

# The Future Role of DSOs

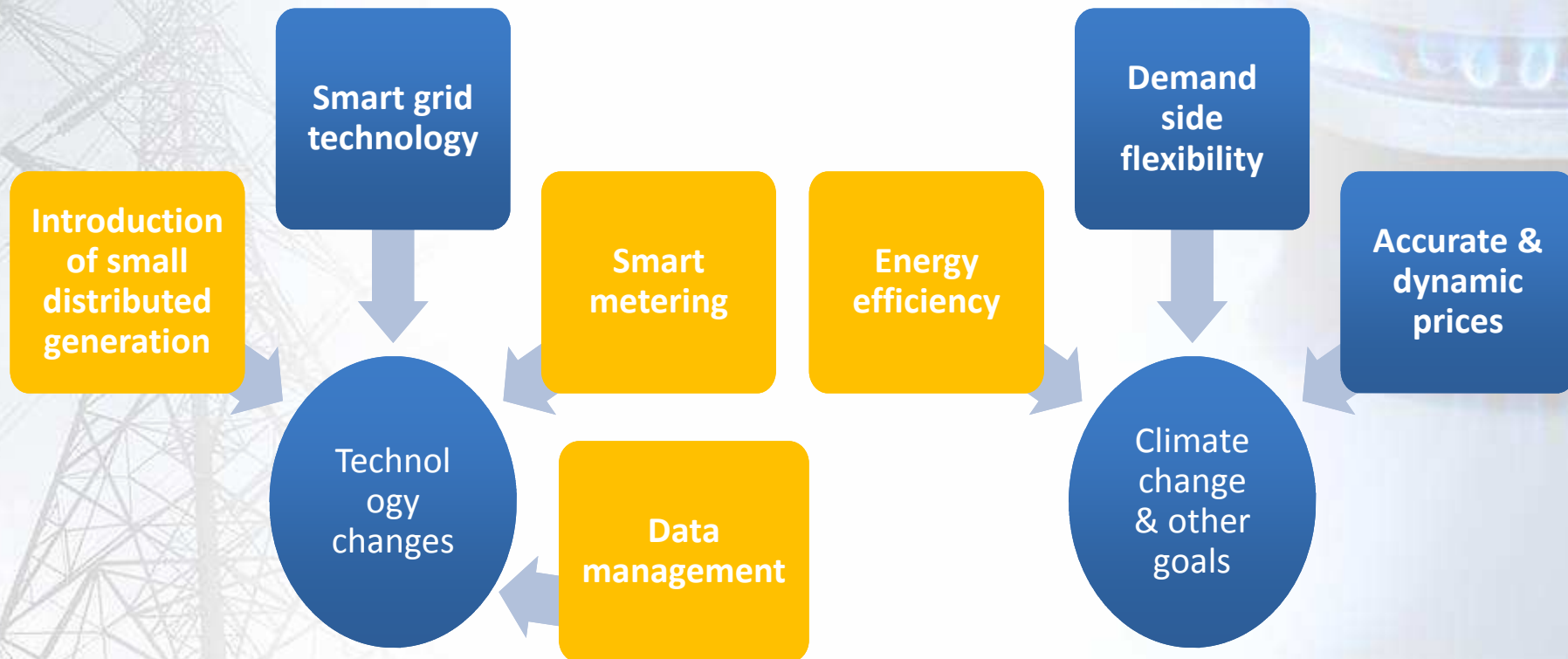
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# Main changes

- Europe's energy networks are facing a great period of change



# Main changes

- **Smart meters**

- Huge increase in **amount of data**

- Of interest for third party service companies

- Raises transparency, some privacy and accuracy issues

- Enables DSOs to provide advise on **energy efficiency** to consumers; also other actors providing EE services in a competitive environment

- Possibilities of new services within competitive markets requires clear roles and responsibilities for all market actors including DSOs

- How data / energy services are provided by regulated DSOs?

