energy sector.

The Methane Strategy, expected by May 2020, will outline the political objectives and set the basis for the future legislative proposals to address methane emissions in the energy sector. This would be the first time the Commission addresses companies for reducing methane emissions in the perspective of climate change.

In the framework of the Strategy, the Commission has mandated a consortium of researchers to explore measuring methodologies for methane emissions. The results of the study are expected by August 2020.

CEDEC has been following the process and engaging its members to help improving transparency and availability of information. Through its Working Group on gas, CEDEC members are sharing their best practices on Leak Detection and Repair programmes and are verifying the possibility of carrying field measurements in order to provide more precise data for the development of a EU-wide methodology. CEDEC members' feedback will feed into the GIE/ Marcogaz Action Plan on methane emissions: this Action Plan sees several industry representatives and research institutes joining forces to provide input to the Commission's preparatory work on the Methane Strategy.

## The European Network Codes and Guidelines

European network codes and guidelines for gas and electricity are detailed technical Regulations that, once entered into force, are applicable in all Member States (MS). Most of the network codes need MS to decide on country-specific thresholds and ranges. Guidelines need further development of terms and conditions or methodologies, often but not only on EU-level.

Involvement of the DSOs is required mainly for market integration and is organised within CEDEC through dedicated working groups. The network codes and guidelines impact the DSOs on financial, technical and organisational level.

Within the frame of these network codes and guidelines, data provision was and still is a hot topic, because more data with higher granularity and within shorter timeframes (near real-time) will have to be made available. Implementation in the MS of these data provisions is a big challenge.

**For electricity** the implementation of the network codes and guidelines is supported at EU-level by European Stakeholder Committees (ESCs), one for each 'family' of codes, that are chaired by ACER. CEDEC is represented in each of these committees. Dedicated expert groups are organised (e.g. on storage and on mixed customer sites) to clarify the network codes, to build up knowledge between all involved parties, and to facilitate possible amendments in the existing network codes or guidelines.

DSOs and TSOs work also on network codes and guidelines for electricity implementation in a dedicated group called the 'TSO-DSO NC-GL implementation group' which started in 2018 and focussed on specific technical issues of relevance for the TSO-DSO interface. Focus in 2019 was on the NC ER (Emergency & Restoration) for which the implementation of the LFDD-scheme (Low frequency Demand Disconnection) has a big impact on a lot of MS and a lot of DSOs will have to make additional investments in the coming years.

**For gas** the joint ACER and ENTSOG functionality platform (so called Gas Network Codes Functionality Platform - FUNC) and process was established to tackle implementation issues.

**An adapted process** for the development of network codes and guidelines is in place since the publication of the new electricity Regulation (EU) 2019/943 mid 2019.

The main differences with the existing process are:

- Network codes can be established through an implementing act (comparable with the comitology procedure), but also through a delegated act for which the Commission takes the lead and leaves less room for intervention of the Member States.
- The EU DSO entity can also develop NCs (in cooperation with ENTSO-E) if the domain touches mostly distribution.

- A new network code will be elaborated in a drafting committee with representatives of all relevant stakeholders.
- ACER will revise a NC submitted by ENTSO-E or the EU DSO Entity, and not only give a reasoned opinion.
- The Commission can still develop guidelines on its own, but now through implementing or delegated acts, and also in the domain for which network codes could be developed.

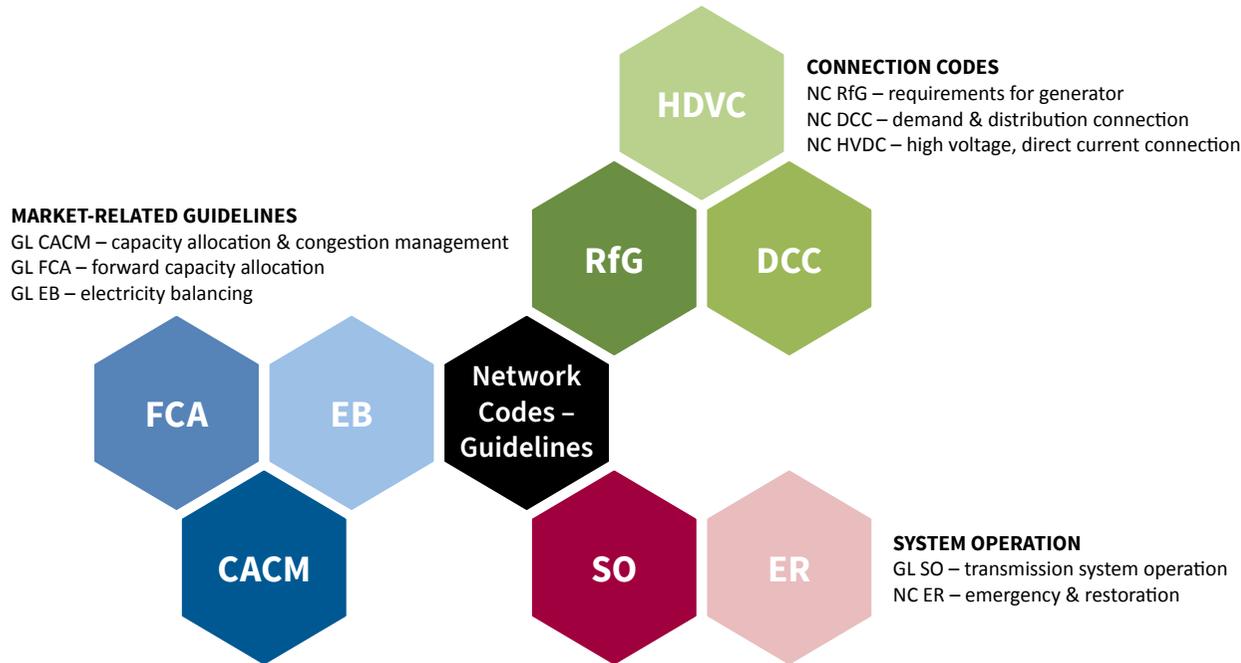
**New domains** for the development of codes have been determined in the Clean Energy Package:

