

CEDEC

Annual Report

2024



CEDEC

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 CEDEC - European Federation of Local Energy and Broadband Companies



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PRESIDENT'S STATEMENT

Dear members,

As we look back on 2024, it is with both pride and purpose that I reflect on a year marked by continued transition, resilience, and ambition. With the formal adoption of key legislative reforms secured in the previous EU cycle, 2024 introduced a new phase – one where attention shifted from negotiation to implementation, while recalibrating priorities around competitiveness, energy security, and affordability. With a new European Parliament and Commission, 2024 marked a pivotal year of consolidation and forward planning for the European energy sector. While the overall direction of the Green Deal is maintained, there is a growing emphasis on pragmatic solutions, infrastructure investments and affordability for all types of energy consumers. For CEDEC and its members, this year was defined by the need to translate complex new requirements into concrete action.

Important legislative milestones came into effect from the Fit for 55 and RePowerEU packages, including the Electricity Market Design and the Gas Package. The transition to renewable and low-carbon gases gained pace, and so too did the expectations placed on energy distribution system operators (DSOs) to adapt networks, support sector integration, and enable consumer participation. In this context, CEDEC continued to advocate effectively

for the indispensable role of local integrated energy companies, in delivering reliable and affordable energy services, integrating renewable energy in their decarbonization strategies, and supporting their local communities.

Digitalisation remained high on the agenda with the adoption of the Gigabit Infrastructure Act and Artificial Intelligence Act. Both files required careful attention to balance innovation with practical feasibility for local operators, an area where CEDEC provided valuable input by proposing workable approaches that respect subsidiarity while embracing ambition.

"Together, we will continue to shape a more local, resilient, and sustainable energy future for Europe."

In parallel, the integration of gas DSOs into the EU DSO Entity continued to evolve – too slowly but steadily. CEDEC remained actively engaged, working towards fair governance solutions that reflect the diversity of DSO profiles and ensure balanced representation.

Looking ahead, the Commission's proposal for a 2040 climate target of a 90% emissions reduction sets an ambitious course, but the proposal still provokes intensive discussions within and among member states. For CEDEC's local energy companies, this would translate into substantial additional efforts in renewables integration, grid modernisation, and managing system costs. In this context of constant pressure for decarbonization and fast deployment of renewable electrons, molecules and heat, CEDEC's own publication on enhancing energy system resilience continues underlining the importance of local, integrated approaches to ensure system resilience, stability, affordability and ultimately public support for the energy transition.

As always, CEDEC worked tirelessly to anticipate political developments, inform members on their priority concerns, and contribute constructively to technical dialogues, stakeholder fora and legislative processes. As the EU prepares for a new institutional cycle, our collective challenge will be to maintain continuity, ensure a balanced

regulatory framework, and build on the solid foundation laid over the past years. The work is far from over, but our direction is clear, and I can confidently say that the experience of 2024 confirms that CEDEC and its members are ready to lead through action.

In closing, I would like to sincerely thank you for another year of fruitful and meaningful collaboration. Your unwavering dedication and collaborative spirit continue to shape CEDEC's contribution to Europe's energy and digital future, while your expertise, experience, and commitment are what enable CEDEC to be an effective voice at European level. I am grateful for the continued trust and collaboration that underpin our work. Together, we will continue to shape a more local, resilient, and sustainable energy future for Europe.



Dr. Kai Roger Lobo



WHO WE ARE

OUR MISSION

- Representing at EU level the targeted interests of local and regional energy and broadband companies
- Delivering highest-standard and timely information services by monitoring, analysing and communicating relevant legislative initiatives
- Promoting the exchange of know-how and experience between its members and with European and international organisations

CEDEC PRIORITIES



Decarbonise



Decentralise



Digitalise



Just transition



Sectoral
integration



2000

COMPANIES

Contributing to a sustainable future with 2000 local energy and broadband companies.



100 M

CUSTOMERS

Linking 100 million European electricity, gas, district heating and broadband customers.



