

# Annual Report **2017**

This report provides the highlights for CEDEC's activities from 1 January 2017 to 31 December 2017. CEDEC is legally constituted as a non-profit international organisation (AISBL) under Belgian law.



## OBJECTIVE OF THE ANNUAL REPORT

CEDEC worked intensively on European energy initiatives throughout the year 2017. 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.

This report also features the positions adopted by CEDEC on European energy policy.

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,

The main field of action in 2017 was the on-going biggest EU reform of the energy sector in 20 years: based on the Commission initiative published in November 2016 under the name of “Clean Energy Package”, the proposal has been intensively debated and amended in the European Parliament and between EU Member States, within the Council. A new general energy & climate framework should be ready for implementation before the next European elections, in May 2019.

Local energy companies, due to their integrated activities in the energy sector, are deeply involved in this huge reform, touching the market design structure, renewable energy and efficiency policies and targets, as well as security of supply. Local shareholders and energy customers will all be affected by the different parts of the Package and therefore an intensive work has been necessary in 2017 and will continue until the end of the legislative procedure.

Given the large diversity between Member States in terms of market dynamics and energy landscape, renewables development and energy efficiency policies, subsidiarity and proportionality should be of central concerns when developing a European framework. This message has been at the basis of CEDEC lobbying activities, along with the refusal

of a silo-thinking approach when dealing with different energy sectors. Instead, we support sectoral integration, which links the electricity, gas and heating & cooling sectors together, and encourages synergies by boosting efficient solutions. The voice of the local energy companies also advocates for a better balance between the “all market” approach and regulated measures, in particular where the market cannot deliver competitive local solutions.

Our European association - with more than 1500 engaged local energy companies - has proven to be a valuable partner for EU policy makers and has further increased its visibility and contacts during 2017. I would like to thank our members for their support, which has been very precious in the formulation of CEDEC positions and in the political negotiations. Combined efforts will be necessary until the end of the on-going legislative procedure to secure the significant results that have been reached so far and that have confirmed CEDEC's influential presence in the European energy landscape.

**Rudi Oss**

CEDEC President





# Who is CEDEC?

CEDEC represents the interests of more than 1.500 local and regional energy companies with a total turnover of €120 billion, serving 85 million electricity and gas customers and connections, with more than 350.000 employees.

These predominantly medium-sized local and regional energy companies have developed activities as local electricity and heat generators, as operators of distribution grids and metering systems for electricity, gas and heating & cooling, and as energy (services) suppliers.

The wide range of services provided by local utility companies is reliable, sustainable and close to the customer. Through their investments and local jobs, they make a significant contribution to local and regional economic development.

The political and regulatory framework applicable to the internal energy market must be set up in a way to exploit the structural advantages of local and regional companies, especially in the light of the energy transition.

As shareholders and management are both situated close to their customers, they carefully consider their interests throughout all decision-making processes.

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

## Characteristics of companies affiliated with CEDEC

- They are key players in competitive energy markets: without a diversity of competitors, no real competition is possible.
- They play an active part in the entire value chain and they aspire to civic value: local generation, distribution system operation, management of metering systems and data, supply of energy and related services.
- They are mostly small and medium-sized energy companies with local and regional shareholders: key players in regional economic development, investments and local jobs.
- They contribute to achieving the EU energy and climate targets: through investments in local sustainable energy generation, efficient and smart grids and energy efficiency services.

# Mission Statement

CEDEC's missions consist of:

- 1 Representing its affiliated local and regional companies' interests in their relationship with European authorities;
- 2 Promoting knowledge exchange and experience on key energy issues. CEDEC acts as a round table for local and regional companies operating in the energy field. It promotes 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 affiliated companies 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 current political initiatives taking place at European level, through Board and Working Groups meetings, seminars, website & information portal, newsletter and press flash;
- ▶ Develop common positions on relevant 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 studies and research to deepen analyses in the fields of economics and technology.

## Key figures

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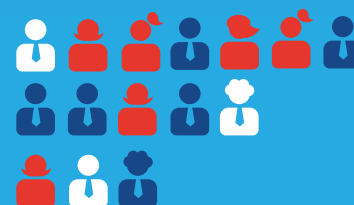


1500  
companies



120 bn €  
turnover

350.000  
employees



85.000.000 customers



# The organisational bodies

## Executive Board

CEDEC's Executive Board is designated by the General Assembly and is composed of representatives of each member association or company. The Board meets regularly, in Brussels or in a Member State.

