

Annual Report **2018**



This report provides the highlights for CEDEC's activities from 1 January 2018 to 31 December 2018.
CEDEC is legally constituted as a non-profit international organisation (AISBL) under Belgian law.

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CEDEC worked intensively on European energy initiatives throughout the year 2018. 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.





The President's Statement

Dear CEDEC members and supporters,

2018 was again an intense year for CEDEC and its members. With the upcoming European elections, the institutions have intensively worked to finish key pieces of legislations. Significant progress was made with the Clean Energy Package and CEDEC, with the support of its engaged members, invested all possible energy and time to make sure the vital issues for European local energy companies were taken into consideration.

There now is a newly adapted regulatory framework to get Europe on track to accomplish the energy transition and reach our necessarily ambitious climate and energy goals, paving the way towards deep decarbonisation until 2030 and beyond.

Reflecting on the outcome of the Clean Energy Package, I believe that within CEDEC, we can absolutely welcome the efforts made by the policymakers in the different European institutions to achieve an ambitious framework that addresses the need to create a level playing field between established and new market actors, with clear definition of roles and responsibilities, and that will strengthen the local dimension. However, CEDEC has been advocating for years that a decarbonised energy sector can only be achieved as part of truly integrated systems. Therefore, I would like to underline again

today, the need to take further steps to integrate the electricity sector with gas, heating & cooling and transport, to overcome silo-thinking and to create synergies across sectors.

CEDEC will now keep a close look at the implementation of the Clean Energy Package, including implementation guidelines and relevant delegated acts. We are ready to welcome a new European Parliament and Commission and are eager to work with them and with the Council on new pieces of legislation to continue paving the way for an innovative and integrated energy system in the future, with a central role for decentralised energy actors.

I would like to warmly thank our members for their continued support, which has been essential for the successes that have been achieved during the long negotiation process on the Clean Energy Package. Thanks to our common commitment, I truly believe we have been able to secure a regulatory framework that will enable our member companies and their local shareholders to put in place a sustainable and reliable energy distribution system for customers and citizens, making our networks smart and flexible for future needs. CEDEC's initiatives have not only helped to shape the future energy system, but also raised CEDEC's visibility and proved that CEDEC is a valuable partner for EU policymakers.



Andreas Feicht
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, with more than 350.000 employees, 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.

Translating local know-how into a European vision



1500
companies

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

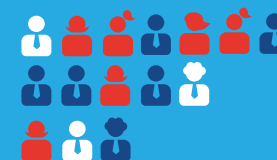
85.000.000 consumers



"Linking 85 million European gas and electricity customers, throughout small and big, 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 interests 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 affiliated companies by monitoring and analysing legislative and regulatory initiatives and communicating on relevant topics.

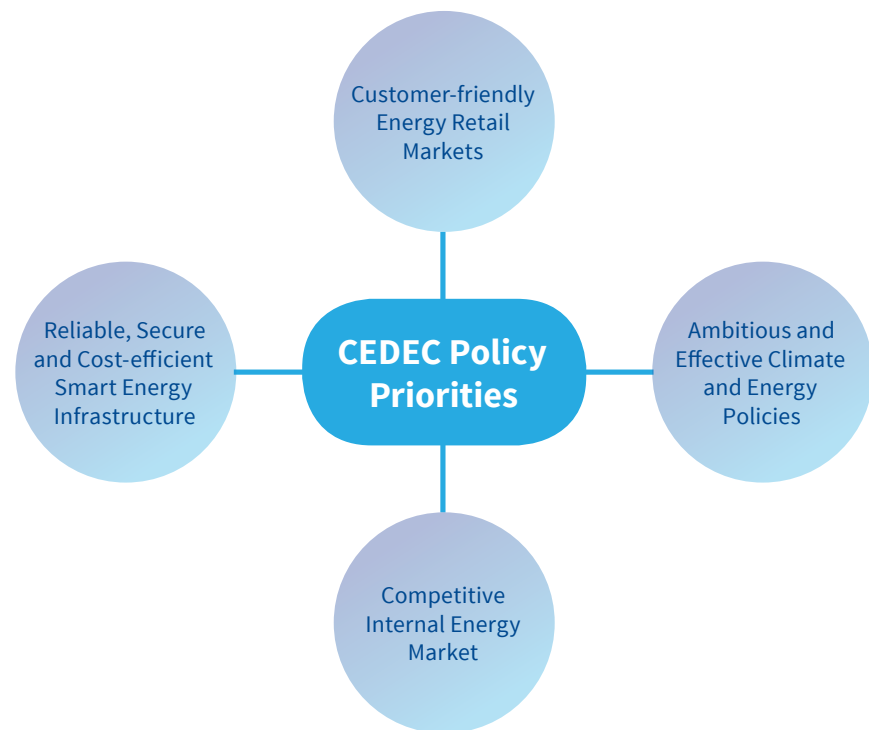
Therefore, CEDEC pursues the following activities, via its diverse bodies:

