



Committee on the Environment, Public Health and Food Safety

2016/0379(COD)

20.9.2017

DRAFT OPINION

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council
on the internal market for electricity (recast)
(COM(2016)0861 – C8-0492/2016 – 2016/0379(COD))

Rapporteur: Ivo Belet

PA_Legam

SHORT JUSTIFICATION

Overall, the Rapporteur welcomes the European Commission's priorities for the clean energy package: energy efficiency first, EU's global leadership in renewables and a fair deal for energy consumers.

The proposal for a regulation is aimed at establishing an integrated energy market that provides several benefits including the integration and development of large volumes of electricity produced from renewable sources in a cost efficient manner and further energy saving thanks to a more transparent pricing.

General rules

EU legislation must find the right balance between market-based approaches and effective regulation. Market corrections could be needed to overcome market failures and to achieve objectives of general social and economic interest. The right balance is needed in order to deliver the energy transition at the lowest societal cost.

Priority dispatch

If we want to maintain the EU's global leadership in renewables, it might be premature, as long as wholesale markets still show distortions, to foresee the end of priority grid access and priority dispatch for renewable power plants. Rules regarding the removal of priority dispatch and curtailment need to be carefully assessed.

Network charges and congestion income

Redesign of network tariffs should be handled with care. When trying to better reflect the real use of the grid, solidarity issues must not be side-lined.

The proposed review limits the use of congestion revenues to costs related to the actual availability of capacity and costs for interconnection capacities. Especially when interconnection targets are reached, it should remain an option that congestion income flows back to the grid users to ensure public acceptance.

Resource adequacy

The Rapporteur welcomes the formalisation of a coordinated European resource adequacy methodology as a necessary step in order to ensure comparable assessments.

Nevertheless, further attention is needed to achieve the right balance between the European level at the one hand and the regional and national level at the other hand. Therefore, the coordinated European resource adequacy assessment should be complemented by assessments focussing at national or regional level (including more granularity, more sensitivities, local situations, etc...).

In order to ensure security of supply at the lowest cost for consumers, reasons to introduce capacity mechanisms should be properly scrutinised. Costs of capacity mechanisms and their impact on consumers' bills should be carefully assessed. Capacity mechanisms should be established on the basis of transparent criteria that include flexibility and should not run

counter to the EU's climate and energy targets. Capacity mechanisms should only be a temporary measure of last resort, limited in time and accompanied by a clear exit strategy.

Transmission system operation

To successfully integrate the different national energy markets, the Rapporteur considers that efficient coordination of the European power system is needed. Regional coordination between TSOs is a key building block in the achievement of the Energy Union. Recently this has become mandatory through different EU Regulations (network codes and guidelines). Further transfer of tasks and widening of the regional base for cooperation within regional cooperation centres, is certainly needed, but it is questionable whether this can be successfully realised top down. The legislative framework should promote elaborating the European dimension of transmission operation bottom-up.

AMENDMENTS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Industry, Research and Energy, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) Core market principles should set out that electricity prices are to be determined through demand and supply. Those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage.

Amendment

(8) Core market principles should set out that electricity prices are to be determined through demand and supply. ***While respecting principles of solidarity and fair distribution of costs***, those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage.

Or. en

Amendment 2

Proposal for a regulation

Recital 26

Text proposed by the Commission

Amendment

(26) A robust medium to long-term Union level resource adequacy assessment should be carried out by the ENTSO for Electricity to provide an objective basis for the assessment of adequacy concerns. The resource adequacy concern that capacity mechanisms address should be based on *the EU assessment*.

(26) A robust medium to long-term Union level resource adequacy assessment should be carried out by the ENTSO for Electricity to provide an objective basis for the assessment of adequacy concerns. *That assessment should be complemented by more granular assessments at the levels of bidding zones, Member States and regions.* The resource adequacy concern that capacity mechanisms address should be based on *those assessments*.