During 2017, the Executive Board met on 2/2/2017 (Venice – Italy), 23/03/2017 (Brussels – Belgium), 22/06/2017 (Amsterdam – The Netherlands), 9/10/2017 (Brussels – Belgium), 7/12/2017 (Berlin – Germany).

The Executive Board decides on the association's political and administrative strategy, and delegates the day-to-day management to the Secretary General.

## Day-to-day management

Gert DE BLOCK – Secretary General  
Catherine BIREN – Office & Event Manager  
Ludovica Sara FONDI – Policy and Communication Officer  
Alice FRANZ – Policy Officer  
Marc MALBRANCKE – Coordinator Network Codes

## Members of the Executive Board (31/12/2017)

### **Chairman**

Rudi OSS, Dolomiti Energia / Utilitalia, Italy

### **Deputy Chairmen**

Andreas FEICHT, WSW Wuppertal / VKU, Germany

Luc HUJOEL, Sibelga / Synergrid, Belgium

André JURJUS, Netbeheer Nederland, The Netherlands

Akhobi SITOU, Séolis / ANROC, France

### **Administrators**

Jean-Paul AMOUDRY (Syane / FNCCR)

Sandro CECILI (Acea / Utilitalia) (until 7<sup>th</sup> December 2017)

Giampietro CIGOLINI (AGSM / Utilitalia) (until 5<sup>th</sup> October 2017)

Giordano COLARULLO (Utilitalia) (from 7<sup>th</sup> December 2017)

Michele CROCE (AGSM / Utilitalia) (from 5<sup>th</sup> October 2017)

Claude DESAMA (ORES / Intermixt)

Plamen DILKOV (SPEE-BG)

Michel FAURÉ (SICAP / FNSICAE)

Peter FLOSBACH (DEW21 / VKU)

Heidrun MAIER-DE KRUIJFF (VKÖ)

George RODENHUIS (Netbeheer Nederland)

Andreas ROß (NRM / VKU)

Elisa SCHENNER (Wiener Stadtwerke / VKÖ)

Göran SÖRELL (Sundsvall Elnät / Elinorr)

Marc-Antoine SURER (SilCOM / Multidis)

Géry VANLOMMEL (Infrac / INTER-REGIES)

Kirsten WILKESHUIS (Netbeheer Nederland)

Michaël WÜBBELS (VKU)



### **Assistants to the Executive Board**

Pierre BOULNOIS (FNSICAE)

Mirco CALIARI (AGSM / Utilitalia)

Bérénice CRABS (SYNERGRID)

Eric DAVALLE (SIE / Multidis)

Francesco DELFINI (FNSICAE)

Dieter GISIGER (SEIC / Multidis)

Pascal GRIMAUD (Soregies / ELE)

Alain PETIT (Intermixt)

Yves RAGUIN (FNCCR)

Pascal SOKOLOFF (FNCCR)

Guillaume TABOURDEAU (ANROC)

Björn TER BRUGGEN (Sundsvall Elnät / Elinorr)

Christian VIAENE (Sibelgas / Intermixt)

### **Commissioners**

Karl FERRARI (SEL-A.G / Utilitalia)

Pascal GRIMAUD (Soregies / ELE)

Jacques VANDEBOSCH (INTER-REGIES)

# WORKING GROUPS

CEDEC coordinates several Working Groups, each one focusing on a specific field of expertise.

These Working Groups have as a mission the deeper analysis of specific topics and the elaboration of position papers\*.

## 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 grids. The new roles and responsibilities of DSOs, 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 Isabel Orland (VKU - DE), focuses on strategic European gas topics that are relevant for local and regional gas companies and the gas DSOs, including renewable gases and the developments of the European Network Codes for Gas.

## WORKING GROUP “CONSUMERS”

The Working Group “Consumers”, chaired by Ludovica Sara Fondi (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).

## WORKING GROUP “TRADING”

The Working Group “Trading”, chaired by Peter Schmidt (VKU - DE), handles subjects regarding wholesale markets in a broad sense, in particular MIFID, REMIT, capacity mechanisms and balancing issues.

## WORKING GROUP “ENERGY AND CLIMATE”

The Working Group “Energy and Climate”, chaired by Gert De Block (CEDEC) focuses on the Commission’s proposals linked to the EU Climate Agenda, such as renewable targets and policies and energy efficiency issues, as well as the EU ETS scheme.

