

# Clean Energy Package to extend traditional monopolies of dominant energy operators

The ITRE Committee of the European Parliament and the Council have proposed to change the initial text of the European Commission, which in its original version recommended the creation of an *EU DSO body* composed of non-vertically integrated companies.

Indeed, EER is concerned that the change introduced by the European Parliament and supported by the Council would reinforce the dominant position to bend market rules to the advantage of incumbent operators active in generation, distribution and retailing activities.

The ITRE committee supported new rules on electricity distribution system operators (DSOs) that could change the design of Europe's electricity market. They include creating a new EU-level entity for DSOs, an "*EU DSO body*" composed of vertically integrated operators in the value chain of the electricity sector.

This body would promote coordination amongst the Europe Union's approximately 2.750 DSOs and pave the way for them to take on more tasks to ensure their grids are smarter, flexible and capable of integrating more renewable energy resources.

EER is greatly concerned that without effective unbundling of its members this EU DSO body, though intended to create value, would reinforce vertically integrated companies' role to the detriment of independent operators. Indeed, EER (European Energy Retailers) wishes to underline that unbundling is not yet entirely effective in many EU countries in which incumbent companies still own vertically integrated activities (power generation, distribution and supply).

Hence, EER fears that in the current context, a non optimal designed *EU DSO body* would have the potential to delay, rather than facilitating, the transition to renewable energies and ultimately achieving the objectives set by the Clean Energy Package.

Moreover, EER wishes to underline that such a body should be strictly controlled and monitored by the European Commission, ACER (the European Agency for the Cooperation of Energy Regulators) and other regulatory agencies in order to ensure maximum transparency and independency from the business interests of DSOs' parent utilities. The work of drafting new network codes needs to be carried out by a neutral entity to avoid the potential for

DSOs to attempt to influence the content of the regulations in a manner that gives their parent utilities an unfair advantage over new market players, such as small-scale renewables, energy communities, or third-party aggregators.

Furthermore, EER wishes to stress that such a body should be compelled to include the vision and the technical expertise of other operators in the energy value chain such as retailers and demand aggregators. Those actors cover the “last mile” of the energy sector with the consumers and are a key part of the value chain that can not be forgotten when defining technical rules related to networks, smart meters, data management and formats, cybersecurity, demand side flexibility, and renewable energy integration.

In conclusion, as a prerequisite for the creation of the EU DSO Body, EER requests:

1. An effective unbundling, so that there are no pre-established situations for the benefit of vertically integrated companies as opposed to independent operators.
2. A robust regulatory oversight of the EU DSO Body as well as a robust regulatory oversight of the implementation of and compliance with network codes by the European Commission and ACER, the European Agency for the Cooperation of Energy Regulators.
3. The participation of other actors in the electricity sector in the elaboration of new network codes; especially independent retailers and demand aggregators should be included in any consultation process.

EER (European Energy Retailers) Web: <http://europeanenergyretailers.eu/>