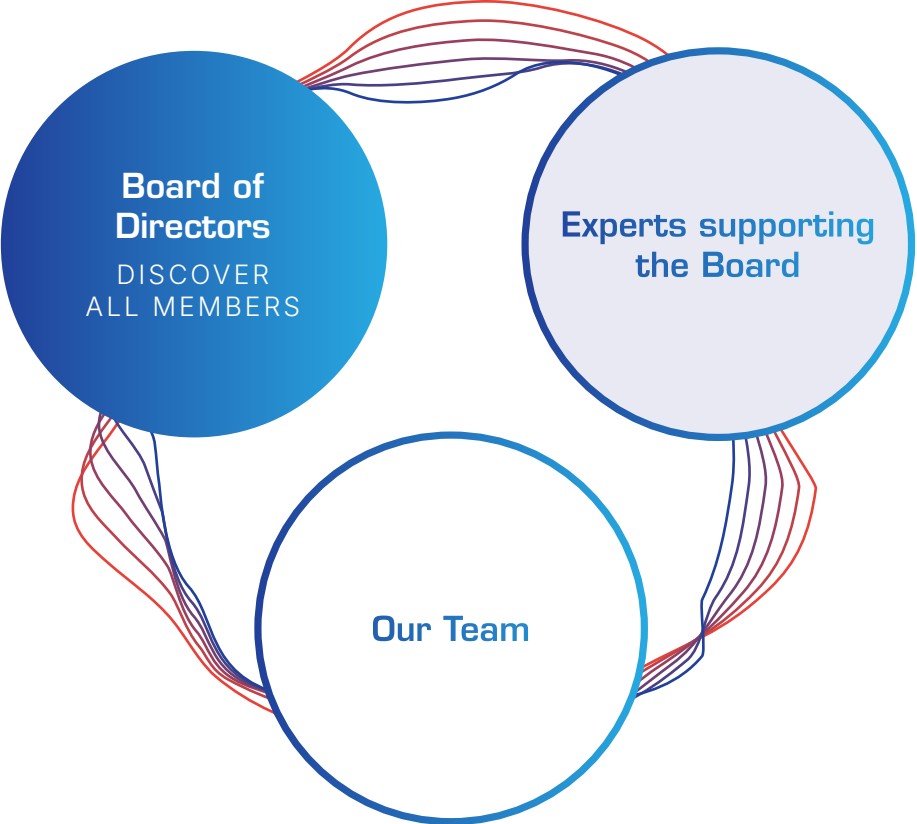
350 K

JOBS

Representing local energy and broadband companies means representing 350.000 jobs all across Europe.

*"In the process of rapidly adapting Europe's energy future, there is **no time to waste**: we share our integrated vision and know-how from the local realities".*

STRUCTURE & ORGANISATION



WORKING GROUPS

HIGHLIGHTS 2024

- On 1 January 2024, Belgium takes over the Council Presidency until 30 June 2024, focusing in the energy field on electricity grid infrastructure.
- The European Data Act (Regulation), one of the key pillars of the European data strategy, enters into force.
- The Commission adopts a decision to establish the European Artificial Intelligence Office.

JAN

FEB

- The Commission publishes a communication and impact assessment on a 2040 climate target, aiming for a 90% net reduction in GHG emissions by 2040. This is paired with the Commission's Industrial Carbon Management Strategy.
- The Council and Parliament agree on new rules to accelerate the deployment of high-capacity communication networks.
- The Commission presents a non-legislative White Paper 'How to master Europe's digital infrastructure needs', preparing the ground for the Digital Networks Act.

MAR

- The Commission publishes a communication on "Managing climate risks", including risks for Europe's energy systems, as a response to the first ever European Environmental Agency's "European Climate Risk Assessment".
- The European Parliament gives final approval on the Energy Performance of Buildings Directive (EPBD).
- The F-Gas Regulation enters into force.
- The integration of gas DSOs in the EU DSO Entity – including the election of a newly composed Board - has been confirmed by the Entity's Board of Directors to take place before end of 2025.