Or. en

Amendment 3

Proposal for a regulation

Recital 27

Text proposed by the Commission

(27) The medium to long-term resource adequacy assessment (from 10 year-ahead to year-ahead) set out in this regulation has a different purpose than the seasonal outlooks (six months ahead) as set out in Article 9 [Regulation on risk preparedness as proposed by COM(2016) 862]. Medium- to long-term assessments are mainly used to assess the need for capacity mechanisms whereas seasonal outlooks are used to alert to risks that might occur in the following six months that are likely to result in a significant deterioration of the electricity supply situation. In addition, Regional **Operational** Centres also carry out regional adequacy assessments as defined in European legislation on electricity transmission system operation. These are very short-term adequacy assessments (from weak-ahead to day-ahead) used in the context of system operation.

Amendment

(27) The medium to long-term resource adequacy assessment (from 10 year-ahead to year-ahead) set out in this regulation has a different purpose than the seasonal outlooks (six months ahead) as set out in Article 9 [Regulation on risk preparedness as proposed by COM(2016) 862]. Medium- to long-term assessments are mainly used to assess the need for capacity mechanisms whereas seasonal outlooks are used to alert to risks that might occur in the following six months that are likely to result in a significant deterioration of the electricity supply situation. In addition, Regional **coordination** Centres also carry out regional adequacy assessments as defined in European legislation on electricity transmission system operation. These are very short-term adequacy assessments (from weak-ahead to day-ahead) used in the context of system operation.

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Amendment 4

Proposal for a regulation

Recital 35

Text proposed by the Commission

(35) Regional **operational** centres should carry out functions where their regionalisation brings added value compared to functions performed at national level. The functions of regional **operational** centres should cover the functions carried out by regional security coordinators as well as additional **system operation, market operation and risk preparedness functions**. The functions carried out by regional **operational** centres should exclude real time operation of the electricity system.

Amendment

(35) Regional **coordination** centres should carry out functions where their regionalisation brings added value compared to functions performed at national level. The functions of regional **coordination** centres should cover the functions carried out by regional security coordinators as well as additional **ones of regional importance**. The functions carried out by regional **coordination** centres should exclude real time operation of the electricity system.

Or. en

Amendment 5

Proposal for a regulation

Recital 36

Text proposed by the Commission

(36) Regional **operational** centres should primarily act in the interest of system and market operation of the region over the interests of any single entity. Hence, regional **operational** centres should **be entrusted with decision-making powers to act and to direct actions to be taken by transmission system operators of the system operation region for certain functions and with an** enhanced advisory role **for the remaining functions**.

Amendment

(36) Regional **coordination** centres should primarily act in the interest of system and market operation of the region over the interests of any single entity. Hence, regional **coordination** centres should **have** enhanced advisory role **through issuing recommendations**.

Or. en

Amendment 6

Proposal for a regulation

Article 2 – paragraph 2 – point v

Text proposed by the Commission

(v) 'strategic reserve' means a capacity mechanism in which resources are only dispatched in case day-ahead **and intraday** markets have failed to clear, transmission system operators have exhausted their balancing resources to establish an equilibrium between demand and supply, and imbalances in the market during periods where the reserves were dispatched are settled at the value of lost load;

Amendment

(v) 'strategic reserve' means a capacity mechanism in which resources are **held outside the market and are** only dispatched in case day-ahead markets have failed to clear, transmission system operators have exhausted their balancing resources to establish an equilibrium between demand and supply, and imbalances in the market during periods where the reserves were dispatched are settled at the value of lost load;

Or. en

Justification

Strategic reserves are securing generation adequacy and not network stability. Therefore the reference to intraday should be deleted.

Amendment 7

Proposal for a regulation

Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) prices shall **be formed based on** demand and supply;

Amendment

(a) prices shall **in general reflect** demand and supply;

Or. en

Amendment 8

Proposal for a regulation

Article 3 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) actions which prevent price formation on the basis of demand and supply *or constitute a disincentive to the development of more flexible generation, low carbon generation, or more flexible demand shall be avoided*;

(b) actions which prevent price formation on the basis of demand and supply *shall be avoided unless they aim to establish solidarity and fair distribution of costs*;

Or. en

Amendment 9

Proposal for a regulation

Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(b a) the development of more flexible generation, low carbon generation and more flexible demand shall be promoted;