- **Inform** its members on current political initiatives taking place at European level, through Board and Working Groups meetings, seminars and webinars, 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.



CEDEC Policy Priorities

- **Customer-friendly Energy Retail Markets:** CEDEC member companies are traditionally close to the consumer. 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.
- **Reliable, Secure and Cost-efficient Smart Energy Infrastructure:** CEDEC is actively promoting the deployment of smart distribution networks to ensure reliable and secure services, while facilitating the market for smart energy services for consumers.
- **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.
- **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 and gas.



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 Andreas Feicht, Chairman of the Management Board of Wuppertal Stadtwerke. The work of CEDEC President is supported by four Vice-Presidents and the Secretary General.

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 2018, the Board of Directors met on 1/3/2018 (Brussels – Belgium), 03/05/2018 (Sofia – Bulgaria), 01/06/2018 (Rome – Italy), 15/10/2018 (Brussels – Belgium) and 6/12/2018 (Paris – France).

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

CEDEC internal Structure 2018

General Assembly

Board of Directors

President

Andreas FEICHT (WSW)

Vice-Presidents

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

Secretary General

Gert De Block

President

Andreas FEICHT (Wuppertal Stadtwerke)

Vice Presidents

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

Giordano COLARULLO (Utilitalia)
Michele CROCE (AGSM / Utilitalia)
Claude DESAMA (ORES / Synergrid)
Plamen DILKOV (SPEE-BG)
Michel FAURÉ (SICAP / FNSICAE)
Peter FLOSBACH (DEW21 / VKU)
Heidrun MAIER-DE KRUIJFF (VKÖ)
George RODENHUIS (Netbeheer Nederland)
Xavier ROSEREN (FNCCR)
Andreas ROß (NRM / VKU)
Elisa SCHENNER (Wiener Stadtwerke / VKÖ)
Stefan SEDIN (Jämtkraft/ Elinorr)
Marc-Antoine SURER (SilCOM / 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)
Florian GRÄSSLER (VKU)
Pascal GRIMAUD (Soregies / ELE)
Alberto MARIANI (Utilitalia)
Alain PETIT (Synergrid)
Yves RAGUIN (FNCCR)
Pascal SOKOLOFF (FNCCR)
Guillaume TABOURDEAU (ANROC)
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
Ludovica Sara Fondi – EU Policy Officer
Alice Franz – EU Policy Officer
Andrea Przybyla – EU Policy Officer (since 2/5/2019)



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 “SMART GRIDS”

The Working Group “Smart Grids”, chaired by Paul De Wit (Alliander – NL), focused 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) and since October 2018 by Peter Jakwerth (Wiener Netze – AT), focused 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 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 CEDEC, 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 CEDEC, focused 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 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 needed to be followed-up carefully, such as the mainstreaming of renewables in the heating and cooling sector.

WORKING GROUP “GRID TARIFFS “

The Working Group “Grid tariffs”, chaired by Ilse Malfait (Fluvius – BE), analysed the different grid tariff models and related regulatory approaches throughout the EU Member States.

WORKING GROUP “NETWORK CODES ELECTRICITY”

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 “PSI DIRECTIVE”

The ad hoc Working Group “PSI Directive” has been set up to discuss policy and legal aspects of the PSI Directive review proposal - published by the European Commission in April 2018.