APR

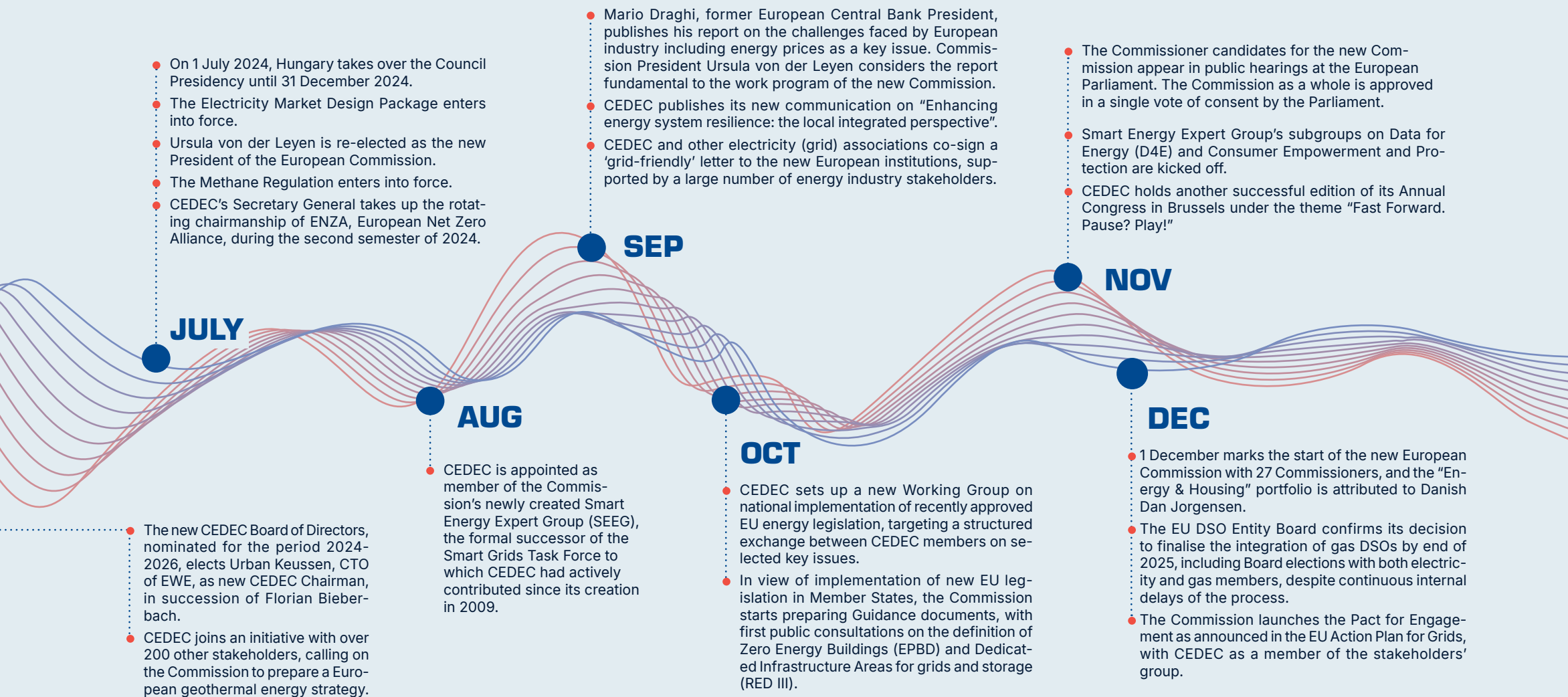
- The Alternative Fuels Infrastructure Regulation (AFIR) becomes applicable, with new rules for electric vehicle charging infrastructure.
- The European Parliament adopts the final texts on the Electricity Market Design (EMD).
- The European Parliament holds the final plenary session of the mandate 2019-2024, concluding agreements on nearly all energy, data and broadband files of interest to CEDEC members.

MAY

- A single legislative file does not pass before the European elections, because Member State unanimity is required: the Energy Taxation Directive.
- The Gigabit Infrastructure Act (Regulation), with an overall positive outcome on CEDEC priority issues, is published in the EU's Official Journal.
- CEDEC co-signs a joint statement on a proposed PFAS ban for electricity transformers with other EU electricity associations.
- The long-awaited Gas and Hydrogen Package is finally adopted, after a long trilogue negotiation process that fundamentally adapted the Commission proposal on several key issues.

JUNE

- European elections take place from 6 to 9 June, for a new legislative mandate from 2024 to 2029, resulting in a shift of the political majorities to the right.
- The European Council adopts its Strategic Agenda for 2024-2029, including elements on energy independence and acceleration of the energy transition.
- CEDEC submits a position paper on the future review of the EU telecom framework, as reply to the Commission's public consultation on its White Paper 'How to master Europe's digital infrastructure needs?' >



KEY TOPICS 2024



FROM FIT FOR
55 TO THE GAS
PACKAGE

**Entry into force
of new EU
legislation**



BROADBAND
AND DIGITAL

**Gigabit
Infrastructure
Act and Artificial
Intelligence Act**



2019 - 2024

**Wrap up of
the European
Parliament's
mandate**



PREPARING NEW
EU PRIORITIES

**On the road
to 2050**



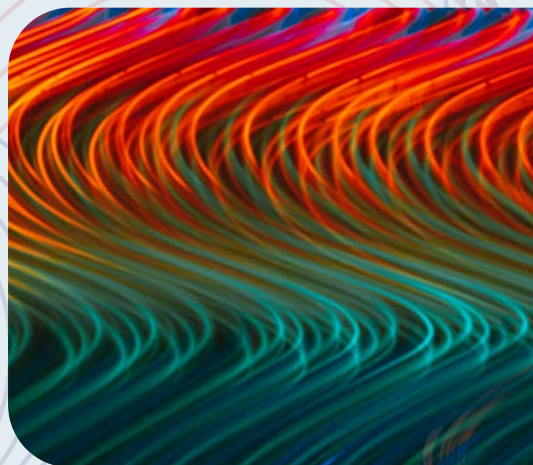
PREPARING NEW EU PRIORITIES

**The Letta and
Draghi reports**



2024 - 2029

**Establishment of
new Parliament
and Commission**



EU DSO ENTITY

**Towards
an integrated
DSO Entity
for electricity
and gas**



CEDEC
PUBLICATION

**Enhancing
energy system
resilience: the
local integrated
perspective**

FROM FIT FOR 55 TO THE GAS PACKAGE

Entry into force of new EU legislation

The **Fit for 55 package**, launched by the European Commission in July 2021, aims to cut EU greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, setting the pathway to climate neutrality by 2050. It originates from the European Green Deal (2019) and the European Climate Law (2021), which made the 2050 climate neutrality target legally binding.