Or. en

Amendment 10

Proposal for a regulation

Article 3 – paragraph 1 – point e

Text proposed by the Commission

Amendment

(e) market rules shall support the decarbonisation of the economy by *enabling* the integration of electricity from renewable energy sources and *providing incentives* for energy efficiency;

(e) market rules shall support the decarbonisation of the economy by *providing incentives for* the integration of electricity from renewable energy sources and for energy efficiency;

Or. en

Amendment 11

Proposal for a regulation

Article 3 – paragraph 1 – point f

Text proposed by the Commission

Amendment

(f) market rules shall ***deliver*** appropriate investment incentives for generation, storage, energy efficiency and demand response to meet market needs and thus ensure security of supply;

(f) market rules shall ***aim to deliver*** appropriate investment incentives for generation, storage, energy efficiency and demand response to meet market needs and thus ensure security of supply;

Or. en

Amendment 12

Proposal for a regulation

Article 4 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Member States shall provide for a derogation from balance responsibility in respect of generating installations using renewable energy sources with an installed electricity capacity of less than 500 kW or high-efficiency cogeneration;

Or. en

Amendment 13

Proposal for a regulation

Article 4 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) generating installations using renewable energy sources or high-efficiency cogeneration with an installed electricity capacity of less than 500 kW;

deleted

Or. en

Amendment 14

Proposal for a regulation

Article 5 – paragraph 1

Text proposed by the Commission

1. All market participants shall have access to the balancing market, be it individually or through aggregation. Balancing market rules and products shall respect the need to accommodate increasing shares of variable generation as well as increased demand responsiveness and the advent of new technologies.

Amendment

1. All market participants shall have access to the balancing market, be it individually or through aggregation. Balancing market rules and products shall respect the need to accommodate increasing shares of variable generation as well as increased demand responsiveness and the advent of new technologies.
Balancing market rules shall be proportionate to allow for simplified access for local energy communities.

Or. en

Amendment 15

Proposal for a regulation

Article 11 – paragraph 2 – introductory part

Text proposed by the Commission

2. When dispatching electricity generating installations, transmission system operators shall give priority to generating installations using renewable energy sources or high-efficiency cogeneration from small generating installations or generating installations using emerging technologies to the following extent:

Amendment

2. When dispatching electricity generating installations, transmission ***and distribution*** system operators shall give priority to generating installations using renewable energy sources or high-efficiency cogeneration from small generating installations or generating installations using emerging technologies to the following extent:

Or. en

Amendment 16

Proposal for a regulation

Article 11 – paragraph 2 – point a

Text proposed by the Commission

(a) generating installations using

Amendment

(a) generating installations using

renewable energy sources *or high-efficiency cogeneration* with an installed electricity capacity of less than 500 kW; or

renewable energy sources with an installed electricity capacity of less than 500 kW; or

Or. en

Amendment 17

Proposal for a regulation

Article 11 – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(a a) generating installations using high-efficiency cogeneration; or

Or. en

Justification

It does not seem appropriate to establish a threshold for priority dispatch of HE cogeneration.

Amendment 18

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

Where the total capacity of generating installations subject to priority dispatch under paragraph 2 is higher than 15 % of the total installed generating capacity in a Member State, point (a) of paragraph 2 shall apply only to additional generating installations using renewable energy sources *or high-efficiency cogeneration* with an installed electricity capacity of less than 250 kW.

Where the total capacity of generating installations subject to priority dispatch under paragraph 2 is higher than 15 % of the total installed generating capacity in a Member State, point (a) of paragraph 2 shall apply only to additional generating installations using renewable energy sources with an installed electricity capacity of less than 250 kW.

Or. en

Amendment 19

Proposal for a regulation
Article 11 – paragraph 3 – subparagraph 2

Text proposed by the Commission

From 1 January 2026, point (a) of paragraph 2 shall apply only to generating installations using renewable energy sources **or high-efficiency cogeneration** with an installed electricity capacity of less than 250 kW or, if the threshold under the first sentence of this paragraph has been reached, of less than 125 kW.

Amendment

From 1 January 2026, point (a) of paragraph 2 shall apply only to generating installations using renewable energy sources with an installed electricity capacity of less than 250 kW or, if the threshold under the first sentence of this paragraph has been reached, of less than 125 kW.

