

## DSO Flexibility

European Commission proposal	eurelectric ELECTRICITY FOR EUROPE
<p><b>Article 32.1</b> Member States to implement a regulatory framework including congestion management. Enable DSOs to procure services from resources such as distributed generation, demand response or storage and consider energy efficiency measures. DSOs shall define standardised market products for the services procured ensuring effective participation of all market participants.</p>	<p>Electricity Directive </p>
<p><b>Article 32.2</b> The network development plan shall be submitted every 2 years to the regulatory authority and shall contain the planned investments for the next 5 to 10 years. It shall also demonstrate the use of demand response, energy efficiency, energy storage facilities or other resources that the DSO is using as an alternative to system expansion. The regulatory authority shall consult all current or potential system users on the network development plan.</p>	<p>Electricity Directive </p>

### A welcoming step toward flexibility

EURELECTRIC **welcomes the initiative to propose a regulatory framework that allows and incentivises DSOs to procure flexibility services** which may complement or obviate the need to upgrade or replace electricity capacity and which support both the efficiency and secure operation of the distribution system. The EC should also recognise that DSOs may use flexibility not only produced from the market but, for example, accessed through network tariffs or connection agreements.

At the same time, we welcome the definition of standardised products by DSOs for the services procured. These services should be defined in a non-discriminatory, technology-neutral way, reflecting the needs of DSOs. We also **agree with the provision to foresee the adequate remuneration of DSOs for the procurement of flexibility services.**

### Need to ensure market actors participation

We believe **the exchange of information between the DSO and market participants should be fostered to contribute to network development plans**, instead of imposing NRA-led consultation on all current or potential system users. The value of stakeholders' responses may be suboptimal considering that the network plan is a specific technical task of DSOs. Instead, DSOs should be encouraged to make information on capacity available to market participants. Where capacity is scarce, market parties should try to contract customers. This **can help DSOs to solve congestion management problems** using market-based solutions.

### Network development plans need to stay in the hands of Member States

We **welcome the initiative to describe the grid needs and how DSOs will address them**, including through flexibility solutions when they are available and economically efficient. Yet, we do not agree with the 2-year cycle proposed for the submission of such plans. EURELECTRIC considers **it is up to the MS to decide on the period of time for network development plan submissions.**

## Key proposed amendments

### Article 32

1. Member States shall provide the necessary regulatory framework to allow and incentivise distribution system operators to procure **and use** services in order to improve efficiencies in the operation and development of the distribution system, including local congestion management. In particular, regulatory frameworks shall enable distribution system operators to procure **and use** services from resources such as distributed generation, demand response or storage and consider energy efficiency measures, which may supplant the need to upgrade or replace electricity capacity and which support the efficient and secure operation of the distribution system. Distribution system operators shall procure these services according to transparent, non-discriminatory and market based procedures.

Distribution system operators shall define standardised market products for the services procured ensuring effective participation of all market participants including renewable energy sources, demand response, and aggregators. Distribution system operators shall exchange all necessary information and coordinate with transmission system operators in order to ensure the optimal utilisation of resources, ensure the secure and efficient operation of the system and facilitate market development.

Electricity Directive

Distribution system operators shall be adequately remunerated for the procurement of such services in order to recover at least the corresponding expenses, including the necessary information and communication technologies expenses, including expenses which correspond to the necessary information and communication infrastructure.

2. The development of a distribution system shall be based on a transparent network development plan that distribution system operators shall submit ~~every two years~~ to the regulatory authority. The network development plan shall contain the planned investments for the next five to ten years, with particular emphasis on the main distribution infrastructure which is required in order to connect new generation capacity and new loads including re-charging points for electric vehicles. The network development plan shall also demonstrate the use of demand response, energy efficiency, energy storage facilities or other resources that distribution system operator is using as an alternative to system expansion.

~~The regulatory authority shall consult all current or potential system users on the network development plan. The regulatory authority shall publish the result of the consultation process on the proposed investments.~~

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#### Justification

*It is up to the Member States to decide on the review cycle of the network development plan considering the circumstances of the existing distribution network infrastructure.*

*It is inappropriate to define a harmonised consultation process for DSOs' development plan at EU level given the large number of national specificities. The consultation should be defined by Member States and should not be mandatory.*