Key milestones include the presentation of 13 interconnected legislative proposals in July 2021, with updates in 2022. The negotiations were held in 2022 and 2023, the latter year having seen the successful conclusions of several major texts such as the Energy Efficiency Directive and the Renewable Energy Directive, the Alternative Fuels Infrastructure Regulation, the revision of the Emission Trading Scheme (ETS) Directive. In all of these negotiations, CEDEC obtained significant successes and substantially reinforced their positions.

REPowerEU was introduced in May 2022 in response to Russia's invasion of Ukraine, aiming to reduce EU reliance on Russian fossil fuels before 2030. It builds on Fit for 55, accelerating clean energy transition through a mix of energy savings, diversification of supplies, and rapid deployment of renewables through amendments to the Renewable Energy Directive.

In 2024, the first provisions of both packages entered into force.

The **Revised Renewable Energy Directive** entered into force on the 20th November 2023, and the first provisions on permitting reached their transposition deadline by the 1st July 2024. These provisions include specific permit-granting rules for repowering, solar rooftop and heat pumps. This is of particular interest for CEDEC members as it entails strict deadlines for permit-granting, including the connection of renewable assets to the grid. Another transposition deadline of the Renewable Energy Directive will be the 21st May 2025, including the exemplary role of public buildings and disclosure of data on renewable shares and greenhouse gas content by DSOs.

The **F-gas Regulation** entered into force on the 11th March 2024. The progressive phase-down of hydrofluorocarbons (HFCs) and gradual bans on certain equipment using high-GWP (Global Warming Potential) F-gases will start on the 1st January 2026, and will continue progressively by 2-years steps. For CEDEC members, these rather technical provisions mean that electrical switchgear using certain F-gases such as SF6 will be gradually withdrawn from the market, according to the voltage class of the equipment. Only switchgear ordered before the entry into force can pursue operation after the respective ban dates.

The **Alternative Fuels Infrastructure Regulation** applied from the 13th April 2024. It introduces mandatory, binding targets for EU Member States to deploy infrastructure for alternative fuels, especially electric vehicle (EV) charging and hydrogen refuelling infrastructure. Main entities concerned are operators of charging infrastructure for electric vehicles, through the obligation of compliance of new charging stations with digital payment and smart charging, which will then gradually apply to renovated stations. New requirements have also implications for electricity DSOs as they are responsible for grid connections and load management. Especially, DSOs must support the deployment of smart and bi-directional charging, which requires coordination with charging point operators and system operators. DSOs are also expected to upgrade local distribution networks to support increased electricity demand from recharging infrastructure.

The **revised Emissions Trading Scheme (ETS) Directive**, contained a deadline in 2024 for transposition of key provisions of Article 1. For CEDEC members, this transposition will translate into the obligation for fuel suppliers to purchase and submit emission permits.

The Electricity Regulation and the Electricity Directive both entered into force on the 16th July 2024.

On the 16th July 2024, several articles of the **Electricity Regulation** entered into force, including the possibility of the use by DSOs of the data from Dedicated Measurement Device (DMD), the inclusion of anticipatory investment in network charges and the cooperation between TSOs and DSOs on available connection capacity. Other provisions will gradually enter into force in 2024 and 2025.

The changes to the **Electricity Directive** centre around new rules for protecting and empowering consumers. An interesting element regarding consumer empowerment is the right for households and SMEs to participate in energy sharing. The proposal by the Commission for a wide geographical scope for energy sharing was narrowed down – as requested by CEDEC – to a more limited area determined by the Member State. To protect consumers and ensure continuity of supply, the Directive introduces several new obligations: nominate a supplier of last resort, shield vulnerable customers from being disconnected and impose specific hedging obligations for suppliers.

While the Directive entered into force on the 16th June 2024, the main transposition deadlines of interest for CEDEC members will not happen before the 17th January 2025 (flexible connections, supplier of last resort, protection from disconnections).

The **Methane Regulation** also entered into force on the 16th July 2024. Among the provisions, CEDEC welcomes the final deal's inclusion of a risk-based approach to leak detection and repair (LDAR), aligning survey frequency with pipe material leak potential. Improvements were also made to the monitoring, reporting, and verification (MRV) rules, easing initial burdens by allowing 'quantification' instead of direct measurement for distribution assets. However, CEDEC remains concerned about ineffective complexity causing too high costs, strict reporting deadlines and the lack of clarity on technical standards, which will be set later by the Commission, ideally with input from a European standardisation body like CEN. After the entry into force, Member States will

have to submit their LDAR programme for existing sites by April 2025, with a gradual finalisation and monitoring until July 2028.

The **Hydrogen and Gas Decarbonisation Package** entered into force in July 2024, marking a key milestone in aligning the EU's gas sector with climate goals by promoting renewable gases like hydrogen.