Or. en

Amendment 20

Proposal for a regulation
Article 11 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. Prior to the removal of priority dispatch for generating installations using renewable energy sources in accordance with paragraphs 2 and 3, Member States shall ensure that dispatching rules are fully transparent and market-based and that the removal would not undermine Member States' contribution to Union climate and energy targets;

Or. en

Amendment 21

Proposal for a regulation
Article 12 – paragraph 3

Text proposed by the Commission

3. The responsible system operators shall report at least once per year to the competent regulatory authority **on**

Amendment

3. The responsible system operators shall report at least once per year to the competent regulatory authority **and ACER**

curtailment or downward redispatching of generating installations using renewable energy sources or high-efficiency cogeneration and on measures taken to reduce the need for such curtailment or downward redispatching in the future. Curtailment or redispatching of generating installations using renewable energy sources or high-efficiency cogeneration shall be subject to compensation pursuant to paragraph 6.

on the volumes and types of energy covered by curtailment or downward redispatching of generating installations using renewable energy sources or high-efficiency cogeneration and on measures taken to reduce the need for such curtailment or downward redispatching in the future. ***They shall also report on contractual arrangements with generating units for them to operate at a certain level of electricity infeed.*** Curtailment or redispatching of generating installations using renewable energy sources or high-efficiency cogeneration shall be subject to compensation pursuant to paragraph 6.

Or. en

Amendment 22

Proposal for a regulation

Article 12 – paragraph 5 – point c

Text proposed by the Commission

(c) self-generated electricity from generating installations using renewable energy sources or high-efficiency cogeneration which is not fed into the transmission or distribution network shall not be curtailed unless no other solution would resolve network security issues;

Amendment

(c) self-generated electricity from generating installations using renewable energy sources or high-efficiency cogeneration which is not fed into the transmission or distribution network shall not be curtailed unless no other solution would resolve network security issues ***or if this would result in disproportionately high costs;***

Or. en

Amendment 23

Proposal for a regulation

Article 16 – paragraph 1

Text proposed by the Commission

1. Charges applied by network

Amendment

1. Charges applied by network

operators for access to networks , including charges for connection to the networks, charges for use of networks, and, where applicable, charges for related network reinforcements, shall be transparent, take into account the need for network security and flexibility and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. In particular, they shall be applied in a way which does not discriminate between production connected at the distribution level and production connected at the transmission level, either positively or negatively. They shall not discriminate against energy storage **and** shall **not** create disincentives for participation in demand response. Without prejudice to paragraph 3, those charges shall not be distance-related.

operators for access to networks, including charges for connection to the networks, charges for use of networks, and, where applicable, charges for related network reinforcements, shall be transparent, take into account the need for network security and flexibility and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. In particular, they shall be applied in a way which does not discriminate between production connected at the distribution level and production connected at the transmission level, either positively or negatively. They shall not discriminate against energy storage. **While they may contain elements of redistribution between all energy consumers, they shall avoid to** create disincentives for participation in demand response. Without prejudice to paragraph 3, those charges shall not be distance-related.

Or. en

Amendment 24

Proposal for a regulation Article 16 – paragraph 7

Text proposed by the Commission

7. Distribution tariffs shall reflect the cost of use of the distribution network by system users including active customers, and may be differentiated based on system users' consumption or generation profiles. Where Member States have implemented the deployment of smart metering systems, regulatory authorities may introduce time differentiated network tariffs, reflecting the use of the network, in a transparent and foreseeable way for the consumer.

Amendment

7. Distribution tariffs shall reflect the cost of **access to and** use of the distribution network by system users including active customers, and may be differentiated based on system users' consumption or generation profiles. Where Member States have implemented the deployment of smart metering systems, regulatory authorities may introduce time differentiated network tariffs, reflecting the use of the network, in a transparent and foreseeable way for the consumer.

Amendment 25

Proposal for a regulation Article 16 – paragraph 8

Text proposed by the Commission

8. Regulatory authorities shall provide incentives to distribution system operators to procure services for the operation and development of their networks and integrate innovative solutions in the distribution systems. For that purpose regulatory authorities shall recognise as eligible and include all relevant costs in distribution tariffs and introduce performance targets in order to incentivise distribution system operators to raise efficiencies, including energy efficiency, in their networks.