POLICY GROUP

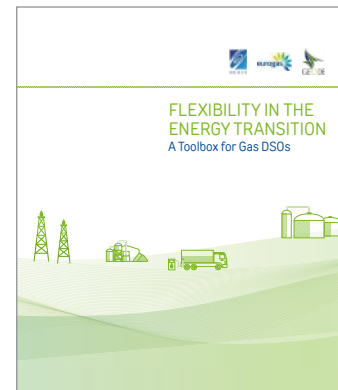
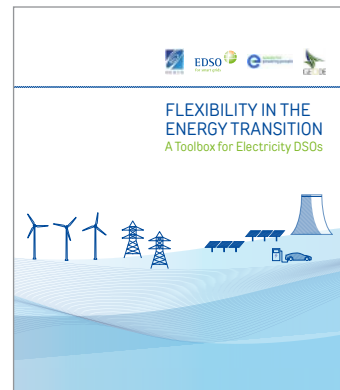
The Policy Group, chaired by Gert De Block (CEDEC), aims at facilitating the information flow among members and the preparation of strategic decisions of the Executive Board.



Cooperation highlights

27.02.2018 Electricity and Gas Associations team up on Flexibility in the Energy Transition

On 27 February 2018, the European associations representing DSOs – CEDEC, EDSO for Smart Grids, eurelectric, Eurogas and GEODE – organised a joint event to present the two reports they had been working on: “*Flexibility in the Energy Transition: a Toolbox for Electricity DSOs*” and “*Flexibility in the Energy Transition: a Toolbox for Gas DSOs*”.



Addressing a large audience, DSOs stressed that the energy transition will bring deep changes in the way energy is produced, used, stored, and consumed. This will have a huge impact on the distribution grids where flexibility will play a crucial role. DSOs will need to use this flexibility to contribute to the transition towards a more decarbonised and sustainable European energy sector. Finally, they presented a set of solutions to enable DSOs to use flexibility as a tool to operate their grids in a cost-efficient way.

7.06.2018 EUSEW sessions on “Smart Grids, renewables and storage” and on “Electricity and Gas: Married forever or happy single?”

In the framework of the EU Sustainable Energy Week (EUSEW), CEDEC participated in cooperation with Eurogas, CERRE, EDSO for Smart Grids, Eurelectric and GEODE to a Policy Conference Session entitled “Electricity and Gas: Married forever or happy single?”.

CEDEC also contributed to another session dedicated to “Smart grids, renewables and storage – leading the transition towards a new European energy system”.



12.06.2018 Joint workshop on Gas Balancing

CEDEC organised with Eurogas, GEODE, ACER and ENTSOG, a joint workshop on the implementation of the Network Code on Gas Balancing (NC GB).

The aim of the workshop was to foster knowledge-sharing across Member States and among stakeholders including DSOs, and to support the implementation and development of good practices of the NC GB.

The full day workshop focused on Information provision and covered thematic sessions on:

- Forecast models,
- Non-Daily Metered forecast and,
- Issues related to Data Frequency and Accuracy.

The workshop provided an opportunity to discuss and to share experience on various aspects of information provision.



16.10.2018 Congress 2018 “Sustainability first: a central role for decentralised energy systems”

Under the theme “*Sustainability first: A central role for decentralised energy systems*”, the CEDEC Annual Congress 2018 brought together a large audience of high-level speakers and participants from European local energy companies, European Institutions and members states representatives, as well as other stakeholders in energy and climate policy.

“Local energy companies are at the heart of the change and at the centre of the green transition” declared European Commission Vice-President Maroš Šefčovič addressing the participants of CEDEC 2018 annual Congress.

On the potential contribution of decentralised and integrated energy systems the CEDEC Congress provided a unique opportunity to exchange strategic views on the need for integrated solutions, with contributions from smart city initiatives, energy storage and gas (grids) in achieving this goal.

In a dedicated session on data-related threats and opportunities of future energy systems, panellists discussed intensely the questions raised by the digitalisation of our energy system. How to ensure data privacy, cybersecurity and fair re-use of “public” data?



23.10.2018 CEDEC and Covenant of Mayors Webinar: Data management and local utilities smart solutions

On 23 October, the Covenant of Mayors and CEDEC organised a webinar which provided an outlook into how innovative local utilities are working together with municipalities and provide them with digitalised solutions, which optimise their systems and improve the services offered to their citizens. The cases of Milan (Italy) and Thuringia (Germany) were presented.



07.11.2018 Signing an MoU to increase DSO-TSO cooperation at EU level



On 7 November 2018, CEDEC, EDSO for Smart Grids, Eurelectric, GEODE and ENTSO-E signed an updated Memorandum of Understanding to continue the cooperation between TSOs and DSOs for smarter electricity grids.