A major provision in the **Gas Directive** is the legal separation between hydrogen transmission and distribution, allowing local DSOs to operate hydrogen networks under distinct rules. Unbundling requirements are extended to hydrogen, including a key exemption for companies serving fewer than 100,000 gas and hydrogen customers. The package regretfully and artificially separates the role of gas and hydrogen DSOs in infrastructure planning, instead of mandating closer coordination between gas, hydrogen, electricity, and heating operators to support integrated local energy systems.

Although the Directive and Regulation will apply from 2025, their adoption in 2024 sets the legal and political foundation for implementation.

CEDEC is closely monitoring the implementation of the Fit for 55 and RepowerEU Packages at national level. For this purpose, CEDEC has launched a new **Working Group on Implementation** in December 2024. The aim of the group is to provide benchmark to members on the status of transposition and implementations of key EU legislation at national level, inform members about implementing deadlines and practicalities, and provide concrete tools for members to advocate for better implementation at national level. The group has decided to focus their analysis on an agreed limited number of specific articles from Directives and Regulations both covering the electricity and gas sectors.



BROADBAND AND DIGITAL

Gigabit Infrastructure Act and Artificial Intelligence Act

In 2024, the European Union made significant advances on the Gigabit Infrastructure Act (GIA), a key legislative initiative aimed at accelerating the deployment of high-speed digital networks across the EU. This Act replaces the 2014 Broadband Cost Reduction Directive and introduces measures to simplify and expedite the rollout of very high-capacity networks (VHCNs), such as fiber and 5G, in line with EU's Digital Decade targets.

Following the Commission's publication in early 2023, and the Parliament's and Council's positioning later that year, trilogue negotiations started late in 2023 and were held until February 2024, when the Council and the Parliament reached a Provisional Agreement. The Regulation was published in the EU's Official Journal on the 8th of May and its provisions are to become applicable 18 months later, in November 2025, allowing Member States time to align national regulations.

There was an overall positive outcome on the main CEDEC priority points.

Firstly, the possibility to offer 'bitstream access' was introduced as an alternative means of access to existing physical infrastructure, such as ducts. Network operators will have the possibility to refuse access to other existing infrastructure if they can provide a viable

alternative means of open wholesale active access, subject to specific conditions. Such an additional ground for refusal preserves the incentive for publicly-owned network operators, like CEDEC member companies, to deploy broadband infrastructure at local and regional level and avoids inefficient duplication of networks.

CEDEC also welcomed the exemptions for critical infrastructure from the strengthened information obligations, providing for a better balance between demands for transparency and ensuring the secure functioning of the systems.

Moreover, the agreement entails some changes to the Commission proposal regarding permit granting procedures, including the possibility for Member States to derogate from the principle of the 'tacit approval' – which means that in the case of an administrative authority not responding to a request for permit granting within a set deadline, the absence of answer is treated as an implicit authorisation.

Overall, the GIA is a cornerstone of the EU strategy to achieve comprehensive gigabit connectivity and 5G coverage by 2030, fostering digital inclusion and economic growth across the EU.

Another significant milestone of the European Union in 2024 was the adoption of the Artificial Intelligence Act (AI Act), establishing

the world's first comprehensive legal framework for AI regulation.

The regulation defines specific fields of application, in which the use of an AI system is considered to be high-risk. High-risk AI systems have to meet strict requirements before they are placed on the market. The rules also apply to deployers of relevant AI systems that will have to take appropriate technical and organisational measures.

For CEDEC members, the key issues concern the definition of AI systems and the classification of AI systems as high-risk. There was an overall positive outcome on CEDEC's priority action points. For instance, the definition of AI systems was narrowed down to provide clear criteria distinguishing AI from simpler software systems. There is also the clarification on the notion of 'safety component' and on when an AI system intended to be used as a safety component, e.g. in the supply of electricity, gas and district heating, is to be considered high-risk. Finally, the final text entails provisions regulating general purpose AI models, such as ChatGPT.

Overall, the AI Act represents a significant step in regulating artificial intelligence, aiming to create a balance between innovation with ethical considerations and safety. Its phased implementation will allow stakeholders to adapt to the new requirements.

2019 - 2024

Wrap up of the European Parliament's mandate

On the 25th April 2024, the European Parliament held the last plenary session of its mandate. Despite the exceptionally high number of files proposed by the Commission under this mandate, agreements were successfully concluded for nearly all those of interest to CEDEC members.

Major changes were introduced to most EU energy and climate rules, including on renewable energy, energy efficiency and emissions trading, as well as on buildings and alternative energy infrastructure for transport. For instance, the Renewable Energy Directive was



revised to increase the binding EU target for renewable energy consumption to at least 42.5% by 2030, with the ambition to reach 45%. The Energy Efficiency Directive was also reinforced, setting more stringent targets for energy savings across sectors. In response to the energy crisis triggered by Russia's invasion of Ukraine, the Parliament endorsed the REPowerEU initiative. The frameworks for the electricity and molecules markets also received significant updates, with stringent new requirements on f-gases and methane emissions for operators of electricity and gas infrastructure.