Amendment

8. Regulatory authorities shall provide incentives to distribution system operators to procure **and develop** services for the operation and development of their networks and integrate innovative solutions in the distribution systems. For that purpose regulatory authorities shall recognise as eligible and include all relevant costs in distribution tariffs and introduce performance targets in order to incentivise distribution system operators to raise efficiencies, including energy efficiency, in their networks.

Or. en

Amendment 26

Proposal for a regulation Article 17 – paragraph 2 – subparagraph 1 – introductory part

Text proposed by the Commission

Any revenues resulting from the allocation of interconnection capacity shall be used for the following purposes:

Amendment

Revenues resulting from the allocation of interconnection capacity shall be used for the following purposes:

Or. en

Amendment 27

Proposal for a regulation Article 17 – paragraph 2 – subparagraph 2

Text proposed by the Commission

If the revenues cannot be efficiently used for the purposes set out in points (a) or (b) of the first subparagraph, they shall be placed on a separate internal account line for future use on these purposes.

Amendment

If the revenues cannot be efficiently used for the purposes set out in points (a) or (b) of the first subparagraph, they shall be placed on a separate internal account line for future use on these purposes.

When Member States meet the Union interconnection target of 15 % and subject to the approval of national regulatory authorities of the Member States concerned, part of it may be considered as income to be taken into account when approving the methodology for network tariffs.

Or. en

Amendment 28

**Proposal for a regulation
Article 18 – paragraph 2**

Text proposed by the Commission

2. Where the European resource adequacy assessment identifies a resource adequacy concern Member States shall identify any regulatory distortions that caused or contributed to the emergence of the concern.

Amendment

2. Where the European resource adequacy assessment identifies a resource adequacy concern Member States shall identify any regulatory distortions ***and market failures*** that caused or contributed to the emergence of the concern.

Or. en

Amendment 29

**Proposal for a regulation
Article 18 – paragraph 3**

Text proposed by the Commission

3. Member States shall publish a timeline for adopting measures to eliminate any identified regulatory distortions. When addressing resource adequacy concerns

Amendment

3. Member States shall publish a timeline for adopting measures to eliminate any identified regulatory distortions ***and actions to address market failures***. When

Member States shall in particular consider removing regulatory distortions, enabling scarcity pricing, developing interconnection, energy storage, demand side measures and energy efficiency.

addressing resource adequacy concerns
Member States shall in particular consider removing regulatory distortions, enabling scarcity pricing, developing interconnection, energy storage, demand side measures and energy efficiency.

Or. en

Amendment 30

Proposal for a regulation

Article 19 – paragraph 4 – point b

Text proposed by the Commission

(b) is based on appropriate scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, new-build of generation assets and measures to reach energy efficiency targets and appropriate sensitivities on wholesale prices and carbon price developments;

Amendment

(b) is based on appropriate scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, new-build of generation assets and measures to reach energy efficiency **and interconnection** targets and appropriate sensitivities on wholesale prices and carbon price developments;

Or. en

Amendment 31

Proposal for a regulation

Article 19 – paragraph 6

Text proposed by the Commission

6. The proposals under paragraphs 2 and 5 and the results of the European resource adequacy assessment under paragraph 3 shall be subject to prior consultation and approval by the Agency under the procedure set out in Article 22.

Amendment

6. The proposals under paragraphs 2 and 5, **the scenarios and assumptions on which they are based**, and the results of the European resource adequacy assessment under paragraph 3 shall be subject to prior consultation and approval by the Agency under the procedure set out in Article 22.

Or. en

Amendment 32

Proposal for a regulation

Article 23 – paragraph 3

Text proposed by the Commission

3. Capacity mechanisms shall not create unnecessary market distortions and not limit cross-border trade. The amount of capacity committed in the mechanism shall not go beyond what is necessary to address the concern.