DSOs and TSOs increasingly face similar challenges and share common interests: integration of large quantities of renewable energy sources, facilitation of flexibility

services (including demand side response), roll-out of new communication equipment and software, increasing need for data, and the renewal of ageing grids.

Increased cooperation at EU level is needed to tackle the future challenges of integrating distributed flexibility resources, and to realise synergies in research, development and innovation. TSOs and DSOs also cooperate for a more efficient implementation of network codes, for which a Network Codes Implementation Group uniting TSO and DSO experts was set up in Q3 2018.

Policy highlights

JAN

- ▶ On 17 January, the European Parliament voted in Strasbourg its position on the review of the Renewable Energy Directive, on the Energy Efficiency Directive and on the Governance Regulation.

FEB

- ▶ On 21 February, the European Parliament voted in plenary on its position on the Electricity Directive and Regulation, on the ACER Regulation and on the Risk preparedness Regulation.
- ▶ On 27 February, CEDEC, EDSO, Eurelectric, Eurogas and GEODE published two reports entitled *“Flexibility in the Energy Transition: a Toolbox for Electricity DSOs”* and *“Flexibility in the Energy Transition: a Toolbox for Gas DSOs”*.

APR

- ▶ On 25 April, the EC released its proposal on the PSI Directive.

MAY

- ▶ On 4 May, CEDEC replied to the public consultation on the review of the SME definition
- ▶ On 24 and 25 May, CEDEC attended the Energy Infrastructure Forum organised by the European Commission in Copenhagen.
- ▶ On 30 and 31 May, CEDEC attended the Electricity Forum organised by the European Commission in Florence and presented its views on market design and policy for energy storage.

JUN

- ▶ On 11 June, the European Council adopted its General Approach on the ACER Regulation.
- ▶ On 11 June, CEDEC, EDSO for Smart Grids, Eurelectric and Geode published a joint statement, in which they shared their concerns on Key Organisational Requirements, Roles and Responsibilities (KORRR) methodology regarding technical code on data exchange.
- ▶ On 13 June, the 3 EU institutions reached a provisional agreement on the Renewable Energy Directive.
- ▶ On 18 June, the Energy Performance of Buildings Directive was published in the EU Official Journal.
- ▶ On 19 June, the 3 EU institutions reached a provisional agreement on the Energy Efficiency Directive.
- ▶ On 21 June, CEDEC General Assembly elected Mr. Andreas Feicht as its new President. Mr. Feicht is CEO of Wuppertal Stadtwerke Energie & Wasser and Vice-President for Energy of the German Association of Local Public Utilities, VKU.

JUL

- ▶ CEDEC published its position paper on the Review of the PSI Directive.

AUG

- ▶ CEDEC answered the public consultation on CEER's 3D Strategy and 2019 Work Programme.

SEP

- ▶ On 4 September, CEDEC co-signed a common energy sector statement together with 17 other associations, on protecting the EU energy and emissions markets from VAT fraud beyond 2018.
- ▶ On 20 and 21 September, CEDEC attended the Citizens' Energy Forum focusing on customers issues.

OCT

- ▶ On 16 and 17 October, CEDEC attended the Gas Forum to discuss the developments of the internal gas market, focusing on Power-to-Gas.
- ▶ On 23 October, CEDEC, EDSO for Smart Grids, Eurelectric, GEODE and ENTSO-E signed an updated Memorandum of Understanding for intensified DSO-TSO cooperation on smarter electricity grids.
- ▶ On 23 October, the 3 EU institutions reached a provisional agreement on the ACER Regulation and on the Risk-preparedness Regulation.
- ▶ CEDEC replied to the public consultation on the Commission's "Future climate and energy policy - a Strategy for long-term EU greenhouse gas emissions reductions".

NOV

- ▶ On 27 November, CEDEC, Bioenergy Europe and COGEN Europe signed a joint letter pleading for a robust electricity market design fostering flexible generation, while protecting existing investments in high efficiency cogeneration and renewable energy.
- ▶ On 28 November, the European Commission adopted its strategic long-term vision for a prosperous, competitive and climate neutral economy by 2050 – "A Clean Planet for all". CEDEC co-signed with other EU gas associations a joint statement in reaction to the communication, pleading for a robust electricity market design fostering flexible generation.

DEC

- ▶ On 18 December, the 3 European institutions reached a provisional agreement on the Electricity Directive and Regulation.
- ▶ On 21 December the Renewable Energy Directive, the Energy Efficiency Directive and the Governance Regulation were published in the EU Official Journal.