## WORKING GROUP “HEATING AND COOLING”

The Working Group “Heating and Cooling”, chaired by Gert De Block (CEDEC), was established in 2016 to follow EU legislation on this crucial sector. After a non-legally-binding communication on a European Heating and Cooling strategy, the Commission proposed also concrete legislative measures in the Clean Energy Package that need to be followed-up carefully, such as the mainstreaming of renewables in the sector.

## WORKING GROUP “GRID TARIFFS”

The Working Group “Grid tariffs”, chaired by Ilse Malfait (Infrax - BE), analyses the different grid tariff models and related regulatory approaches throughout the EU Member States, and develops concepts on future-proof grid tariff structures.

## WORKING GROUP “NETWORK CODES ELECTRICITY”

The Working Group “Network Codes Electricity”, chaired by Marc Malbrancke (INTER-REGIES - BE), follows 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).

## POLICY GROUP

The Policy Group, chaired by Gert De Block (CEDEC), aims at facilitating the information flow among members and the preparation of strategic decisions of the Executive Board.

\* A new Working Group has been set up in 2018 to follow the Commission initiative to review the Public Sector Information Directive

# Membership

CEDEC counts among its members national or regional federations of local and regional companies, all active in the energy field.

The specific characteristics of the local and regional companies, locally anchored through their local shareholders, strongly motivate them to have their own specific voice at EU level.

Cooperation among all local and regional companies strengthens their representation with the European institutions and organisations, and optimise the defence of their particular and legitimate interests.

Companies or organisations interested in joining forces with CEDEC – as an effective or associated member – can contact the CEDEC Secretariat, or address an application request at [info@cedec.com](mailto:info@cedec.com).





# 2017 Key Topics

## THE “CLEAN ENERGY PACKAGE”:

EU Institutions & Stakeholders’ Discussion

## SHAPING THE FUTURE OF A NEW MARKET DESIGN FOR ELECTRICITY AND GAS

## THE HEATING & COOLING SECTOR

## DSO AND MARKET FLEXIBILITY

## CONSUMERS & PROSUMERS

## NETWORK CODES AND GUIDELINES

## EU EMISSION TRADING SYSTEM REVIEW

## THE COUNCIL

## The “Clean Energy Package”: EU Institutions & Stakeholders’ Discussion

2017 was an intensive year of negotiations. With 8 legislative dossiers under revision, the Clean Energy Package for all Europeans proposed by the European Commission in November 2016, is the biggest EU reform of the energy sector over the past 20 years.

In 2017, a lot of progress was made on the Package, but additional efforts will be needed in 2018 to find an agreement and to comply with the EU’s Paris Agreement commitments. The EU institutions are working under a tight timeframe, since the ultimate deadline to adopt the texts is fixed by the EU elections in June 2019.

CEDEC worked intensively on all the different proposals of the Package.

Starting from a thorough analysis of the whole Package, CEDEC defined its key priorities, drafted key recommendations and translated them into concrete amendments. Numerous meetings with Members of the European Parliament (MEPs) and with Member States representatives were organised to share the position of CEDEC local energy companies, with the necessary follow-up, to make sure our ideas

and proposals would find their way to the formal amendments and to the negotiation tables.

The Energy Performance of Buildings Directive (EPBD) is the dossier that made most progress. At the end of 2017, the institutions had found an agreement during trilogue negotiations. CEDEC welcomed the reintroduction of the obligation for Member States to consider equally high-efficiency alternative systems like district heating or cooling and high efficiency cogeneration in new and existing buildings.

The revision of the Energy Efficiency Directive (EED) was well engaged at the beginning of 2018 – the EP voted on the text on 17 January and the Council had reached a General Approach – but tough negotiations are ongoing in the trilogue phase. CEDEC is in favour of more flexibility in the implementation of the measures proposed by the Commission, along with additional options that contribute to higher energy efficiency, such as the possibility to count additional savings achieved through more sustainable technologies in district heating and cooling.

The Renewable Energy Directive (RED) moved at a similar speed as the Energy Efficiency Directive with a general approach reached by the Council at the end of the year and a vote by the European Parliament on the same day as the EED. Trilogue negotiations are taking place under the Bulgarian Presidency. CEDEC

supports an ambitious 2030 target of energy produced with renewable sources, and advocates for the stability of the financial support for RES technologies. Facilitating the integration of RES in the heating and cooling sector is also included in the RED revision. We welcome the Commission initiative, but also worked to raise awareness on the economic and technical feasibility of the actions aiming at that purpose.