Amendment

3. Capacity mechanisms shall not create unnecessary market distortions and not limit cross-border trade. The amount of capacity committed in the mechanism shall not go beyond what is necessary to address the concern. ***Generation capacity providers shall be selected on the basis of transparent criteria, including flexibility criteria with the aim of minimising the level of stable output.***

Or. en

Amendment 33

Proposal for a regulation

Article 23 – paragraph 4

Text proposed by the Commission

4. ***Generation capacity for which a final investment decision has been made after [OP: entry into force] shall only be eligible to participate in a capacity mechanism if its emissions are below 550 gr CO₂/kWh.*** Generation capacity emitting 550 gr CO₂/kWh or more shall not be committed in capacity mechanisms ***5 years*** after the entry into force of this Regulation.

Amendment

4. Generation capacity emitting 550 gr CO₂/kWh or more shall not be committed in capacity mechanisms after the entry into force of this Regulation.

Or. en

Amendment 34

Proposal for a regulation

Article 32 – paragraph 1

Text proposed by the Commission

Amendment

1. By [OP: twelve months after entry into force], all transmission system operators shall ***establish*** regional ***operational*** centres in accordance with the criteria set out in this chapter. Regional ***operational centres shall be established in the territory of one of the Member States of the region where it will operate.***

1. By [OP: twelve months after entry into force], all transmission system operators ***of a system operation region shall submit to the regulatory authorities of the region for a review a proposal for the establishment of*** regional ***coordination*** centres in accordance with the criteria set out in this chapter.

That proposal shall include the following information:

(a) ***the Member State where the regional coordination centre is to be located;***

(b) ***the organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system;***

(c) ***an implementation plan for the entry into operation of the regional coordination centres;***

(d) ***the statutes and rules of procedure of regional coordination centres;***

(e) ***a description of cooperative processes in accordance with Article 35;***

(f) ***a description of the arrangements concerning the liability of regional coordination centres in accordance with Article 44.***

Or. en

Amendment 35

Proposal for a regulation

Article 32 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The effective operation of the transmission system shall be the responsibility of each transmission system operator in accordance with Article 44.

Amendment 36

Proposal for a regulation Article 34 – paragraph 4

Text proposed by the Commission

4. Regional **operational** centres shall provide transmission system operators of the system operation region with all the information necessary to **implement the decisions and recommendations proposed by the regional operational centres**.

Amendment

4. Regional **coordination** centres shall provide transmission system operators of the system operation region with all the information necessary to **fulfil their tasks**.

Or. en

Amendment 37

Proposal for a regulation Article 35 – paragraph 1 – introductory part

Text proposed by the Commission

1. The **day-to-day operation** of regional **operational** centres shall be managed through cooperative **decision-making**. **The cooperative-decision making** process shall be based on:

Amendment

1. The **performance of functions** of regional **coordination** centres shall be managed through cooperative **processes that rely on the involvement of the transmission system operators of the region, including arrangements for coordination between regional coordination centres where relevant**. **The cooperative** process shall be based on:

Or. en

Amendment 38

Proposal for a regulation Article 38 – title

Text proposed by the Commission

Amendment

Adoption of *decisions and*
recommendations

Adoption of recommendations

Or. en

Amendment 39

Proposal for a regulation Article 38 – paragraph 1

Text proposed by the Commission

1. **Regional operational centres** shall develop a procedure for the adoption *of decisions and recommendations*.

Amendment

1. **The transmission system operators of a system operation region** shall develop a procedure for the adoption *and revision of recommendations put forward by regional coordination centres in accordance with the criteria set out in paragraphs 2 and 3*.

Or. en

Amendment 40

Proposal for a regulation Article 38 – paragraph 2

Text proposed by the Commission

2. Regional **operational** centres shall adopt **binding decisions** addressed to the transmission system operators in respect of the functions referred to in points (a), (b), (g) and (q) of Article 34(1). Transmission system operators shall **implement the binding decisions issued by the regional operational centres except in cases when the safety of the system will be negatively affected**.

Amendment

2. Regional **coordination** centres shall adopt **recommendations** addressed to the transmission system operators in respect of the functions referred to in points (a), (b), (g) and (q) of Article 34(1). Transmission system operators shall **do their utmost to follow those recommendations**.