2018 Key topics

The “Clean Energy Package”

During the year 2018, Member states, the European Parliament and the European Commission made remarkable progress on the Clean Energy Package (CEP) – a huge set of new legislations that cover the design of the electricity market, laws to promote energy efficiency and the uptake of renewables as well as the development of the Energy Union.

By the end of the year, under the timing pressure of the upcoming European elections in May 2019, the Clean Energy Package– was close to be completely finalised.

CEDEC ran a successful campaign which translated into unexpectedly positive results for its members.

A revised Renewable Energy Directive and Energy Efficiency Directive – Towards a more efficient and cleaner electricity system

CEDEC welcomes and supports the ambitious proposal to achieve a mandatory 32% EU objective of energy from renewable energy sources by 2030 under the Renewable Energy Directive. The concept of “renewable energy community” underwent an outspoken positive evolution compared to the initial EC proposal, including a perfect alignment with the “local energy community” concept in the market design directive. CEDEC supports the new framework set up for them, in which energy communities can produce, consume, store and sell renewable energy, but are subject to cost reflective network charges and equally need to contribute fairly to the costs of the energy system. While promoting the integration of RES in district heating & cooling, the new directive also takes into account the economic and technical feasibility of the actions to achieve this objective, while avoiding plain third-party access on heating and cooling grids.

The Energy Efficiency Directive establishes an indicative EU efficiency target of 32.5% by 2030. The directive leaves some flexibility on the calculation of the energy consumption that can be expressed in

primary or final energy consumption; more flexibility for the Member States has equally been accepted for the implementation of the proposed measures. The final text strengthens the rules on individual metering and billing of thermal energy by giving consumers clearer rights to receive more frequent and more useful information on their energy consumption.



Market design – shaping the future electricity system

The market design part of the Clean Energy Package comprises four legal acts: the Electricity Directive, the Electricity Regulation, the ACER Regulation and the Risk-preparedness Regulation.

In December 2018, after six trilogue meetings and intensified negotiations under the Austrian Presidency, the European Parliament, the Council and the European Commission found a compromise agreement on both the Electricity Directive and Regulation.

CEDEC has been attentively following and shaping the policy debate by promoting the central role of local energy companies to ensure an energy transition at the lowest cost to society. By conveying the messages of local energy companies to policy makers, CEDEC has been able to improve the legislative framework to ensure that Europe delivers a more sustainable energy system, built on citizens' engagement and customers' trust.

The final text addresses the need to create a level playing field between historical actors and new actors such as Citizens energy communities or aggregators – they must contribute in an adequate and balanced way to the overall cost sharing of the system.

Regarding data format, CEDEC has succeeded to move from the first Commission proposal of a “single new European data format” to “interoperability requirements” between Member States. Imposing a single data format at the EU level without considering Member State realities would have created unreasonably high costs for the system and for consumers without clear benefits.

For the new EU DSO Entity, CEDEC successfully achieved that all electricity DSOs, regardless of their size or unbundling regime, have the right to become members of the new EU DSO entity. In the initial Commission proposal, 90% of European DSOs – mainly small and medium sized local electricity companies – were excluded, with no access to processes or results. CEDEC equally obtained a more balanced set of governance rules, that avoid that a small group of very large DSOs would dominate the decision structures of this new technical expertise centre for DSOs. CEDEC will now actively contribute to the establishment of this entity, in order to make sure it is efficiently organized and respects the balanced governance that was agreed in the democratic process.

CEDEC remains sceptical regarding the final text towards DSOs too limited possibility to own or operate key flexibility tools such as storage and EV charging infrastructure. Despite a lot of exchange with decision-makers, CEDEC considers that the final text does not take into consideration the reality of the field:

For EV charging stations, it is a missed opportunity to facilitate and accelerate the uptake of electric vehicles through guaranteed geographical coverage of neutral charging infrastructure.