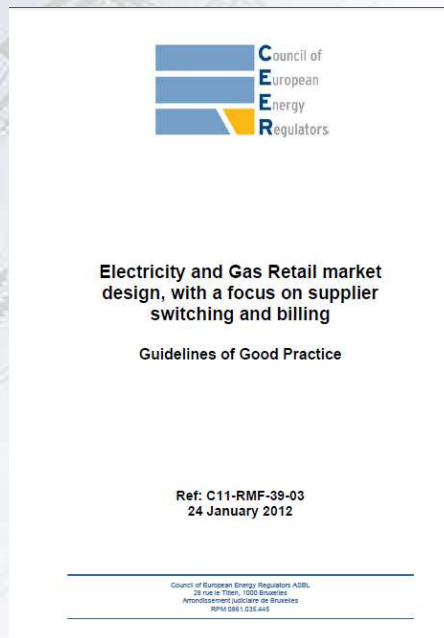
- **Decline of gas demand for heating**

- Raises issues of stranded investments in the DSO networks

- Increasing competition between district heating and gas to be properly managed

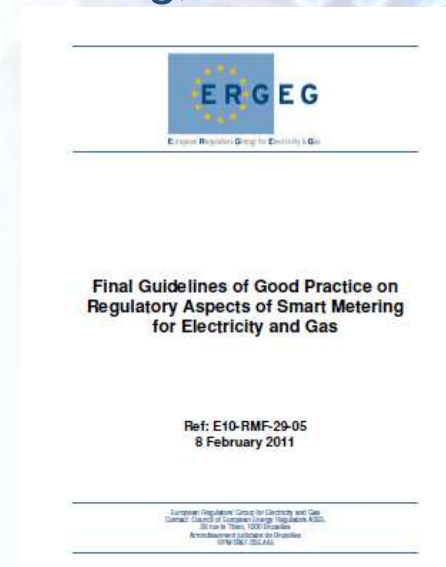
# Examples of CEER work

Recognising changes ahead, regulators have been tackling relevant issues:



- *CEER GGP on electricity and gas retail market design, with a focus on switching and billing, 2012*

- *GGP on Regulatory Aspects of Smart Metering for Electricity and Gas, ERGEG, 2011*



Reports address the role and responsibilities of the DSOs, functionalities, benefits for customers, etc.

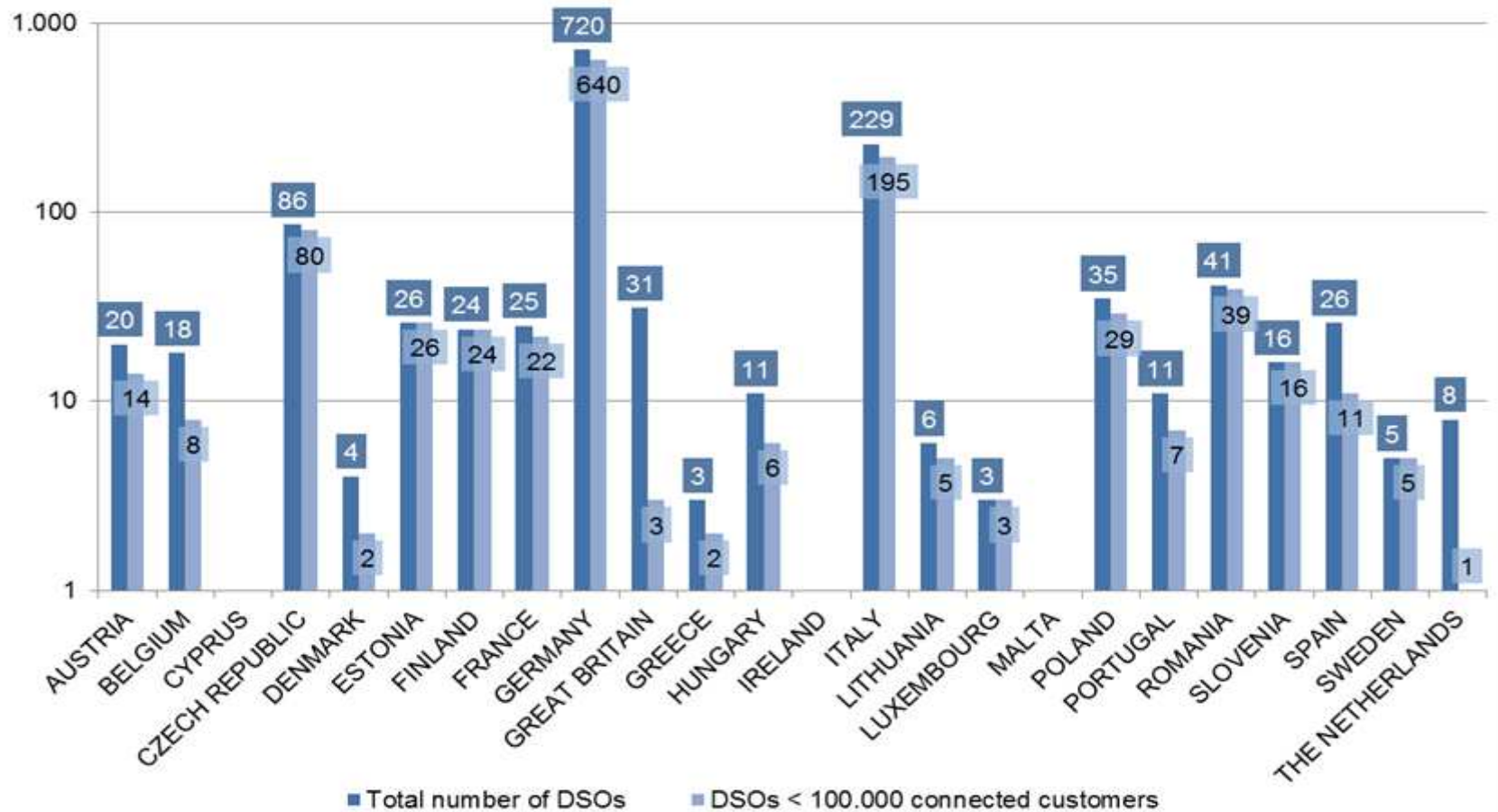
# Roles and Responsibilities of DSOs 1/2