Or. en

Amendment 41

Proposal for a regulation
Article 38 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Where a transmission system operator decides to deviate from the recommendation issued by the regional coordination centre, it shall submit a detailed reasons to the regional coordination centre and to the other transmission system operators of the system operation region.

Or. en

Amendment 42

Proposal for a regulation
Article 38 – paragraph 3

Text proposed by the Commission

Amendment

3. Regional operational centres shall adopt recommendations addressed to the transmission system operators for the functions referred to in points (c) to (f) and (h) to (p) of Article 34(1).

3. As regards the recommendations for the functions referred to in points (a) and (b) of Article 34(1), transmission system operators shall deviate only in cases where the safety of the system would be negatively affected.

Or. en

Amendment 43

Proposal for a regulation
Article 39

Text proposed by the Commission

Amendment

Article 39

deleted

Revision of decisions and recommendations

1. Regional operational centres shall develop a procedure for the revision of

decisions and recommendations.

2. The procedure shall be triggered at the request of one or more of the transmission system operators of the system operation region. Following the revision of the decision or recommendation, regional operational centres shall confirm or modify the measure.

3. Where the measure subject to revision is a binding decision in accordance with Article 38(2), the request for revision shall not suspend the decision except in cases when the safety of the system will be negatively affected.

4. Where the measure subject to revision is a recommendation in accordance with Article 38(3) and following its revision a transmission system operator decides to deviate from the recommendation, the transmission system operator shall submit a detailed justification to the regional operational centre and to the other transmission system operators of the system operation region.

Or. en

Amendment 44

Proposal for a regulation

Article 40 – paragraph 3 – point d

Text proposed by the Commission

(d) developing and endorsing the cooperative ***decision-making*** processes in accordance with Article 35.

Amendment

(d) developing and endorsing the cooperative processes in accordance with Article 35.

Or. en

Amendment 45

Proposal for a regulation

Article 40 – paragraph 4

Text proposed by the Commission

4. The competences of the management board shall exclude *those that are* related to the *day-to-day activities of regional operational centres and the performance of its functions*.

Amendment

4. The competences of the management board shall exclude *decisions* related to the *execution of the functions of regional coordination centres*.

Or. en

Amendment 46

Proposal for a regulation

Article 41 – paragraph 1 – introductory part

Text proposed by the Commission

1. *Regional operational centres shall set up and manage their organisation according to a structure that supports the safety of their functions*. Their organisational structure shall specify:

Amendment

1. *The transmission system operators of a system operation region shall set up the organisational structure of regional coordination centres*. Their organisational structure shall specify:

Or. en

Amendment 47

Proposal for a regulation

Article 43 – paragraph 1 – point b

Text proposed by the Commission

(b) the decisions *and* recommendations issued *and the outcome achieved*;

Amendment

(b) the decisions *by transmission system operators where they have deviated from the* recommendations issued *by the regional cooperation centres*;

Or. en

Amendment 48

Proposal for a regulation

Article 44 – paragraph 1

Text proposed by the Commission

Regional **operational** centres *shall take the necessary steps to cover liability related to the execution of their tasks, in particular, where they adopt decisions binding on transmission system operators*. The method employed to provide the cover shall take into account the legal status of the regional **operational** centre and the level of commercial insurance cover available.

Amendment

*The transmission system operators of the system operation region shall include arrangements to cover liability related to the execution of its tasks in the proposal for the establishment of regional **coordination** centres in accordance with Article 32*. The method employed to provide the cover shall take into account the legal status of the regional **coordination** centre and the level of commercial insurance cover available.

Or. en

Amendment 49

Proposal for a regulation Article 49 – paragraph 1

Text proposed by the Commission

Distribution system operators which are not part of a vertically integrated undertaking or which are unbundled according to the provisions of Article 35 [recast of Directive 2009/72/EC as proposed by COM(2016) 864/2], shall cooperate at Union level through a European Entity for Distribution system operators ("EU DSO entity"), in order to promote the completion and functioning of the internal market in electricity, and to promote optimal management and a coordinated operation of distribution and transmission systems. Distribution system operators who wish to participate in the EU DSO entity shall become registered members of the entity.