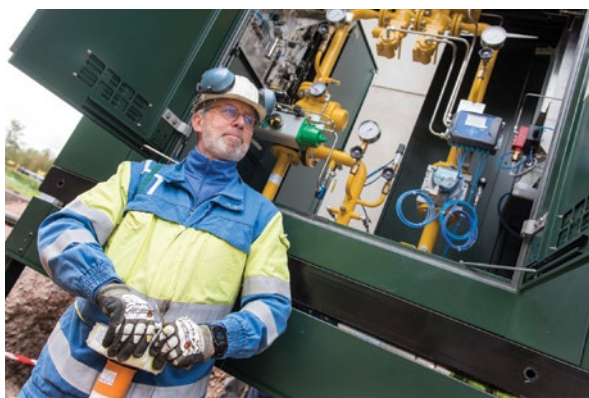
For storage, the final text insufficiently takes into account the impact of renewables on the local network. The injection of renewables is mainly done at the level of the distribution network. To avoid congestion on local networks, DSOs should have been allowed to facilitate the integration and use of cost-efficient storage resources in the energy distribution systems.



A future for gas(es) - Decarbonised, renewable and integrated energy systems

Even though the European Commission decided to focus by priority on the Electricity Market Design and delayed its proposal for a Gas Market Design review for almost 5 years, CEDEC has worked intensively in 2018 on gas issues in order to promote a decarbonised and integrated energy system.

As from 2017, CEDEC intensified its work on the future of gas with the publication of a report on the “Sustainable potential of gas for the energy system”. Since then, CEDEC has been defending the role of gas as part of the solution to achieving EU energy and climate goals. Gas networks can and must play a key role in flexibility as they can absorb volatile electricity production and store it for a long period and can transport large energy volumes 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.

CEDEC also proposed sector coupling to be at the centre of the long-term EU energy vision. CEDEC contributed as member of the Sounding Board to the EC study on sector coupling. CEDEC believes that by building on the strengths of both the gas and electricity networks, sector coupling will form the backbone of a decarbonised EU energy system. CEDEC encourages to go already one step further through sector integration, by making wider use of gases in hybrid applications, such as in heating and transport, or industrial applications.

Public data – Ensure a level playing field for local energy companies

In April 2018, the European Commission proposed a revision of the directive on the re-use of public sector information (PSI Directive). The announced overall objective was the strengthening of the EU’s data-economy, by increasing the amount of public sector data available for re-use, ensuring fair competition and enhancing cross-border innovation based on public data.

While CEDEC welcomed the Commission’s initiative to develop a solid legal framework for the use of data from public sector bodies, we believed that several elements had not or insufficiently been considered. Indeed, the proposal was creating a non-level playing field and discrimination between publicly owned companies and privately-owned companies active in

the same economic sectors. Moreover, the proposal of “open access” to information did not consider the growing risk of physical security and cyber-security related to critical infrastructures in the energy sector.

CEDEC successfully managed to modify the text to ensure a level playing field for all actors – public or private – by limiting the scope of the directive. Furthermore, the role of critical infrastructure has been acknowledged and particular attention should be given to their protection.

Enhanced DSO & TSO cooperation

Beside their common work on Network codes and guidelines (see page 19), DSOs and TSOs have been working together actively on different topics at European level.

CEDEC, together with the other European associations representing electricity DSOs, have renewed their Memorandum of Understanding with ENTSO-E to confirm their cooperation for smarter electricity grids at the end of October 2018.

Whereas the TSO-DSO Data Management report from 2016 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 grid, and to guarantee non-discriminatory and efficient market operation, the first priority was now to achieve a common vision on Active System Management (ASM).

Active System Management is considered to be necessary 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 objective of the ASM report – with publication in 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. In this report, it aims primarily at a market-based approach.

Furthermore, the Clean Energy Package (CEP) (Article 32.1 of the Electricity Directive) gives the possibility to the DSOs to procure flexibility services, including for congestion management in their service area. As a consequence, European TSO and DSO associations decided to focus on the use of flexibility for grid and system purposes, and on interaction of different market processes.

Further areas for collaboration will be decided in 2019, taking into account the final outcome of the Clean Energy Package.

Increased cooperation at EU level between DSO and TSO organizations is needed to tackle the future challenges of integrating distributed flexibility resources, and to realise synergies in research, development and innovation.

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.

Involvement of the DSOs is required mainly for EU market integration and is organised within CEDEC through dedicated working groups. The impact of the network codes and guidelines on the distribution level has become clear and there are concrete impacts for DSOs on financial, technical and organisational level.

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. To support the implementation further, dedicated expert groups are organised (e.g. on storage, on mixed customer sites, ...) to clarify the network codes and to build-up knowledge between all involved parties.

Some of the work is also linked to 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.