The negotiations on Electricity Directive and Regulation took more time than expected: they have been the most intensively discussed because of the number of topics they present and the different political approaches and views. Before voting on the dossiers, the Parliament needed up to 18 shadow meetings to reach compromise amendments on a large number of issues. The General Approach of the Council was only reached in December 2017. The trilogue negotiations are expected to start during the third quarter of 2018, under the Austrian presidency, and have to be finalised by end 2018. [More information about CEDEC position and progress of the dossiers under sections **“Shaping the Future of a new Market Design for Electricity and Gas”, “DSO and Market Flexibility” and “Consumers & Prosumers”** ]

## Shaping the Future of a new Market Design for Electricity and Gas

Within the “Clean Energy Package”, the Commission proposed to review the rules shaping the electricity market design, lastly modified in the framework of the “Third Electricity Package” in 2009. In light of the proposal, CEDEC lobbying activity focused on

supporting the local dimension – by pleading for a true level playing field between old and new market actors – on finding the right balance between market-based approaches and effective regulation, as well as on promoting decentralised and integrated solutions.

A competitive and flexible European internal energy market can only function if all actors – big and small – can participate actively on equal terms, with a clear definition of roles and responsibilities. CEDEC critically views the extreme market-based approach used by the European Commission, backed by the Rapporteur of the files in the European Parliament Krišjānis Kariņš (LV, EPP). We believe that effective regulation is at times needed to overcome market failures and to achieve objectives of general social and economic interest. CEDEC also insisted on the importance of synergies across sectors and regretted the lack of integrated vision within the Commission’s proposal. Silo thinking needs to be avoided in energy system development and the integration of the electricity sector with gas, heating and cooling and transport shall be supported when designing policy measures. The Council expressed a better-balanced orientation through its General Approach and the three institutions will enter in the trilogue phase not before the third quarter of 2018.

CEDEC sees in the new rules focusing on an electricity-only approach, a missed occasion to speed up the decarbonisation of the whole energy system by better linking the electricity and gas sectors. The Commission proposal to review the existing Gas directive, firstly expected to be published in 2016, then in the course of 2017, has been postponed to 2020. In 2016, CEDEC already participated in a Commission evaluation procedure in view of the expected publication of the



gas proposal, bringing in the discussion the role of gas as a sustainable source to contribute to the EU climate and energy strategy. Under CEDEC and other stakeholders pressure, the Commission now starts to support the possible contributions of renewable gases and sectoral integration .

mandatory third-party access shall be replaced with the more economically and technically feasible option of a case-by-case evaluation. CEDEC insisted on these points, which have been taken on board for the trilogue by the European Parliament and the Council. The final text is expected by mid-2018.

## The Heating & Cooling Sector

Heating and Cooling – accounting for almost half of Europe’s final energy demand – is considered as one of the key sectors to reduce CO<sub>2</sub> emissions. This is why the Commission, after a non-binding Communication in 2016, wanted to dedicate specific articles to heating and cooling in the new Renewable Energy Directive proposal included in the Package. CEDEC’s forward thinking approach lead to the publication of an early position paper in the preparation phase of the EU heating and Cooling Strategy. CEDEC lobbying activities intensified further with the publication of the Package. CEDEC supports the integration of RES in district heating & cooling - proposed by the Commission within the Package - as a tool to raise the development of renewables. However, we plead for a case-by-case evaluation of the local potential, along with specific incentives for heating & cooling infrastructure operators, reflecting the cost of required infrastructural adaptations.

The same reasoning is valid for the proposal to open all district heating and cooling grids to third-party access. The risks to render existing projects economically inefficient - and to compromise the development of new district heating & cooling projects - shall be avoided; therefore, rules demanding

## DSO and Market Flexibility

The proposals to modify the Regulation and the Directive on Market Design present a wide number of rules affecting European Distribution System Operators (DSOs).

CEDEC addressed the proposals with the basic principle that DSOs, to correctly fulfil their role as neutral market facilitators, must be able to organise the flexibility they need. Furthermore, detailed information on all grid elements and on the customers connected to the grid is essential to facilitate smart grid management. During 2017, CEDEC met and discussed with key MEPs in the European Parliament, and facilitated information flow to Member State representatives in the Council through its national associations. Key activities for DSO flexibility addressed in the package include the management of storage and public charging infrastructure for electric vehicles.