- As implementing acts:
  - rules on demand response, incl. aggregation, energy storage and demand curtailment rules;
  - rules for non-discriminatory, transparent provision of non-frequency ancillary services.
- As delegated acts:
  - Sector-specific rules for cybersecurity aspects of cross-border electricity flows, on common min. requirements, planning, monitoring, reporting and crisis management.

Cooperation between DSOs and TSOs will clearly intensify in the domain of European Network Code development, for future and existing codes, and on equal footing.

## WHAT IS THE STATE OF PLAY OF THE ELECTRICITY NETWORK CODES & GUIDELINES?

Eight network codes/guidelines for electricity have been developed so far and can be classified in 3 'code families'.



### Connection Codes

NC RfG and especially NC DCC, published in 2016, have a direct impact on DSOs.

NC DCC not only imposes the DSOs to check compliance of grid users offering demand response, it also requires specific technical capabilities in new or substantially modernised interconnection points between DSO and TSO, e.g. on reactive power.

### System Operation

The GL SO, entered into force in September 2017, is also important for the DSOs, especially for the part on data exchange.

The NC ER on emergency situations and restoration of the system, which entered into force in December 2017, is important for the DSOs since it impacts amongst others the autonomy of critical distribution installations, future data exchange and the LFDD-scheme.

### Market-related Guidelines

The GL EB entered into force in December 2017 and has impact on the distribution system regarding the balancing reserves procured by the TSOs on the distribution system.

## WHAT IS THE STATE OF PLAY OF THE GAS NETWORK CODES?

Four network codes for gas have been developed so far, namely NC CAM (capacity allocation mechanisms), NC GB (gas balancing), NC IO&DE (interoperability and data exchange) and NC TAR (harmonised transmission tariff structures).

For the NC IO&DE, applicable as from May 2016, a possible impact for DSOs could be expected regarding the control of the gas quality and data exchange.

In 2019, the Commission has not proposed any new developments for gas and electricity codes for the coming years, but rather encourages a timely and robust implementation of the current codes and guidelines.

For electricity this has changed in 2020, with the initiative of the Commission to start working informally on a new network code on Cybersecurity.



# The Council in 2019 - Presidencies

## Romania



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Romania was responsible for the Presidency of the Council of the European Union from 1 January 2019 to 30 June 2019.

From the legislative perspective, the Presidency aimed to conclude the files concerning the reform of the electricity market part of the Clean Energy package, including by formalising political agreements.

In the energy field, the focus was evidently set to continue the EU's efforts to implement the Energy Union initiatives, focusing on three topics of interest, namely to continue the implementation of the Energy Union, to support the development of the future European energy system ( infrastructure, storage and innovative technologies) and to contribute to strengthening nuclear security.

Another thematic priority of the Romanian Presidency was to ensure energy transition and achieve post-2020 energy and climate change goals. The Presidency

worked towards Council Conclusions on a common vision for a future European energy system that contributes to the achievement of energy transition and energy security objectives.

The Romanian Presidency has also placed a special emphasis on all matters concerning digitalization -also a topic becoming a priority for CEDEC-, throughout the EU's society and in all economic sectors. It has made efforts to advance and complete negotiations on legislative files, such as re-use of public sector information, Digital Europe Programme and CEF-Telecom.



## Finland

On 1 July 2019, Finland took over the Presidency of the Council until the end of 2019.

Finland is the first Presidency to integrate the new Strategic Agenda into the Council's work. The strategic

Agenda provided an overall framework and direction for the work of the institutions in the next 5 years based on 4 main priorities:

- ▶ Protecting citizens and freedom;
- ▶ Developing a strong and vibrant economic base;
- ▶ Building a more climate-friendly, green, fair and inclusive future;
- ▶ Defending European interests and values on the global stage.

Concerning the National Energy and Climate Plans, Finland aimed to promote a dialogue on the national plans and provided an opportunity to discuss the Commission's recommendations on the draft national plans also at Ministerial level at the 24 September Energy Council.

Finland provided a possibility for discussions on how the climate transition can be organized.

Finland's Presidency also aimed to focus on nuclear safety over the entire lifetime of nuclear power generation and the importance of responsible nuclear waste management related to all nuclear technologies.





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