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EUROPEAN ASSOCIATION OF ELECTRICITY REGULATORS

## To invest in innovation or not?

**JOINT CONFERENCE  
 INNOVATIVE DSOs IN A DECENTALISED ENERGY SYSTEM**

**Sophia Politopoulou**  
 Chair of WG Distribution Regulation & Policy  
 EURELECTRIC

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### EU Climate and Energy policies (packages)

Legend: — Energy flow, - - - Data flow


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**Report “ELECTRICITY DISTRIBUTION INVESTMENTS:  
WHAT REGULATORY FRAMEWORK DO WE NEED?”  
(2014)**

- Benchmarking from 19 countries
- Questioner to CEOs of DSOs
- Deep economic analysis

**€400 billion**  
of distribution network investment by 2020



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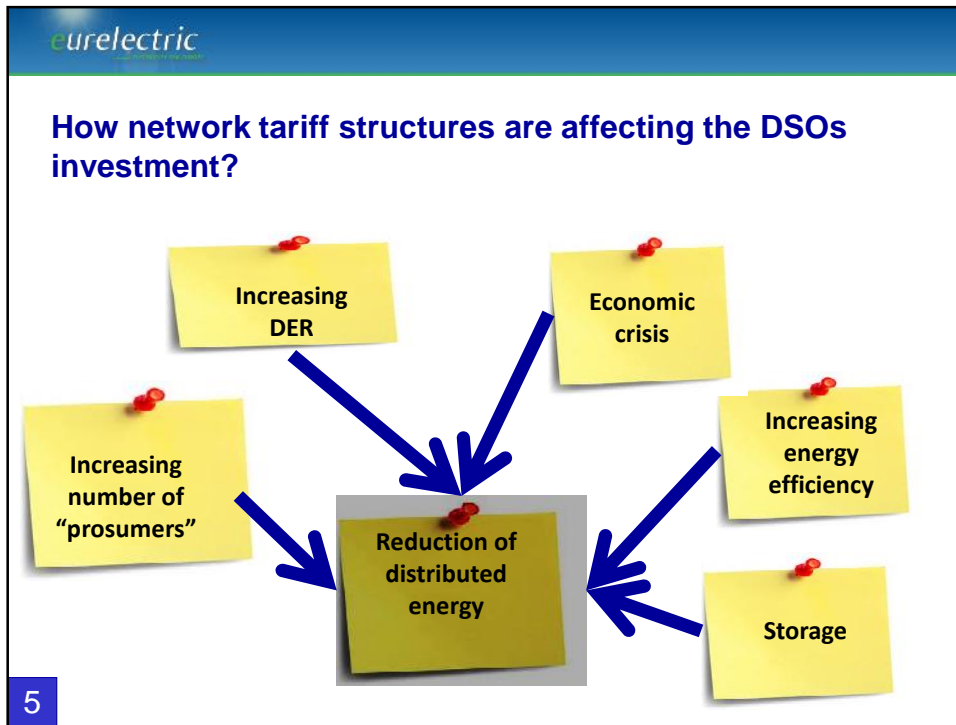
**Conclusions:**

- Current regulatory framework does not foster the implementation of available technologies
- Technological risk plays a much higher role for smart grid investments compared to general investments
- Regulation still rather hampers innovation

**Recommendations:**  
**REWARD RATHER THAN PENALISE INNOVATION**

- Efficiency targets should not hamper innovative solutions. Avoid micromanagement.
  - ✓ RD&D by DSOs should be removed from OPEX efficiency targets, thereby encouraging DSOs to innovate
- The European Commission should develop guidance on smart grid investment incentives and innovation incentives to be used at national level.
- DSOs should be allowed to achieve a higher return on investments and a risk adjusted depreciation period for projects with significant investment and business risk.

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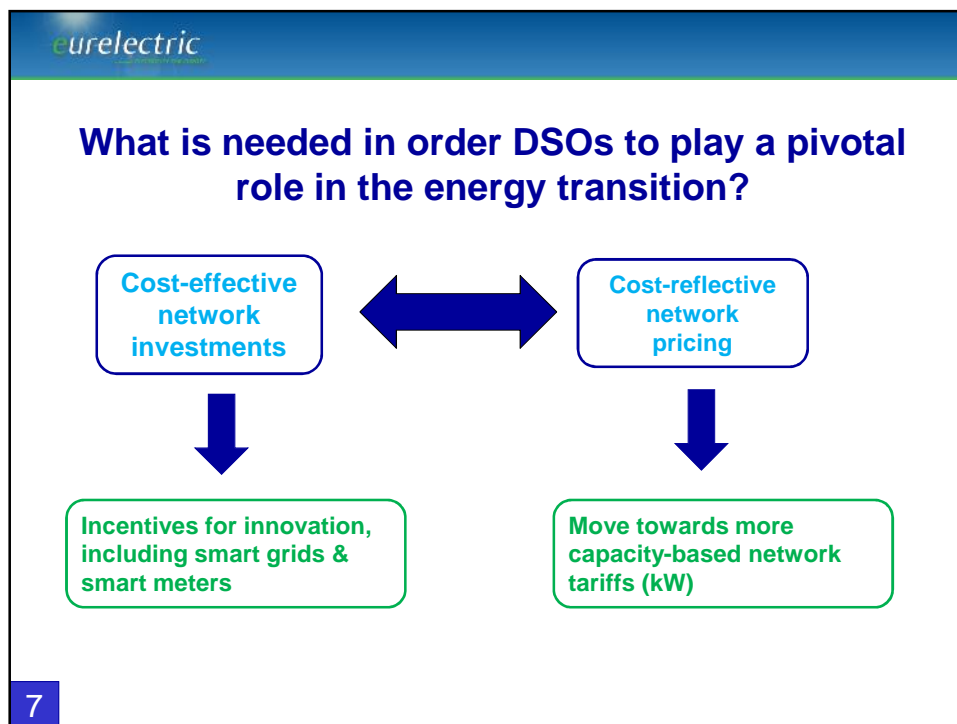


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### Reports "Prosumers an integral part of power system and market" (2015)

**"Network Tariffs" (2016)**

The slide displays two report covers. The left cover is for the report "Prosumers – an integral part of the power system and the market" (June 2015). The right cover is for the report "Network Tariffs" (March 2016). Both covers feature the eurelectric logo at the top and a green-to-blue gradient background.



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## Thank you for your attention

**Sophia Politopoulou**  
Chair of WG Distribution Regulation & Policy  
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