

CEER

**Council of European
Energy Regulators**



CEER 2019 Unbundling Report Workshop

Clean Energy Package Outlook

Fostering energy markets,
empowering **consumers**.

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Clean Energy Package unbundling related provisions in a nutshell

- Main TSO unbundling principles and certification rules
- Delegation and scope of TSO tasks
- TSOs & energy storage
- DSO unbundling rules, Citizen Energy Communities and CDS
- DSOs & energy storage
- New DSO tasks: integration of electro-mobility, data-management,...
- Derogations from unbundling rules



Clean Energy Package

□ Clean Energy Package legislative texts :

- Energy Performance in Buildings : Directive (EU) 2018/844 – 19/06/2018
- Renewable Energy : Directive (EU) 2018/2001 – 21/12/2018
- Energy Efficiency : Directive (EU) 2018/2002 – 21/12/2018
- Governance of the energy Union : Directive (EU) 2018/1999 – 21/12/2018
- Risk Preparedness : Regulation (EU) 2019/941 – 05/06/2019
- Electricity Regulation : Regulation (EU) 2019/943 – 05/06/2019
- **Electricity Directive : Directive (EU) 2019/944 – 05/06/2019**
- ACER Regulation : Regulation (EU) 2019/942 – 05/06/2019

□ CEP Electricity Directive :

- EC proposal : 30/11/2016
- Formal adoption by Council of Ministers: 22/05/2019
- Publication OJ: 14/06/2019

□ Entry into force – transposition CEP Elec Dir : (arts. 71-73)

- Entry into force – general date: 04/07/2019
- Certain provisions (UB & certification rules): apply from 01/01/2021
- Transposition by MS : 31/12/2020



CEP TSO Unbundling rules

Main TSO unbundling principles and certification rules remain unaltered

□ CEP Electricity Directive: TSO unbundling and certification

- ▶ Unbundling rules = part of E-Dir “key rules” (art.1)
- ▶ Main substantive rules on the unbundling regimes for TSOs (OU, ISO, ITO), TSO designation and certification process remain unchanged (Chapter IV E-Dir)
- ▶ TSO unbundling chapter: articles restructured
- ▶ But CEP E-Dir: New/modified unbundling related provisions
 ➡ implications for regulatory authorities’ tasks

□ Role of ACER in certification procedure ?

- ▶ CEP ACER Regulation (art.10) ↔ CEP Elec Regulation (art. 51(1)) ?



CEP: TSO activities – delegating & assigning tasks

- ❑ **MS may provide** that one or several **TSO tasks are assigned to a TSO** other than the one which owns the transmission system (art. 40(3))
 - entity = a TSO (but not required to own the transmission system)
 - certified by the RA under the OUB, ISO or ITO model

- ❑ **Possibility for certified TSOs to delegate** on their own initiative and under their supervision **certain tasks to other certified TSOs**
 - not endanger effective, independent decision making rights of delegating TSO

- ❑ **MS or DCAs may allow** TSOs to perform **other activities** than provided for in CEP Elec Directive & Elec Regulation (art.40(8)), when :
 - Necessary for the TSOs to fulfil their obligations under Dir/Reg
 - Assessment by RA of the necessity of such derogation

- ❑ **Right of TSOs** to own, develop, manage or operate **other networks** than electricity networks
 - If MS / DCA has granted such a right

CEP: TSOs – Energy Storage

Ownership, development, management and operation of storage by TSOs

- ❑ TSOs shall not own, develop, manage or operate energy storage facilities (art. 54)
- ❑ By way of derogation MS may allow TSOs, if :
 - Fully integrated network components
 - Regulatory authority granted its approval

Or if series of cumulative conditions fulfilled:

- Following tendering procedure*, other parties not awarded right or could not deliver these services at reasonable cost and in timely manner
 - Facilities necessary for TSO to fulfil its obligations under CEP Dir
 - Not used to buy or sell electricity in the electricity markets
 - RA assessed necessity of derogation, ex-ante review applicability of tendering procedure (incl. conditions) and granted approval
- ❑ Derogation decision to be notified to ACER and EC

New tasks RAs :

- ❑ Derogations granted after enquiry and approval by RA
- ❑ Regular public consultation* by RA → phase-out of TSO activities by RA (within 18 months)

CEP DSO unbundling rules & tasks

Main DSO unbundling rules remain unchanged (art. 35)

- ❑ But some new unbundling related provisions & DSO tasks
 - Include new RA tasks

- ❑ MS or DCAs may allow DSOs to perform activities other than those provided for in Elec Dir & Elec Regulation (art. 31(10)), when :
 - Necessary for the DSOs to fulfil their obligations under Dir/Reg
 - Assessment by RA of the necessity of derogation

- ❑ Possibility for DSOs to own, develop, manage or operate networks other than electricity network
 - if MS or DCA granted such a right



CEP: DSOs – Energy Storage

Ownership, development, management and operation of storage by DSOs

- ❑ DSOs shall not own, develop, manage or operate energy storage facilities (art. 36)
- ❑ By way of derogation MS may allow DSOs, if :
 - Fully integrated network components
 - Regulatory authority granted its approval

Or if series of cumulative conditions fulfilled:

- Following tendering procedure*, other parties not awarded right or could not deliver these services at reasonable cost and in timely manner
- Facilities necessary for DSO to fulfil its obligations under Dir
- Not used to buy or sell electricity in the electricity markets
- RA assessed necessity of derogation, assessment of tendering procedure (incl. conditions) and granted approval