On flexibility issues, CEDEC and the other European associations representing DSOs worked on the publication of two reports on Flexibility, as well as on the organisation of an event to be hold at the beginning of 2018. The two reports, *“Flexibility in the Energy Transition: a Toolbox for Electricity DSOs”*



and “*Flexibility in the Energy Transition: a Toolbox for Gas DSOs*” set out a holistic approach for DSOs use of flexibility to assist them to contribute to the transition to a more decarbonised, decentralised and digitised energy system. CEDEC believes that features of both electricity and gas energy systems are complementary and can contribute to developing integrated and cost-efficient technological solutions. In close cooperation with other DSO associations, CEDEC also maintained its working relation with ENTSO-E in the course of 2017, especially in the domain of congestion management. A formal report is expected at the end of 2018.

Another important element introduced by the Clean Energy Package is the outline of a new formal EU DSO structure which imposed – in the proposal of the Commission – several unacceptable conditions. CEDEC strongly opposed the initial exclusion of 90% of the DSOs in the European Union (mostly the small and medium-sized), the lack of balanced voting power and representation rights, the focus only on electricity, and with almost exclusive competence for Commission and ACER in all strategic DSO issues through the future development of Network Codes on distribution. Many elements supported by CEDEC have been explicitly backed by the European Parliament and the Council, and will be discussed in the trilogue in the second half of 2018.

## Consumers & Prosumers

CEDEC supports the vital role of customers for a successful and sustainable Energy Union, and translated this position in concrete opportunities and challenges.

All customers should be protected and supported: consumers & prosumers, with a particular attention to the vulnerable ones. On energy poverty, CEDEC recommends that Member States decide how to tackle energy poverty, based on their experience in dealing with this issue, through social and/or energy policy.

CEDEC’s work aims at balancing the Commission’s market-based approach, suggesting legislative measures able to guarantee solidarity between all energy consumers. For instance, in terms of network tariffs, CEDEC pleads for an adapted financing of distribution grids, by introducing connection capacity elements in distribution tariffs.

Within the Market Design Directive, the Commission defined a framework for local energy communities, which may engage in different activities, including local energy generation, distribution and supply. CEDEC wishes to ensure that the European Parliament and the Council position include procedures and conditions for approval of the local energy community, as well as standards and requirements for security and safety. Moreover, in line with our idea to ensure solidarity between users of the grid, financing of distribution grids shall be adapted, by introducing connection capacity elements in distribution tariffs.

Data privacy remains a topic of utmost importance for customers. CEDEC supports the central role of the DSO, as neutral market facilitator, in ensuring that data is provided to all relevant parties, in a transparent, secure and non-discriminatory manner.





## The European Network Codes and Guidelines

Network codes and guidelines for gas and electricity are detailed technical European regulations that, once entered into force, are applicable in all Member States with limited or no room for transposition.

The initial goal of these regulations is to address cross-border network and market integration issues. Involvement of the DSOs is currently required mainly for market integration, and is organised within CEDEC through dedicated working groups.

The importance of the network codes and guidelines for the distribution level is obvious, since financial, technical and organisational impact can be expected. Data provision was probably the hottest topic discussed in 2017, because more data with higher

granularity and within shorter timeframes (real-time) will have to be made available in the near future.

At European level, the implementation of the electricity network codes and guidelines is supported by ESCs (European Stakeholder Committees), one for each family of codes, that are chaired by ACER. CEDEC is represented in each of these committees.

For gas, the joint ACER and ENTSOG functionality platform (so called Gas Network Codes Functionality Platform - FUNC) and process was established. Dedicated stakeholder workshops are organised by ACER and ENTSOG where implementation matters are discussed.

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

For gas, four network codes have been developed.

#### Network codes for gas

<b>NC CAM</b>	Capacity Allocation Mechanisms
<b>NC GB</b>	Gas Balancing
<b>NC IO &amp; DE</b>	Interoperability and Data Exchange
<b>NC TAR</b>	Harmonised Transmission Tariff Structures

The NC CAM concerns the mechanisms for cross-border capacity allocation in transport grids and has entered into force in April 2017. The NC GB, already applicable since 2015, is not fully implemented through Europe yet. Both NC CAM and NC GB do not have an

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

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

Eight network codes/guidelines for electricity have been developed so far.

