

EDITORIAL

This year's Autumn Seminar of GEODE took place in Brighton on 12 November 2013, running under the title "Bringing Intelligence to the Grid – DSOs' Practical Experiences". High-level speakers from the European regulators and the industry presented and discussed experiences from different European countries on how intelligence has been brought to the grid, the benefits for customers, the smart regulation therefore required as well as the need for rethinking tariffs structure.



Please click on the icon to read the full report!

The Seminar was attended by a prominent audience of around 40 participants from 8 different Member States.



Presentation of GEODE Case Studies, Brighton, 12.11.13

The new GEODE Case Studies to the GEODE Report "Bringing Intelligence to our Grids" (available at www.geode-eu.org) was presented at the evening reception following the Seminar. Mr David Smith, Chairman of the GEODE WG Smart Grids underlined the importance of producing "living papers" and to show the work done by DSOs "from theory to reality. European decision-makers and regulators appreciate to a far greater extent when experts from companies are describing the reality they are dealing with in their daily operation of the network. The GEODE Case Studies are the best example for this approach bringing real experiences to paper!

Carmen Gimeno, GEODE Secretary General

EUROPE

●●● EC Communication 'Delivering the internal electricity market and making the most of public intervention'

On 5 November, the European Commission has published its new Communication "**Delivering the internal electricity market and making the most of public intervention**". This guidance document explains that "in some cases, state intervention in energy markets may be necessary in order to ensure security of supply and to achieve climate objectives. To avoid adding extra costs for consumers and distorting the functioning of the internal electricity market, public intervention has to be designed with great care." The Commission calls to:

- design and reform national support schemes for renewables. As technologies mature, renewables should gradually be exposed to market prices and eventually support must be fully removed.
- design adequate generation capacities to ensure the continuous supply of electricity when generation fluctuates, for instance due to changing weather conditions. This has to be done without jeopardising the benefits the EU-wide market offers.
- enhance the role of consumers in the electricity market by providing them with incentives to use electricity when it is cheapest and most plentiful. Consumers can contribute to ensuring sufficient energy flow at peak times and this will help to avoid costly investments in new power plants.

[Here](#) you will find the full Communication and more Information. Please see GEODE's statement under "A ZOOM ON", on

●●● Priorities of the up-coming EU Presidency of Greece

Greece will take over the EU Presidency from 1 January to 30 June 2014. Mr Charalampos Pippos,

Chairman of the Energy Group of the European Council outlined on 28 November in Brussels the priorities of the Hellenic Presidency in the energy sector. As specific priorities he named:

- Completion of the Internal Energy Market
- Implementation of the Energy Efficiency Directive
- Protection of Vulnerable Consumers
- Review of the 2020 targets by shifting the debate from targets to instruments

Until the Informal Energy Council that will be taking place in Athens in May 2014, Greece seeks to make progress in the following areas:

- Enhancing security of supply
- Fostering cross-border
- Politically pushing Projects of Common Interest (PCI – see next article fmi)
- Southern Gas Corridor

On the external energy policy side Mr Pippas made clear that Greece will support the Energy Committee of Southern Europe that will expire in 2016 and also the Euro-Mediterranean Energy Cooperation.

S U M M A R Y

EDITORIAL

EUROPE

- Energy Priorities of the upcoming EU Presidency of Greece
- EC Communication 'Delivering the internal electricity market and making the most of public intervention'
- EC List of Key Energy Infrastructure Projects of Common Interest (PCI)
- EC Regulatory Gas Forum, Madrid, 15-16.10.13
- EC Regulatory Electricity Forum, Milan, 12-13.11.13

A ZOOM ON

- GEODE Statement to EC Communication "Delivering the internal electricity market and making the most of public intervention"



EC List of Key Energy Infrastructure Projects of Common Interest (PCI)

On 14 October, the European Commission adopted a list of some 250 key energy infrastructure projects of common interest (PCI) that will benefit from accelerated licensing procedures and improved regulatory conditions and may have access to financial support from the Connecting Europe Facility, under which a €5.85 billion budget has been allocated to trans-European energy infrastructure for the period 2014-20.

The projects will benefit from a number of advantages:

- accelerated planning and permit granting procedures
- a single national competent authority
- less administrative costs
- increased transparency
- increased visibility and attractiveness possibility to receive financial support

To read the full EC Communication Communication "Long term infrastructure vision for Europe and beyond" and further information, [please click here](#).



EC Regulatory Gas Forum, Madrid, 15-16.10.13

The Gas Regulatory Forum took place on 15 and 16 October in Madrid and was chaired by Mr Klaus-Dieter Borchardt, the Director for Internal Energy Market of DG ENER. New debates on the role of gas in the future EU energy mix and the DSO's role marked the event. Director Borchardt made clear that the Commission considers gas to play an important role now and in the future. He called for:

- Strong cooperation among stakeholders to make gas competitive
- Competitive prices, variability and flexibility, innovation

Regarding the role of DSOs, Director Borchardt stressed out the following aspects:



- New role to play by DSOs in future energy markets
- Public Consultation will be launched next year in April on the retail energy market including the role of DSOs.
- DSOs' issues have to be addressed as the need of sufficient incentives to modernise the grid
- DSOs' tariffs should be more energy efficiency oriented.