Amendment

All distribution system operators which are not part of a vertically integrated undertaking or which are unbundled according to the provisions of Article 35 [recast of Directive 2009/72/EC as proposed by COM(2016) 864/2], shall cooperate at Union level through a European Entity for Distribution system operators ("EU DSO entity"), in order to promote the completion and functioning of the internal market in electricity *and gas to support the development of a sustainable, decentralised and more integrated energy system*, and to promote optimal management and a coordinated operation of distribution and transmission systems. Distribution system operators *and associations that represent them at Union level* who wish to participate in the EU DSO entity shall become registered members of the entity.

Amendment 50

Proposal for a regulation

Article 50 – title

Text proposed by the Commission

Establishment of the EU DSO entity *for electricity*

Amendment

Establishment of the EU DSO entity

Or. en

Amendment 51

Proposal for a regulation

Article 50 – paragraph 1

Text proposed by the Commission

1. By [OP: twelve months after entry into force], the distribution system operators, with the administrative support of the Agency, shall submit to the Commission and to the Agency the draft statutes, a list of registered members, the draft rules of procedure, including the rules of procedures on the consultation with ENTSO for Electricity and other stakeholders and the financing rules, of the EU DSO entity to be established.

Amendment

1. By [OP: twelve months after entry into force], the distribution system operators, with the administrative support of the Agency, shall submit to the Commission and to the Agency the draft ***outline of a governance structure that guarantees a fair and balanced representation of interests between members and Member States. This shall include the draft*** statutes, a list of registered members, the draft rules of procedure, including the rules of procedures on the consultation with ENTSO for Electricity and other stakeholders and the financing rules, of the EU DSO entity to be established.

Or. en

Amendment 52

Proposal for a regulation

Article 51 – paragraph 1 – introductory part

Text proposed by the Commission

1. The **tasks** of the EU DSO entity shall be the **following**:

Amendment

1. The **main task** of the EU DSO entity shall be the **participation in the elaboration of network codes pursuant to Article 56**.

Other tasks may include the exchange of views and best practices on:

Or. en

Amendment 53

Proposal for a regulation

Article 51 – paragraph 1 – point f

Text proposed by the Commission

(f) **participation in the elaboration of network codes pursuant to Article 55.**

Amendment

deleted

Or. en

Amendment 54

Proposal for a regulation

Article 52 – paragraph 1

Text proposed by the Commission

1. While preparing possible network codes pursuant to Article 55, the EU DSO entity shall conduct an extensive consultation process, at an early stage and in an open and transparent manner, involving all relevant stakeholders, and, in particular, the organisations representing all stakeholders, in accordance with the rules of procedure referred to in Article 50. That consultation shall also involve national regulatory authorities and other national authorities, supply and generation undertakings, system users including customers, **distribution system operators**,

Amendment

1. While preparing possible network codes pursuant to Article 55, the EU DSO entity shall conduct an extensive consultation process, at an early stage and in an open and transparent manner, involving all relevant stakeholders, and, in particular, the organisations representing all stakeholders, in accordance with the rules of procedure referred to in Article 50. That consultation shall also involve national regulatory authorities and other national authorities, supply and generation undertakings, system users including customers, technical bodies and

including relevant industry associations, technical bodies and stakeholder platforms. It shall aim at identifying the views and proposals of all relevant parties during the decision-making process.

stakeholder platforms. It shall aim at identifying the views and proposals of all relevant parties during the decision-making process.

Or. en

Justification

As all DSO's should be directly involved in the EU DSO entity, they should not be mentioned here as third party stakeholders.

Amendment 55

Proposal for a regulation Article 57 – paragraph 1

Text proposed by the Commission

1. The Commission may adopt ***binding*** guidelines in the areas listed below.

Amendment

1. The Commission may adopt guidelines in the areas listed below.

Or. en

Amendment 56

Proposal for a regulation Annex I – part 5 – point 5.1

Text proposed by the Commission

5.1. Regional operational centres shall be equipped with the close to real time supervisory control and data acquisition systems with the observability defined by applying the threshold defined in accordance with point 4.1.

Amendment

deleted

Or. en