### Network codes & Guidelines for electricity

#### Connection Codes

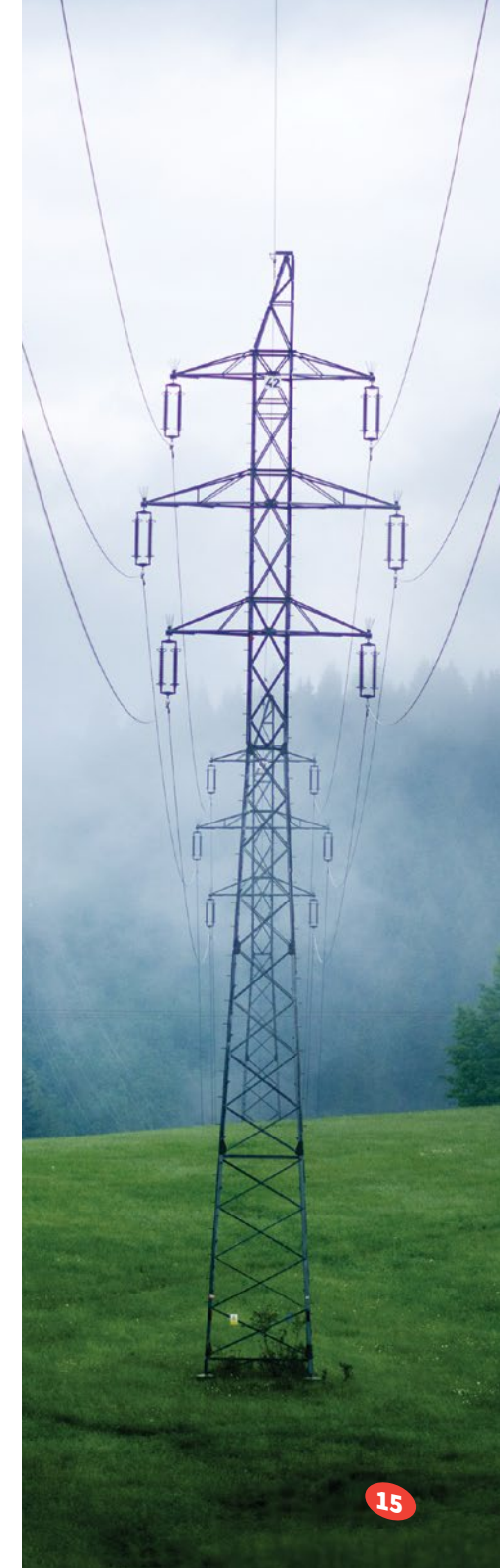
<b>NC RfG</b>	Requirements for Generators
<b>NC DCC</b>	Demand Connection
<b>NC HVDC</b>	High Voltage Direct Current Connection

#### System Operation Codes/Guidelines

<b>GL SO</b>	Guideline (Transmission) System Operation
<b>NC ER</b>	Emergency and Restoration

#### Market-Related Guidelines

<b>GL CACM</b>	Capacity Allocation & Congestion Management
<b>GL FCA</b>	Forward Capacity Allocation
<b>NC EB</b>	Electricity Balancing





### **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, as it is the case for NC RfG for the generating units. It also requires specific technical capabilities in new or substantially modernised interconnection points between DSO and TSO, e.g. on reactive power.

### **System Operation Codes**

The GL SO, entered into force in September 2017, is also important for the DSOs, especially for the part on data exchange, as the TSOs had to develop “key organisational requirements, roles and responsibilities” (KORRR). The KORRR proposed by Entso-e is contested by the DSOs due to a lack of agreement between TSOs and DSOs on how data exchange with the distribution connected grid users should be organised.

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 and future data exchange.

### **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.

In 2017, 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. However, the “Clean Energy Package” clearly proposes new domains where future codes may emerge for electricity, like cybersecurity and demand response, and for which the preparatory work even has already started.

## **EU Emission Trading System (ETS) Review**

In CEDEC’s view, the EU ETS is potentially a key instrument for climate protection which has to be combined with ambitious targets for renewables and energy efficiency.

In November 2017, a compromise was reached between the negotiators of the EU institutions on the proposal to amend the European Emission Trading System (ETS) for the period 2021-2030 (4<sup>th</sup> phase). The agreement reflects the Conclusions of the European Council to reduce Europe’s greenhouse gas emissions by at least 40% by 2030 compared to 2005 levels.

In the final round of negotiations, the institutions agreed on a number of points for which CEDEC had made a strong commitment. Therefore, CEDEC welcomes the agreement as it strengthens the functioning of ETS: the increase of the linear factor (from 1.74% to 2.2% annual rate of decline of emission allowances), the adjustments of the Market Stability Reserve (MSR) which absorbs excess permits from the market (with limited validity of allowances as from 2023) and the reduction of free allocations.