New obligations for RAs :

- Enquiry and approval of derogations
- Regular public consultation for re-assessment* of availability and interest of market parties
- Phase-out tasks (ensure phase-out of DSO activities within 18 months)



DSOs - Citizen Energy Community

NEW

Citizen Energy Communities (CEC) (art. 16)

- ❑ Definition: a legal entity:
 - (a) based on voluntary and open participation & effectively controlled by natural persons, local authorities (incl. municipalities or small enterprises)
 - (b) primary purpose to provide environmental, economic or social community benefits to its members; and
 - (c) may engage in generation, distribution, supply, consumption, aggregation, energy storage, energy efficiency services or charging services for electric vehicles

- ❑ MS must ensure non-discriminatory and proportionate treatment

- ❑ MS may grant a CEC right to manage a distribution network
 - Under the general DSO regime
 - or as a Closed Distribution System Operator (art. 38)

- CECs have to comply with DSO (unbundling) rules (art. 16(4))

DSOs – Closed distribution systems

Closed distribution Systems (CDS) (art. 38)

- ❑ “Shall be considered to be distribution systems” for purposes of E-Dir
 - comply with DSO unbundling rules

- ❑ 3 new exemption possibilities for MS :
CDS may be exempted by RAs from:
 - Procuring flexibility services and develop network on basis network development plans
 - Not owing, developing, managing or operating EV recharging points
 - Not owing, developing, managing or operating energy storage facilities

- ❑ Possibility for CEC to become a closed DSO



CEP new DSO tasks: electromobility

□ Electromobility grid integration (art. 32 E-Dir)

- ▶ DSOs shall not own, develop, manage or operate EV recharging points (except private recharging point for own use (Art. 33))
- ▶ By way of derogation, MS may allow DSOs if :
 - Following tendering procedure, other parties not awarded right or not able at reasonable cost and in timely manner
 - ex-ante review of tendering procedure conditions and approval by RA
 - DSO must operate recharging points on basis of 3rd party access and non-discrimination between system users (esp. in favour of related undertakings)
- ▶ Regular re-assessment of potential interest 3rd parties by MS/DCA (at least every 5y)
- ▶ MS ensure DSO activities to be phased-out if positive result of re-assessment

CEP: New DSO tasks

□ **Data Management : Smart metering systems** (art. 34 CEP E-Dir)

- specific measures included in compliance programmes: excluding discriminatory access to data
- When DSOs are not subject to unbundling rules: MS have to take necessary measure to ensure that VIU has no privileged access to data for the conduct of their supply activities

□ **Use of flexibility in the distribution network** (art. 32 CEP E-Dir)

- Obligation for DSOs to submit a biennial network development plan to the NRA
- Possible derogation by MS in case of integrated electricity undertakings :
 - serving less than 100,000 connected customers
 - Serving small isolated systems



Derogations from unbundling rules

- ❑ MS may apply to EC for a derogation (art. 66 CEP E- Dir) :
 - Small isolated systems
 - Small connected systemsOnly if MS demonstrates substantial problems for system operation
 - Derogations granted by the EC shall :
 - be limited in time
 - Subject to conditions aim at increasing competition & market integration
 - not hamper transition towards renewable energy, increased flexibility, storage, electro-mobility and demand response
- New**
- ❑ “Offshore hybrid assets”: exemptions/temporary derogations from “full” unbundling requirements (recital 66 E-Reg)

“Offshore electricity infrastructure with dual functionality (so-called ‘offshore hybrid assets’) combining transport of offshore wind energy to shore and interconnectors, should also be eligible for exemption such as under the rules applicable to new direct current interconnectors.[..]”

Discussion: implementation challenges?

Discussion new CEP unbundling related rules :

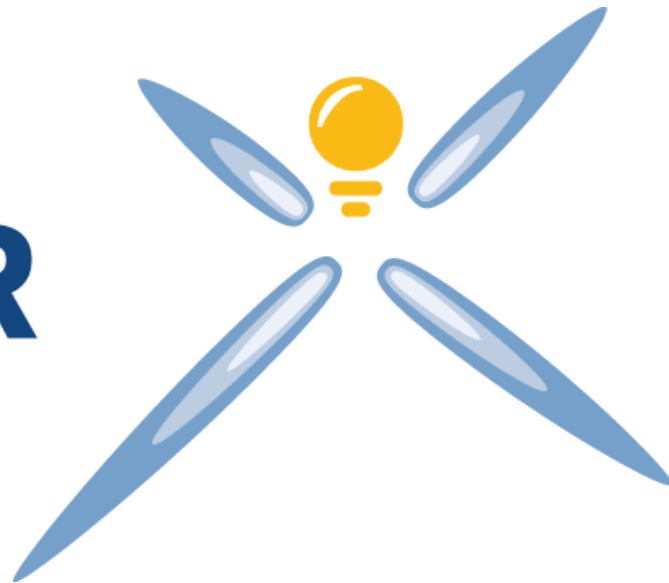
- Consequences new provisions on “assigning” and delegation of TSO tasks?
- Energy storage by DSOs / TSOs: implementation challenges?
- New Citizens Energy Communities – (Unbundling rules) DSOs?
- ...



Thank you for your attention!

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