New rules on artificial intelligence, data use and digital infrastructure were also set, with significant impacts for both energy and broadband operators. One of the cornerstones was the Gigabit Infrastructure Act, aimed at accelerating the deployment of very high-capacity networks, including 5G and fiber optics. The Digital Services Act (DSA) and Digital Markets Act (DMA) were furthermore enforced, reshaping the EU's digital landscape and setting new standards for fairness, transparency, and accountability in digital and telecom ecosystems.

The Parliament also adopted the NIS2 Directive, which significantly broadened the scope of entities required to adhere to risk management and reporting obligations.

These many agreements, with overall positive outcomes for CEDEC members, were formally adopted and most entered into force. Member States were consequently tasked with their implementation.

However, significant challenges persisted on the Energy Taxation Directive throughout the year, hindering progress. This proposal intended to overhaul the current framework for taxation of energy products in the EU, adopted over 20 years ago, to better align it with the EU's climate and energy objectives. It proposed to set minimum tax rates for energy products according to their energy content and environmental performance, as well as their final use, e.g. heating or transport. Unfortunately, in CEDEC's view, the Commission's initial text fell short of this aim by applying the lowest tax rate to electricity regardless of its source, while taxing renewable gases multiple times this amount. The slow progress on this file can be attributed to its topic, as tax matters are indeed particularly sensitive for Member States, which struggled to overcome their divergences in the Council. Within the European Parliament, disagreements over tax exemptions for electricity and the absence of indexation mechanisms also led to a failure to reach a consensus. As of the end of 2024, the revision of the Energy Taxation Directive remained unresolved.

PREPARING NEW EU PRIORITIES

On the road to 2050

On the 6th February 2024, the European Commission presented its Communication for a 2040 climate target for the EU. Although non-binding, the Communication opens a political debate on the way forward for European climate and energy policies. This will inform the new Commission, which will make the legislative proposal to include the 2040 target in the European Climate Law and will ensure that the appropriate post-2030 policy framework is in place.

In this Communication, the Commission recommended reducing the EU's net greenhouse gas emissions by 90% by 2040 relative to 1990, which corresponds to the most ambitious scenario among the three scenarios presented under the impact assessment.

In the energy sector, reaching the 90% emissions reduction target will require near-complete decarbonisation of electricity by the late 2030s, driven largely by renewables, with support from nuclear and technologies like carbon capture. Major investments in smarter, more flexible power grids are necessary, but keeping grid costs manageable for consumers is a key regulatory goal. The Communication also highlights the growing importance of low-carbon and renewable gases

and fuels, requiring infrastructure updates for more decentralised production. While fossil gas will still be used in 2040 for industry, buildings, and electricity, its consumption is expected to drop by 80%.

The Commission's proposal for a 2040 climate target of a 90% emissions reduction sets an ambitious course, but the proposal still provokes intensive discussions within and among member states.

CEDEC has always supported ambitious climate and energy objectives in line with the Paris Agreement, but has also stressed the need for balance between decarbonisation, security and affordability: and insisted on keeping the system costs of the energy transition as reasonable as possible to maintain the overall public support for the energy transition. For these reasons, CEDEC continues to support a balanced, cost-efficient and technology-neutral approach including electrification and system integration.



PREPARING NEW EU PRIORITIES

The Letta and Draghi reports

In 2024, two reports that were triggered by the European Commission and the European Council outlined complementary visions for the future of the European Union: the Letta report, **“Much More Than a Market”**, and the Draghi report, **“The Future of European Competitiveness”**.

Following a request from the European Council, a non-binding high-level report was published on the 17th April, written by Enrico Letta, former Italian Prime Minister. Its aim was to provide a comprehensive evaluation of the European Union’s single market, providing concrete policy proposals.

On energy, the report focused on the cross-border dimension of the EU electricity market and on cross-border energy infrastructures. While it underlined the crucial role of energy infrastructures, distribution grids were only mentioned once. The report also called for enhancing resilience, by introducing strict cybersecurity standards as a binding criterion in the procurement of new energy infrastructure.



On electronic communications networks and services, ‘the report’ echoed the Commission’s White Paper “How to master Europe’s digital infrastructure needs”. To ensure continuation in consumer welfare, in terms of low prices, choice and quality of services, the report proposed a pan-European approach with a single regulatory body at EU level, guaranteeing coherence of the rules and independent national regulatory authorities to deal with domestic services, local networks and consumer protection.

Later in the year, on the 9th September, Mario Draghi, former European Central Bank President, published his report titled **“The Future of European Competitiveness”**. The two-part document laid out a strategically integrated vision for revitalizing EU’s global competitiveness, through a stronger focus on the interconnection of decarbonisation and competitiveness via a Clean Industrial Deal.

