

## Electricity Directive

### *Informal EURELECTRIC input on the Council position (REV1)*

#### Regulated Prices

EURELECTRIC is in favour of a complete phase out of regulated prices and remains fully supportive of the Commission's initial proposal on this matter. Whilst we understand that several Member States would like to delay a phase out, in the interest of consumers, we think that the Council's proposed 10 years' timeframe is too long and should be reduced. That said, we welcome all the proposed safeguards to limit the impact of public intervention on wholesale market price setting. Last but not least, we would welcome a clarification that Member States which have already phased out regulated prices should not re-regulate them.

#### Billing / Disclosure of energy sources

Whilst the Council's approach to billing in our view is much better than the original Commission proposal, we think there is still room for improvement. In fact, EU requirements on energy bills are already extensive and often complemented by further, stricter provisions at national level. Because of this, the bill is often overloaded with information and confusing for consumers. We think the best way to improve the existing framework is to make a clearer distinction between the energy bill – which should only contain key information such as consumption and price to pay – and billing information – which should contain all additional information about consumers' profile and rights (many of which are defined in Annex II). Billing information could be provided in many different ways (paper, telephone, apps, webpage, etc.) and frequencies to consumers depending on individual preferences.

As for disclosure of energy sources, we think it would be much clearer for consumers to receive information about one mix only (and not three as currently proposed). In addition, we think such information should primarily be communicated as billing information and not through the bill itself.

#### Comparison Tools

We are worried by the Council's proposal according to which Member States may decide not to require verification of private Comparison Tools (CT) if a publicly run CT exists. Private CTs are market parties which need regulatory oversight like any other market player. Indeed, private CTs may rank energy offers/suppliers differently depending on the fees they get from them. If not properly regulated, they can mislead consumers, create distrust in the market and lead to consumer disengagement.

#### Energy Communities

The Council approach to Energy Communities (EC), in our view, is more pragmatic than the original proposal. We are in favour of ECs being held responsible for imbalances they cause in the system. We further support that customer rights should be equal regardless of participation in an EC. However, we call for clarification on the Council's view regarding network charges (Art. 16 2bb) as value of DSO network connection for ECs is capacity (as backup supply in case of EC supply failure), not ability to inject any generational surplus. Further detail is also required regarding 'cooperation' requested by DSOs to facilitate electricity transfers in ECs.

#### Flexibility for DSOs

The Council proposes in Art 32.2 an obligation for DSOs to submit their network development plans to the TSO every two years. In our opinion, the obligation should be to send the plan to the respective NRA only. The EC states that the network development should be made public together with the results of a public consultation. We question the value of sending these plans to the TSO. Also, we disagree with imposed consultations and would advocate for information exchange (free capacity) with interested and relevant market parties.

The Council states that DSOs shall not limit effective participation of market participants connected to their grid to the retail, wholesale and balancing markets. We agree as long as DSOs retain option to undertake a prequalification process for DERs connected to their networks.

#### Tasks of DSOs

The Council proposes that DSOs procure all the products and services for operations in the market, including storage, electricity to cover losses, and other system services (not only non-frequency ancillary services). Today, some non-frequency ancillary services such as voltage control are delivered efficiently with DSO-owned assets. It should be up to the NRAs to decide which services should be procured from the market, taking into account local circumstances, technical and economic aspects.

## Electricity Regulation

### *Informal EURELECTRIC input on the Council position (REV1)*

#### Energy Market functioning and Network Codes

On short-term markets, we welcome most of the changes introduced by the Council and the clear references to provisions already existing in adopted network codes.

- For balancing capacity procurement, the proposed thresholds seem too rigid (Art. 5§8, 9 and 9a). The aim should always be to optimise the allocation of capacity to the market. EURELECTRIC is opposed to reservation of cross-border capacity by TSOs for balancing purposes.
- The introduction of clear provisions on sharing of re-dispatching and countertrading costs, including a “polluter pay principle” (Art. 14§11) is welcome. This will ensure TSOs get the right financial incentives and economic signals to maximise cross-border capacities in a cost-efficient way. Unscheduled flows should not be the only “polluter” considered though.
- Regarding the bidding zone review process, we welcome that the Commission shall consult affected Member States and that a clear timeline for implementation is proposed (Art. 13). The intervention of the Commission should however only happen in case of disagreement between affected Member States and should be based on an assessment of all available solution to solve congestions on an equal footing.
- On the use of congestion income, we welcome the recognition that they may still be used for the reduction of tariff. The Council’s proposal however fails to recognise that maintaining interconnection capacities can also be ensured through re-dispatching and countertrading (Art. 17§2).
- For the elaboration of NC, the cooperation between ENTSO-E and the EU DSO entity should be the rule and not decided on ad-hoc basis.

#### RES Integration

Whilst we recognise the effort to lower the thresholds proposed by the EC, there is no need to incentivise the development of new exemptions from balancing responsibility or new priority of dispatch provisions based on the size of the projects or the type of technologies (Art. 4, 11). In order not to damage the investment environment in the sector, the existing exemptions should however be kept. Market participants may be incentivized to voluntarily accept new responsibilities against compensation.

#### Capacity Mechanisms and adequacy assessment

A move towards a regional & European approach to security of supply is welcome. We welcome the Council’s proposals to ensure that European adequacy assessment take into account national assessment and specificities (Art. 19). This assessment shall be factored in but shall however not be considered as the only binding factor for Member States to introduce security of supply measures. We favour instead a combination of resource adequacy assessments with different geographical scopes.

To facilitate a European coordinated approach on capacity mechanisms (CM), we welcome the introduction of clear design criteria: market-based, technology neutral (open to generation, demand response and storage). It should be added that CM should be open to new and existing assets. Furthermore, availability should become an integral remuneration criterion in the Electricity Regulation. Requiring capacity mechanism to be temporary/phased-out is however counterproductive. Where they exist, capacity markets are also a tool in themselves for the regional adequacy assessment. If enough capacity is economically viable in the system and able to ensure the adequacy target, the capacity price will tend towards lower levels. The relevant legislation in this case is the State Aid Guidelines.

#### ROCs

A step-wise regional approach to system operation (i.e. an approach where TSO coordination aims at optimising regional welfare) is a prerequisite to achieve the Internal Energy Market. The framework proposed shall ensure:

- Ambitious and transparent coordinated capacity calculation resulting in the allocation of the optimal volume of cross-border transmission capacity to the market (Art. 14)
- A fully transparent and systematic reporting when TSOs derogate from ROC (or their future name) decisions/recommendations (Art. 38 paragraph 2);
- A greater facilitating role given to ROCs on balancing capacity sizing and procurement (Art. 34 paragraph 1);
- An enhanced regional governance framework for Member States and NRAs (Art. 7 ACER Regulation).

#### EU DSO Entity

The Council proposes a QMV voting model based. We strongly disagree to define the structure and/or the voting process in EU legislation. These should be established in the statutes of the EU DSO Entity analogue to what was done for ENTSO-E. Any detail in the legislation will impose a restrictive process, potentially requiring a legislative review when the need for modification arises.

The Council also proposes for DSOs and the country representatives (as defined in Art 49.2) to submit to ACER and the EC the list of registered members. There is currently no Art 49.2 in the text and in any case we prefer to avoid any country representative in the entity.