- The **traditional role** of DSOs has been network asset planning and operation
  - Data management
  - Security of supply
  - Safety
  - Connection, disconnection and maintenance

# Roles and Responsibilities of DSOs 2/2

- DSOs play a role in the efficient functioning of Europe's energy markets; acting as “entry gates” to retail markets in most countries, making them an important influence on the level of competition as well
- **In future**, DSOs might be seen as a more **active player** whose role could expand from transportation and access services to market facilitation services and system operator services

# Number of gas DSOs active in individual countries



...impacting on the complexity of managing the new tasks and services.

Source: CEER

# Unbundling 1/2

Unbundling the energy supply aims to



Ensure the well-functioning of the European Internal Energy Market

Guarantee security of supply for consumers at a fair price

Promote and maintain competition in energy markets

- **DSOs are subject to legal and functional unbundling requirements under the 3rd Package**

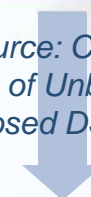


# Unbundling 2/2

- DSOs are encouraged to act as **neutral bodies**, facilitating fair competition between suppliers
- The efficient and independent functioning of those operating the distribution networks will become increasingly important as the networks take on a bigger role in facilitating these new market elements (and services)

Status of gas DSO rebranding by country	
All	3
Most	0
Approximately half	1
Few	5
None	8
N/A	4

*Status: 2012, Source: CEER Status Review on the Transposition of Unbundling Requirements for DSOs and Closed DSOs, 2013*



In more than half of the MS assessed there is no or not sufficient DSO rebranding

# Key questions

The role of DSOs is changing from passive (neutral market facilitators of energy services) to more active network management and this raises a number of questions:

- Will the current unbundling requirements be adequate?
- How should the management and protection of data be regulated?
  - Transparent and non-discriminatory data exchange
- Competition, multiple players, active customers – what role for DSOs?



# Key questions

- What tools are necessary to enhance better data exchange between market participants to the benefit of end-consumers?
- Should all these rules be purely national?
- How to enhance (online) supplier switching?
- Definition of standardised data format and data exchange?
- Extension of harmonised interoperability rules to retail level?
- How to deal with the effects of declining consumption on retail infrastructure?



# Conclusions and future CEER work

- In 2014, CEER intends to examine further the developing role of DSOs
- This will include the role of DSOs in encouraging the demand side (through e.g. network tariffs) as well as the development of new services (and service providers) for the demand side participation and regulatory aspects of these topics
- CEER is also planning deliverables on regulating the quality of DSOs services on data management and on demand response

The background of the slide is a composite image. On the left, there is a faded, light-colored image of a high-voltage electricity pylon. On the right, there is a blurred image of a gas stove burner with a blue flame. The overall background has a light blue and white gradient.

Thank you for your attention!

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