## The Council in 2017 - Presidencies



### Malta

From 1 January 2017 to 30 June 2017, Malta took over the Presidency of the Council of the European Union, as the third and the last country of the commonly called “Trio Presidency” (together with Slovakia and The Netherlands past presidencies). For 6 months, the presidency dealt with different policies such as migration, social inclusion, maritime and the single markets.

In the field of energy, preparing the adoption of the “Clean Energy Package”, the Maltese government focused on reviewing the measures to ensure energy efficiency (for EED) and reduce energy consumption in residential buildings and in the industrial sector (for EPBD). They led the negotiations that resulted in the General Approach of the Council on EPBD and EED.



### Estonia

On 1 July 2017, Estonia took over the Presidency of the Council until the end of 2017. The Programme of the Estonian Presidency was based on four priorities: an open and innovative European economy, a safe and secure Europe, a digital Europe and the free movement of data and an inclusive and sustainable Europe.

In the field of energy, intensively contributing to the adoption of the “Clean Energy Package”, they aimed at establishing a stable and well-functioning electricity market and empowering consumers, dealing especially with the market design issues within the “Clean Energy Package”. They led the negotiations that resulted in the General Approach of the Council on all of the following files : RED, ACER, Risk-preparedness and Market Design (Directive and Regulation).



# 2017 Key Events

## Workshop on “The contribution of biogas towards European renewable energy policy beyond 2020” (8 February 2017)

On 8 February, CEDEC presented its new report on the “Sustainable potential of gas for the energy system”. This report focuses on the unused potential of sustainable gas and the important role of existing gas grids to achieve the EU climate and energy objectives. The report also illustrates several gas applications in different EU Member States using innovative gas technologies.

During a workshop organised by the European Biogas Association (EBA) on the contribution of biogas towards European renewable energy policy beyond 2020, CEDEC focused on the contribution of sustainable gas and gas grids in our future energy system.



## CEDEC - Covenant of Mayors Webinar on “How to boost local gas production from biomass or waste water: Inspiration from biogas-powered cities” (30 March 2017)

On 30 March, CEDEC co-organised with the Covenant of Mayors a Webinar on “How to boost local gas production from biomass or waste water: Inspiration from biogas-powered cities”.

This online event provided an outlook into how local authorities have already seized the opportunities offered by biogas.



## Workshop with MEPs on “The Clean Energy Package – The way forward for DSOs”

(4 May 2017)

On 4 May, a workshop with MEP assistants on “The Clean Energy Package – the way forward for DSOs”, was organised by the four European associations representing DSOs in Brussels: CEDEC, EDSO for Smart Grids, GEODE and EURELECTRIC. The aim of the workshop was to explain to MEP assistants the challenges and opportunities of tomorrow’s distribution systems. Indeed, with the rising share of renewables connected to the distribution grid, distribution system operation has become a very complex business with technical, financial and IT-related challenges.



## EUSEW 2017: “Leading the Energy Transition: the different flavours of local energy communities and companies” Joint event CEDEC – Energy Cities – REScoop (22 June 2017)

The Joint event with CEDEC, Energy Cities and REScoop aimed both at bringing the existing success stories and experience from national and community level to Brussels, and identifying current bottlenecks to the implementation of renewables at local level.

The discussion focused on the instruments in the hands of local communities – like citizen cooperatives, city administrations and local energy companies – to contribute to Europe’s energy and climate targets. As a study by CE Delft showed the tremendous potential of community energy in reaching the EU 2050 renewable target, decision makers at EU and national levels should start devising appropriate governance mechanisms. This session provided insight as to what is needed to unleash this local potential in the current energy transition.





## CEDEC workshop on “R-Gas: The (R)evolution to a Sustainable Energy System” (13 June 2017)

On 13 June, a workshop on “R-Gas: The (R)evolution to Sustainable Energy System” was organised by several European associations (CEDEC, EBA, Eurogas, GEODE, Gie, Hydrogen Europe and NGVA) representing producers, suppliers, transporters and distributors of gaseous energy coming from natural and renewable sources.

A broad base of local, regional, national, and international actors was brought together to raise awareness about the potential that renewable gas can offer Europeans in terms of clean, efficient, safe and sustainable energy.

It was shown how renewable gas is not only beneficial to the energy sector in providing energy supply, renewable energy storage, enhancing carbon reduction, and utilising existing gas grids. It is also a problem-solver for the unpredictable fluctuations in renewable electricity production/utilisation, for municipal waste, for agriculture and other waste streams.



## CEDEC - Covenant of Mayors Webinar on “Promotion of energy efficiency and renewables in buildings”

(25 September 2017)

On 25 September, CEDEC co-organised with the Covenant of Mayors a Webinar on the “Promotion of energy efficiency and renewables in buildings”.

