

The background is a satellite-style image of Europe at night, with city lights visible. Overlaid on this are numerous glowing blue lines that represent energy transmission. These lines are curved and connect various points across the continent, creating a network-like pattern.

6th CDSO-E Meeting Summary

3 December 2015

Investment incentives – quality of service

- Regulatory investment incentives are not sufficient
- Lack of investments also negatively influences quality of service (QoS) in the region (e.g. HR, SRB)
 - AERS is therefore newly introducing penalties in case of non-compliance with QoS standards
- It is necessary to develop / improve regulatory framework incentivizing investments
- Studies show that QoS can be improved by increasing efficiency of DSO internal structures; improvement of planned interruptions is though also limited by grid design (star structure)
- Statistics on QoS should exclude “force majeure” cases to ensure comparability of data
 - a definition of “force majeure” is necessary (ref. CEER)
- Regulatory acknowledgement of planned investments in the RAB before their realization can be seen as a promoter for investments (examples: MNTG, KOS)

Transparency

- In-time implementation of Transparency Regulation 543/2013 will depend on IT availability which is in particular challenging for DSOs

WACC

- From DSO perspective regulatory praxis of RoR setting should follow international risk premium standards in order to ensure an economically viable WACC
- Evidence based decision on calculation of return on equity is necessary

Procurement of losses

- There is an urgency to establish functional markets with appropriate products, including spot markets, in order to ensure cost efficient procurement of losses

Unbundling

- The example of Kosovo shows that clear guidance by regulators on how to conduct unbundling is strongly supporting the process
- Adequate allocation of assets and common functions are seen as key challenge for unbundling, as well as managing old debts, in particular debts of public institutions.
- Legal security and legal enforcement measures to ensure collection and fight theft.

Supplier of last resort and protection of vulnerable customer

Policy measures must take into account social targeting.

Results of evaluation of challenges for unbundling

Assessment of relevance: scores given by participants

Challenges for DSO unbundling	Given score
asset transfer to the unbundled company (supply)	66
where to split the organization and how to proceed with common function	124
tax issues because of asset transfer and separate accounting	49
ownership issues	65
customer service challenges (communication, service, etc)	18
treatment of impairments and grid losses, related taxes	33
future debt management, disconnection process, court cases	46
old pending court cases, old debts etc	102
handling of debts of public institutions	87
new tariff structure, cost allocation	70
application of licences and other legal issues	18
dependency on decision of Ministries and/ or Parliament	46
Rebranding	14