On energy, the report identified high and volatile energy costs as one of the most significant barriers to a competitive European industry. The called for a reduction of EU-wide energy taxation and was rooted in technological neutrality, urging the use of all available solutions, such as renewables, hydrogen, carbon capture, nuclear, and storage, to accelerate decarbonisation efficiently and affordably.

The report also included a detailed infrastructure modernisation strategy, proposing massive investments in both transmission and distribution grids as well as enhancing system integration, storage, and demand flexibility to contain overall system costs.

Furthermore, the report made strong recommendations for broader industrial policy reform, such as calling for a new approach to competition policy and public procurement law, criticizing fragmented structures in sectors like telecommunications and waste management.

On electronic communications networks and services, the report reiterated key demands of the White Paper on the planned ‘Digital Networks Act’, emphasising the promotion of large, cross-border telecommunications operators.

The report proved to be impactful through the integration of many elements in the Mission Letters for all new EU Commissioners, thereby forming a fundamental part of the new EU Commission’s work programme.



2024 - 2029

Establishment of new Parliament and Commission

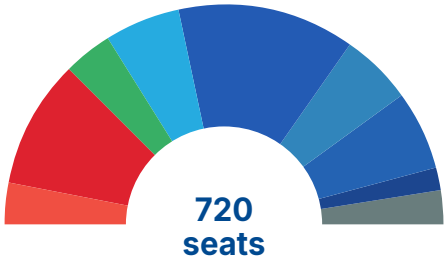
The 2024 European Parliament elections, held from 6 to 9 June, marked a pivotal moment for EU governance, particularly in shaping climate and energy policies. The elections resulted in a fragmented Parliament: the center-right European People's Party (EPP) reinforced its lead to 188 seats, followed by the center-left Socialists & Democrats (S&D) that stabilized on 136, while Renew Europe and the Greens suffered considerable 20% losses. Right-wing groups like the European Conservatives and Reformists (ECR, 78 seats) and Patriots for Europe (PfE, 84 seats) made notable gains. This shift to the right of the political spectrum will complicate traditional coalition-building in the center, and will change the priority setting in European political action.

In the Industry, Research and Energy (ITRE) Committee, Polish Member of the European Parliament (MEP). Borys Budka (EPP) succeeded Cristian Bușoi as chair, signaling potential changes in legislative priorities affecting energy infrastructure and innovation. The ITRE Committee has substantially evolved compared with the previous mandate, with three new MEPs as vice-chairs. Several new MEPs have come on stage with excellent knowledge and proven interest in strategic topics for CEDEC, like local energy policies, resilience of energy systems, distribution grids, affordability and protection of vulnerable customers.

See graphics about European Union online

www.results.elections.europa.eu/en/tools/comparative-tool/

European Union 2024-2029 CONSTITUTIVE SESSION



	EPP Group of the European People's Party (Christian Democrats)	188
	S&D Group of the Progressive Alliance of Socialists and Democrats in the European Parliament	136
	PfE Patriots for Europe	84
	ECR European Conservatives and Reformists Group	78
	Renew Europe Renew Europe Group	77
	Greens/EFA Group of the Greens/European Free Alliance	53
	The Left The Left group in the European Parliament - GUE/NGL	46
	NI Non-attached Members	33
	ESN Europe of Sovereign Nations	25



The European Commission, under Ursula von der Leyen's second term, has adopted a more center-right orientation, with key portfolios dominated by the EPP. However, the appointment of Teresa Ribera, a strong climate advocate, as Executive Vice President for a "clean, just, and competitive transition" introduces a progressive counterbalance within the Commission. Ribera's main roadmap will be the development of the Clean Industrial Deal, which includes important energy-related elements such as the goal to bring down energy prices and address energy poverty.

The new energy Commissioner for Energy and Housing Dan Jørgensen from the Danish Social-Democrats, will support the energy dimension of the Clean Industrial Deal. Among his tasks will be the implementation of the Action Plan for Affordable Energy Prices, the proposal of an Electrification Action Plan and a Citizen Energy Package to increase citizen's participation in the energy transition. Jørgensen will also work on a future Grid Package, with the aim to upgrade and expand grids to support rapid electrification.

For CEDEC, these developments imply a more complex regulatory environment. While the overarching goals of the European Green Deal remain, the path forward may involve increased scrutiny of energy policies, potential delays in implementing unprecedentedly complex new regulations, and a heightened emphasis on balancing industrial competitiveness, security and sovereignty with climate objectives.

Towards an integrated DSO Entity for electricity and gas

Established in June 2021, the EU DSO Entity represents electricity Distribution System Operators (DSO) at EU level as the institutional counterpart of ENTSO-E for the development of network codes and guidelines. The integration of gas DSOs in the DSO Entity has been foreseen in the reviewed Gas Regulation. More specifically, the Gas Regulation foresees that at the latest by one year after entry into force the EU DSO Entity shall submit to the Commission and to ACER draft updated statutes, a list of registered members, and draft updated financing rules. A balanced representation of all participating DSOs is to be ensured, including those solely owning or operating natural gas systems.