Data provision was and is still a hot topic, because more data with higher granularity and within shorter timeframes (real-time) will have to be made available in the near future. Implementation in the Member States of these data provisions is a big challenge.

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.

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

Four network codes for gas have been developed so far.

Network codes for gas

NC CAM	Capacity Allocation Mechanisms
NC GB	Gas Balancing
NC IO & DE	Interoperability and Data Exchange
NC TAR	Harmonised Transmission Tariff Structures

Both NC CAM (on cross-border capacity allocation in transport grids) and NC GB (Gas Balancing) 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 could 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 entered into force in 2016-2017 and can be classified in 3 'code families'.

Network codes & Guidelines for electricity

Connection Codes

NC RfG

Requirements for Generators

NC DCC

Demand & Distribution Connection

NC HVDC

High Voltage Direct Current

System Operation Codes/Guidelines

GL SO

Guideline (Transmission) System Operation

NC ER

Emergency and Restoration

Market-Related Guidelines

GL CACM

Capacity Allocation and Congestion Management

GL FCA

Forward Capacity Allocation

NC EB

Electricity Balancing

Connection codes

NC RfG and especially NC DCC 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 Codes

The GL SO 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), for which the DSOs were able to amend the text in line with the reading of the data requirements in the GL SO.

The NC ER on emergency situations and restoration of the system, is important for the DSOs since it impacts amongst others the autonomy of critical distribution installations, future data exchange but also the load shedding (low frequency demand disconnection) for which a lot of DSOs will have to make additional investments in the coming years.

Market-related Guidelines

The GL EB has impact on the distribution system regarding the balancing reserves procured by the TSOs on the distribution system.

In 2018, 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.

End of 2018 a final agreement was reached on the Clean Energy Package, which also leads to an adapted process for the development of network codes and guidelines in the Market Design Regulation. It contains the following main differences in comparison to the existing process:

- Network codes can be established through an implementing act (comparable with the current comitology procedure), but also through a delegated act for which the Commission takes the lead and leaves much less room for intervention of the Member States and stakeholders.
- New domains for development of codes:
 - As implementing acts:
 - rules for non-discriminatory, transparent provision of non-frequency ancillary services;
 - rules on demand response, including aggregation, energy storage and demand curtailment rules.

➤ As delegated acts:

- Sector-specific rules for cybersecurity aspects of cross-border electricity flows, on common minimum requirements, planning, monitoring, reporting and crisis management.
- The future EU DSO entity can also develop NCs (together with ENTSO-E) if the domain touches mostly distribution.
- The competence of ACER has been raised: it will have to revise a Network Code submitted by ENTSO-E or the EU DSO Entity, whereas before it could only give a reasoned opinion.
- The Commission can still develop guidelines, but now through implementing or delegated acts. However, these guidelines can also be in the domains for which network codes can be developed.

We understand the Commission will take in 2019 the initiative to start working on a Network Code for demand response for which the preparatory work has been done in the EC Smart Grid Task Force during 2018.

The Council in 2018 - Presidencies

Bulgaria

From 1 January 2018 to 30 June 2018, Bulgaria took over the Presidency of the Council of the European Union. Bulgaria emphasised that it wanted to use its presidency to clarify the EU's future relations with the Western Balkans.

In the energy field, the focus was evidently set on the Clean Energy Package, as the negotiations on every part of the Package had to be finalized by the end of 2018. Following intense negotiations under the Bulgarian presidency, agreements with the European Parliament were reached in June 2018 on the Renewable Energy Directive, the Energy Efficiency Directive and the Governance Regulation.



Austria

Austria held the Presidency of the Council of the European Union from 1 July to 31 December 2018 for the third time after 1998 and 2006. Austria took over the presidency as the third and last country of the so called "Trio Presidency". The Trio Programme of the Estonian, Bulgarian and Austrian Presidencies comprised five thematic areas: a Union for jobs, growth and competitiveness, a Union that empowers and protects all its citizens, Towards an Energy Union with a forward-looking climate policy, a Union of freedom, security and justice, the Union as a strong global actor.

For the energy sector, the Austrian presidency saw the European elections of May 2019 looming at the horizon. They had to lead very intensive negotiations on the open files of the Clean Energy Package, as an agreement on everything had to be reached before the end of 2018. The end of their mandate was marked by successfully reaching – just in time - the provisional agreement with the European Parliament and the European Commission on the Market Design Directive and Regulation.





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