

What is needed to implement the EU energy strategy?

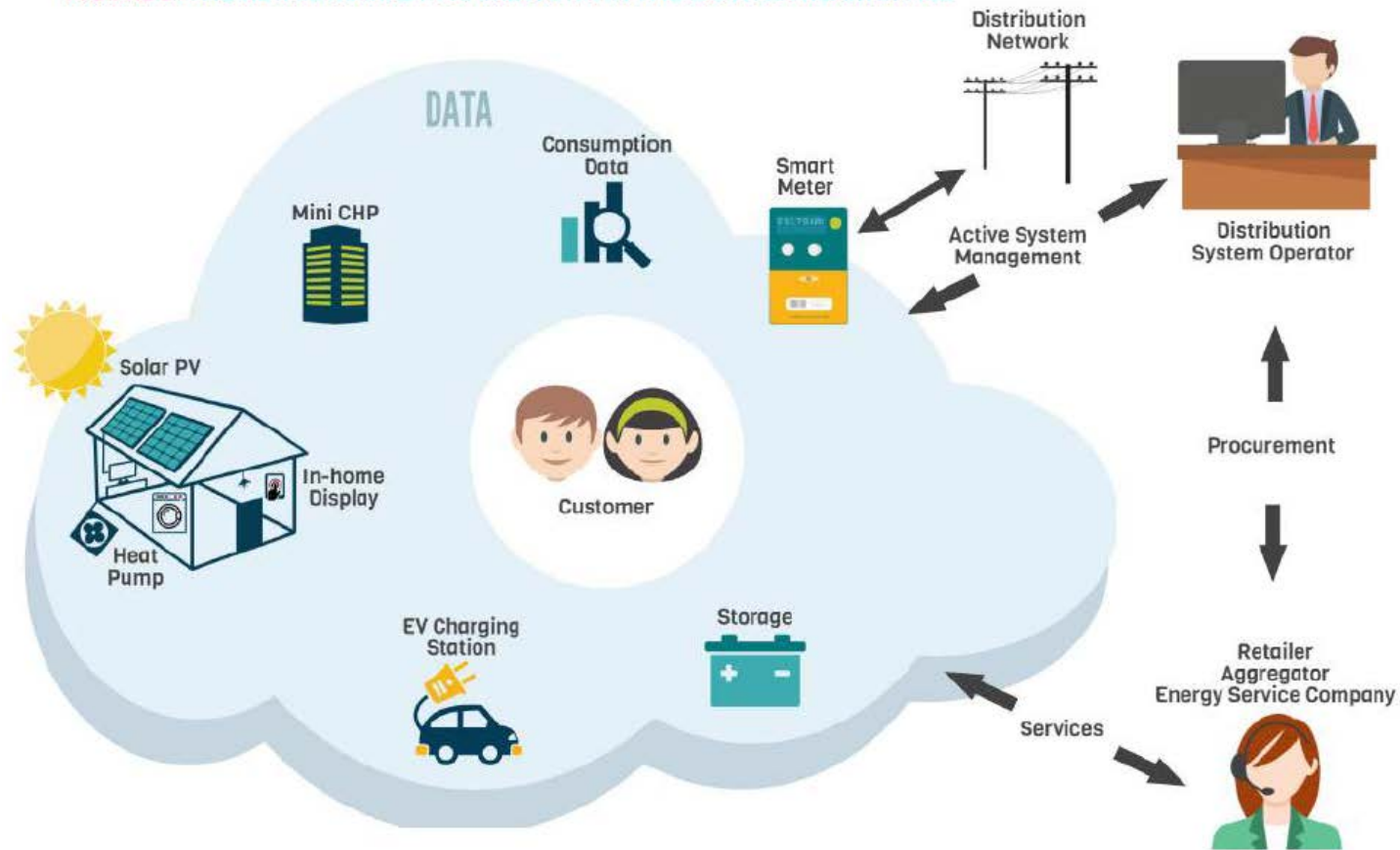
A DSO's view

Energy Community
Athens Forum 02/06/2016

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Delivering a new deal for customers – what is needed to stimulate customer response? **A step back: what is needed before the activation of the customers**

FIGURE 3: THE RETAIL MARKET FRAMEWORK IN THE DOWNSTREAM SPACE



How we can make DSOs “the key players” in the energy transition?

Proper Regulatory framework – Improve structure of network tariff

Current regulatory framework does not foster the implementation of the necessary innovative investments.

- **1st step** The policy makers and Regulatory Authorities should recognize DSO’s new important role.
- **2nd step:** Regulation should recognize the special character of innovative investments. The evaluation of efficiency should take into account the higher technology risk inherent in such investments.

DSOs should be allowed to achieve a higher return on innovative investments and a risk adjusted depreciation period for such projects with significant investment and business risk.

- **3rd step:** The European Commission should develop guidance on smart grid investment and innovation incentives to be used at the national level.

How we can make the DSOs “the key player” in the energy transition?

Proper Regulatory framework – Improve structure of network tariff

- Full and timely recovery of network costs, through tariffs, is a necessary condition for DSOs to fulfil their duties.
- Additionally, network tariffs should allocate distribution costs in a fair way among users. Situations, in which one group of network users covers the costs generated by other user groups, must be avoided.
- More capacity-based tariffs better reflect the nature of distribution costs, provide more stable distribution revenues collection, prevent cross-subsidies between customer categories and give the right signals to incentivize the efficient grid use.
- On the other hand capacity-based tariffs, with proper design, can support demand response or energy efficiency.

Thank you!

Interview:

<http://www.eurelectric.org/events/2016/innovative-dsos-in-a-decentralised-energy-system/>

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