

## CEER Citizens' Q&A

### CEER position paper in the future DSO and TSO relationship

21 September 2016

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#### 1 What do we mean by the 'DSO and TSO relationship' ?

At a high level, the role of Distribution System Operators (DSOs) and Transmission System Operators (TSOs) is to enable electricity and gas to be transported to customers in a safe, secure, reliable and cost-effective way.

Traditionally DSOs and TSOs have had distinct roles. Across most of Europe, electricity and gas Transmission System Operators (TSOs) own, develop, maintain and operate the respective transmission systems, as well as being responsible for ensuring security of supply at all times. Similarly, electricity and gas Distribution System Operators (DSOs) generally develop, maintain and operate the distribution systems and have responsibility for system security and quality of service in the respective distribution networks.

However, interactions in the work they do are growing as we transition to a sustainable energy system. Carrying out their roles in a secure and cost-efficient manner requires their close cooperation and coordination, as well as appropriate regulatory arrangements that underpin efficient whole system solutions in the best interests of the customers who use it.

#### 2 What does the report propose for the future DSO and TSO relationship ?

This report proposes a set of high-level principles which CEER believes should set the trajectory of the future DSO-TSO relationship, and related regulatory arrangements. These principles are set out in four areas: overarching principles, governance arrangements, network planning and system operation. Together the principles drive towards the need for effective coordination and cooperation between DSOs and TSOs, and for all parties to act in the best interests of the system as a whole.

#### 3 How does it work?

There are a range of things DSOs, TSOs and NRAs can do. For instance, DSOs and TSOs can share more information about what is happening, and what they think will happen in the future, on their networks. They can cooperate more in planning how the networks should develop over time. They can also work together more to better understand where actions they take could create problems for one another, or where they might be able to offer each other solutions. NRAs can ensure DSOs and TSOs have the right incentives and have clear roles and responsibilities which enable them to cooperate effectively whilst performing their respective roles.



**4 Why is this important for energy customers? What is the impact on energy customers?**

The vast majority of electricity and gas consumers rely on the transmission and distribution networks to deliver energy to them. Consumers pay for this service through retail charges or network tariffs. In order to keep these charges as low as possible, and to ensure that customers receive the best standards of reliability and safe and secure supply, DSOs and TSOs need to work closer together.