Walter Boltz, Vice President of the Council of European Energy Regulators (CCEER), presented the main changes Europe's energy networks are facing, underlining that the role of DSOs is changing from passive to much more active network management in the view of this. The Forum invited regulators to continue exploring the future role of DSOs in a competitive market framework, especially how regulated and non-regulated activities could be handled to the benefit of customers.

The DSO associations GEODE, CEDEC and the Eurogas Distribution Committee jointly presented their views on the future role of DSOs. The presentations given at the Forum are available [here](#).

●●● EC Regulatory Electricity Forum, Milan, 12-13.11.13

The Electricity Regulatory Forum took place on 12 and 13 November in Milan. The key issues discussed were:

1. Target Model implementation: early implementation process and network codes.
 - Capacity Allocation and Congestion Management Network Code
 - Forward capacity Allocation Network Code
 - Electricity Balancing network Code
2. Network Codes on Grid Connection and System Operation
3. EC Communication 'delivering the internal electricity market and making the most of public intervention' The Forum welcomes the 'Package' and its main messages to Members States regarding:
 - Efficient & market-compatible renewable support schemes & capacity mechanisms & fostering demand side measure

- The intention to elaborate by mid-2014 a detailed cost analysis of all direct & indirect subsidies currently given to new energy technologies
- The Forum urges MS take the necessary measures to reform those distortive interventions with tendency to re-nationalise and re-regulate the electricity market, taking into account the guidance to bring them in line with the main principles of the IEM.
- The Forum also emphasizes the importance that the new State interventions should be designed, if possible, market-based, open to cross-border, technologies & demand driven solutions.

4. The future of European electricity market design

- The Forum underlines that the implementation of the ongoing reform is crucial to meet future challenges
- It expresses the need to start a reflection process about the question whether adaptations to the EU market design may be warranted on a mid-term perspective
- The Forum welcomes the 'Bridge to 2025' initiative of ACER to review the current electricity model

The associations GEODE; EDSO, CEDEC and Eurelectric gave a joint presentation to the Forum on Network Codes-DSOs concerns. This and further presentations as well as the official conclusions are available [here](#).

A Z O O M O N

GEODE Statement – EC Communication “Delivering the internal electricity market and making the most of public intervention”

GEODE - the voice of local energy distributors across Europe - welcomes the European Commission's Communication on the Internal Electricity Market, published on 5 November. **GEODE** strongly supports the importance of ensuring a fully functioning internal electricity market and welcomes the accompanying Staff

Working Documents, in particular that on Demand Response.

GEODE is keen to work with the Commission to develop the regulatory framework for Smart Grids and a competitive retail market for Europe that does not undermine the networks' ability to meet their fundamental obligations, such as ensuring system security and reliability at all times.

Since DSOs are responsible for grid stability and security, DSOs must have knowledge of all possible flexibility services within their grid. The distribution companies will have a central role as neutral market facilitators, managing the connection of distributed and micro generation, as well as enabling the development of smart demand side response services for the benefit of consumers.

GEODE agrees on the need to clearly define, both at national and European level, the key roles and responsibilities for all actors in the future energy market.

GEODE firmly believes that the deployment of a robust Smart Grid is the key component to help the internal electricity market become reality, and therefore highlights for the need for future investments in the grids that will allow the necessary innovation and the development of new and competitive services.

In **GEODE's** view this will need 'smart' regulation, incentivising and facilitating the innovations required with appropriate DSO tariff structures which are cost reflective, easily understood and transparent. Tariffs should also enable sufficient and predictable revenues for DSOs investments now and also for the future.

As the Commission states the tariff structure has to also support the development of demand response, encourage distributed generation and also efficient energy consumption.

GEODE welcomes the upcoming Commission Communication on the future retail energy market that will surely contribute to bringing forward the development of Smart Grids and competitive services.

Please click [here](#) for downloading the Statement in pdf.

PUBLICATIONS

●●● EUROPEAN COMMISSION

- EC Communication "Delivering the internal electricity market and making the most of public intervention", 5.11.13

●●● ACER

- Recommendation of the adoption of the NC on Load Frequency Control and Reserves, 30.9.13
- Annual report on the results of monitoring the internal electricity and natural gas markets, 28.11.13
- Reasoned Opinion on the Network Code on Interoperability and Data Exchange Rules, 21.11.13

●●● CEER

- Interim Report on changing storage usage and effects on security of supply, 21.11.13

●●● ENTSOE

- Annual Work Programme 2013-14, 15.11.13
- Winter Outlook 2014 and Summer Review 2013, 28.11.13

AGENDA

**EC Citizens' Energy Forum
London, 16 & 17 December 2013**

**GEODE Board Meeting
Munich, 30 January 2014**

**EC Regulatory Gas Forum
Madrid, 6 & 7 May 2014**