

Rosa Natri

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Feedback to the Commission's proposal on the EU electricity market design reform

Caruna welcomes the Commission's proposal to reform the EU electricity market with targeted measures to support the achievement of the climate targets through accelerated renewables deployment, ensuring industry competitiveness while protecting vulnerable consumers.

The future energy system is more dependent on electricity, which requires a massive uptake of new renewables and ways of energy production, flexibility as well as digital solutions. Grids and distribution system operators (DSOs) are crucial enablers of the transition, connecting every piece of the energy system puzzle. To best support the transition and maintain the future system, reliable DSO operations need to be ensured.

Caruna would like to highlight the following aspects:

- Customer empowerment regarding demand response and metering should be handled cost-effectively and safely
- Regulation models for DSOs should encourage the acquirement of flexibility services as a real alternative for investments
- In different reporting, existing information should be utilised as far as possible and data protection considered

The Commission proposes a new definition of a dedicated metering device, to allow DSOs to use data from these devices for the observability and settlement of demand response and flexibility services. We strongly support enabling customers to use flexibility solutions - this is required for the fluent operation of the future energy system. Therefore, it is crucial that the legislative framework is accurate with the right incentives. However, the broadness of the provision leaves room for possible misinterpretation and could lead to the use of private meters that are not readable by DSOs. Caruna sees that the requirements for quality of measurement must remain, as of today, reliable and safe. When smart metering is applied, all meters that provide data to a DSO-process (billing and settlement), should be compliant with the Measurement Instruments Directive and the DSO systems, considering cybersecurity as well. When considering the whole process, smart meters operated by the DSO would also be the most cost-efficient solution. As the situation is diverse in different Member States, we see that the technical aspects of demand response and metering should be addressed in the specific network codes, and the definition could be updated accordingly, to prevent misinterpretation. This would ensure that measuring for DSO purposes remains safe, reliable and compatible with DSO processes.

We welcome the Commission's signal to support anticipatory investments and consider both capital and operational expenditure in tariff methodology incentives. The DSO industry is CAPEX-intensive by nature, and this is why the regulation models in Member States incentivise the use of CAPEX. However, when the future energy system requires more innovative flexibility solutions, incentives to use flexibility services are also needed. Therefore, OPEX use replacing investments should be separately handled and incentivised, to support the acquirement of economically sensible flexibility services. The resulting increased OPEX can be beneficial for the customer if it is due to replacing investments with acquiring flexibility services.

In addition, Caruna sees the assessment of flexibility needs and objectives as positive to enable the development of the future energy system but would like to point out that the usability of existing reporting for this purpose must also be considered.

Furthermore, regarding publishing data on capacity available for new connections, Caruna highlights that further discussion is needed on the optimal level of sharing the information. Although

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optimising the locations for new renewable energy production is important, striking a balance between transparency and critical infrastructure protection is crucial.

With these considerations in mind, Caruna is looking forward to the legislative process to help achieve the electricity system of the future with grids in its core.