In the context of the overall EU decarbonisation agenda, the increase of the share of renewable energies and efficiency in the use of energy play a crucial role. More concretely, achieving global leadership in renewable energies and energy efficiency first principle have been placed at the heart of the Energy Union strategy. They represent important goals included in the “Clean energy package”.

The webinar showed – through a Belgian and German experience – how local energy companies actively contribute to the promotion of energy efficiency and the use of renewable energy in buildings.



## CEDEC Congress 2017 “Clean energy for all? Diversity leading to security” (10 October 2017)

On 10 October 2017, CEDEC organised its annual congress on the theme “Clean energy for all? Diversity leading to security”. The CEDEC Congress attracted a large audience of high level participants from the European Commission, Parliament and Council, from international organisations and local energy companies, as well as other stakeholders in energy and climate policy. The focus was evidently on the on-going reform based on the Commission proposal under the name of “Clean Energy Package”.

Given the intensive debate on the different legislative proposals, the CEDEC Congress provided a unique opportunity to analyse and discuss about the numerous issues of the reform, and to clarify the significant role of local companies in the inevitable decentralisation of the energy system.

The diversity of the topics discussed in the different sessions allowed to unveil or to further elaborate the opinions of EU Institutions’ representatives, CEDEC company members and different stakeholders on the political messages of the Package, the role of citizens and local actors, sustainability and sectoral integration, as well as digitalisation. CEDEC local companies emphasised how one EU-solution does not fit with the diversified local realities of market structures, and demonstrated the integrated solutions they can offer at local level to address the specific issues the Package is aiming to solve.



## January

CEDEC published its report on “Sustainable potential of gas for the energy system”.

CEDEC answered CEER public consultation on “*Guidelines of Good Practice on Comparison Tools in the new Energy Market Design*”: the answers have been used to update the Guidelines, in view of technological and market evolution.

CEDEC spoke at the CEER public hearing on “*Incentive Schemes for regulating DSOs, including for Innovation*”. CEDEC also replied to the CEER Public Consultation on the same topic, which contributed to the “10 Recommendations to Regulators” published by CEER in February 2018.

## April

## May

In view of the upcoming debates in the European Parliament, CEDEC published its “*Key Recommendations for the Clean Energy Package*”, pointing out the crucial role of local and regional energy companies.

CEDEC took part in the Electricity Forum (Florence) organised by DG ENER and which discussed detailed aspects of the future of the EU’s internal electricity market.

CEDEC participated in the Citizens’ Energy Forum (London) organised by DG ENER which notably focused on the role of local energy communities in the future energy market design.

The EU Council reached a General Approach on the Energy Performance of Buildings Directive and on the Energy Efficiency Directive.

## June

## July

CEDEC participated in the CEER consultation on the “*Draft CEER Work Programme 2018*”, pleading for support for the local dimension not only through political messages, but also with a legal and regulatory framework that incentivises decentralised and integrated solutions.

## October

CEDEC participated in the Gas Forum (Madrid) organised by DG ENER which, among others, discussed the potential future development of sustainable gas.

CEDEC, together with Eurogas, EBA, Geode, Gie, and Hydrogen Europe, produced a video on the potential role of renewable gas both for decarbonisation and for the circular economy.

The ITRE Committee of the European Parliament voted on the Energy Performance of Buildings Directive.

CEDEC co-signed the Tallinn E-energy declaration within the framework of the high-level conference on electricity markets, taking place a day before the informal meeting of energy ministers.

CEDEC contributed to the panel on “*Changing roles of DSOs*” at the CEER Annual Conference on “*Powering Towards Clean Energy in Europe*”.

## September

## December

CEDEC published its work plan 2018 defining CEDEC priorities for 2018, policy activities, participation in external working groups and collaborations with other organisations.

CEDEC, together with eurelectric, EDSO for Smart Grids and Geode, published a consultation response paper on a proposal for the Key Organisational Requirements, Roles and Responsibilities (KORRR) on data exchange for electricity on which the DSOs have a fundamental objection given its legal inconsistency with the guideline system operation.

The Council reached a General Approach on the Risk Preparedness Regulation.

CEDEC replied to the public consultation on the upcoming Review of the Directive on the Re-Use of Public Sector Information (PSI Directive).

The Council reached a General Approach on the Renewable Energy Directive, and on the Market Design Directive & Regulation.

# CEDEC Highlights 2017



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