Given the rapidly changing regulatory framework for gas at EU level, gas DSOs have an evident interest in a swift integration process, so as to gain institutional representation and ensure proper involvement in processes at EU-level. In 2024, CEDEC actively took the lead to cooperate with the other EU-level associations representing gas DSOs Eurogas, GD4S, and Geode, via a dedicated task force, to bring forward proposals on essential principles and governance rules which could serve as a basis for developing the updated draft statutes of the EU DSO Entity. First proposals on essential principles and governance rules were prepared by CEDEC already in September 2023. A first set of principles and rules agreed at the gas DSO side was shared with the DSO Entity in January 2024. The proposal was also presented to the Com-

mission DG ENER in March. CEDEC moreover demonstrated active engagement during meetings with the EU DSO Entity Secretariat to present balanced compromise proposals, in close coordination with CEDEC members active at all levels in the process.

In an Entity Board meeting in April, a decision was reached that the process of integrating gas and hydrogen DSOs in the DSO Entity must be finalised by end of 2025. The Entity set up a working structure consisting of four Task Forces and a Sounding Committee.

Concrete work on the updated statutes and rules on budget and financing started in June. CEDEC ensured good representation of its members in the Sounding Committee and in the Task Forces

However, continuous delays hindered the work progress since the start in June, with too many options on governance structures brought on the table by the Entity secretariat, not steering towards a choice of final options.

The Entity Board meeting in July made a first evaluation of the numerous governance proposals presented by the Entity secretariat to Task Force statutes.

On CEDEC's proposal, an informal exchange was set up between the Presidents of the DSO Entity and the four EU gas DSO associations at the beginning of September. The CEDEC President insisted on precise milestones to ensure that deadlines will be respected. But although

it was agreed to make a choice for a preferred Board governance structure during the following Board meeting on the 18th September, the announced discussion did not take place and the decision was delayed.

Continuous meetings of Task Forces were taking place in the meantime, with CEDEC ensuring a very active representation of its members in the albeit disorganized process. To aid the process, consistent regular coordination meetings have taken place between the four EU associations representing gas DSOs.

CEDEC came up in December with a reasonable and efficient compromise which was agreed on during the Task Forces and Sounding Committee.

The last Entity Board in 2024, on the 18th December, was not prepared to compromise, mainly due to opposition of big electricity-only DSOs, and all possible options were once again put on the table instead of guiding the process towards a concrete decision on a balanced governance option.

Moving into 2025, CEDEC will remain at the disposal of its member associations and its member companies for continued coordination to carry on the strong representation of small and medium-sized DSOs in the DSO Entity, CEDEC will continue to strive for an efficient and reasonable compromise for a successful integration of gas in the EU DSO Entity.

Enhancing energy system resilience: the local integrated perspective

In September 2024, CEDEC published its report “Enhancing energy system resilience: the local integrated perspective”. This report, designed as CEDEC’s contribution to the climate and energy debate in the view of the 2024-2029 EU mandate, highlights the unique resilience of local energy companies to climate change, supply shocks or cyber threats. It advocates for the recognition of the added value of a local, integrated and diversified energy systems that can react more quickly and more smoothly to potential disruptions or peaking demand. It also highlights the virtues of local energy companies operating multiple energy carriers, that therefore benefit from a horizontal view of the energy system and are better equipped to react to any disruption or shock. The overall aim of the report is therefore to bring the local energy companies to the knowledge of the new institutions, and defend this model in the context of increased relevance of energy security.

The report first specifically highlights the climate change related risks for the energy system, stressing that most renewable electricity sources are weather dependent and therefore vulnerable to weather events. It also mentioned the risks of damaging infrastructure through extreme weather, or the stress that grids have to sustain in case of a peak demand of power

during heat or cold waves. Besides climate-related risks, the report also underlines the increasing threats from cyber-attacks or physical attacks.

In a second section, the report highlights how local integrated energy systems can contribute to increasing resilience to such shocks. First, decentralisation and integration of a variety of energy sources guarantees the continuous operation of the rest of the system if one part is affected. The typical shorter distances between production and consumption also guarantee less infrastructure need and a quick intervention in case of disruption. The report then advocates for diversification of energy sources to reduce the impact of the failure of

a single source, and underlines the agility and adaptability of local energy companies.

The report includes concrete illustrations of integrated and resilient local energy systems from CEDEC’s members, such as the city of Hamburg (Hamburger Energiewerke). In this example, the report highlights how the city approaches the coal phase-out by 2030 through a diversification of heat supply including heat pumps, combined heat and power, industrial waste heat and power-to-heat. This typical example illustrates the agility of local energy companies to provide reliable, local and sustainable energy to their citizens.



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This report provides highlights of CEDEC's activities for the period
1 January to 31 December 2024.

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