



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities



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Roadmap for the Clean Energy Package's Electricity and Renewables Directives

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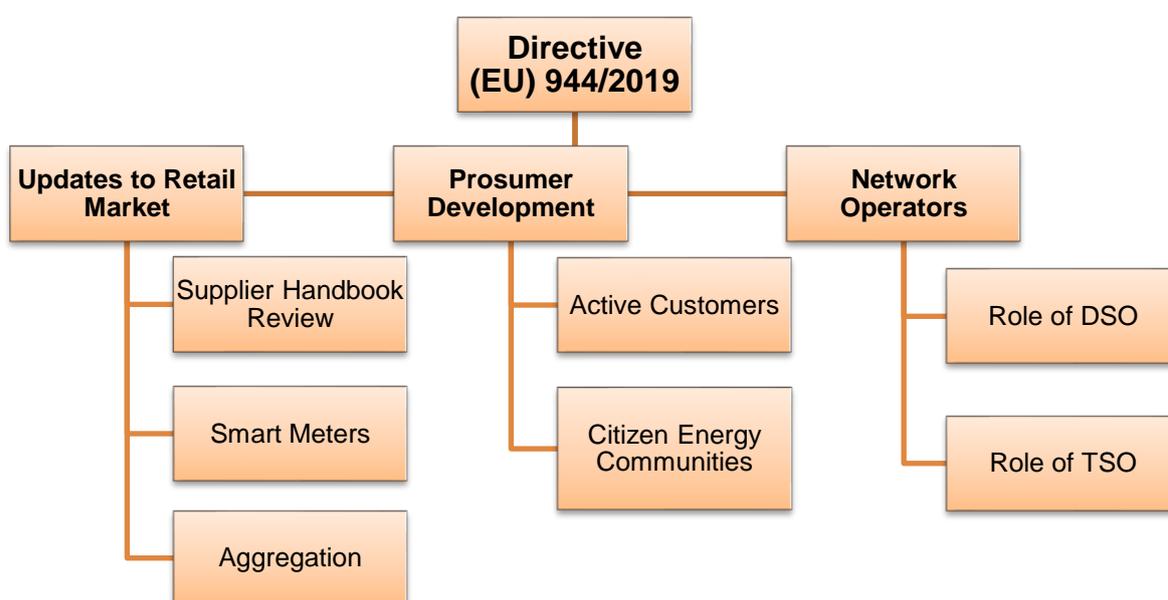
Executive Summary

This CRU Information Paper provides a high-level overview of the CRU's planned work for 2020 pertaining to the Clean Energy Package's revised Electricity and Renewables Directives.

For background, in 2018 and 2019, the EU adopted a series of eight legislative acts referred to as the Clean Energy Package (CEP). Two of the eight legislative acts are the recast Electricity Directive (EU) 2019/944 and the recast Renewables Directive (EU) 2018/2001. The primary focus of this Information Paper is on the Electricity Directive; however, there are potentially interacting requirements between the Electricity and Renewables Directives highlighted in this Roadmap Paper, particularly on renewable self-consumers and renewable energy communities.

The Electricity Directive covers retail market and electricity network issues, the majority of which are under the remit of the CRU. The Electricity Directive is due to be transposed into Irish law by the Department of Communications, Climate Action and Environment (DCCAE) by the end of 2020, with most of the articles to be applied from January 2021. Similarly, the Renewables Directive is due to be legally transposed by the DCCAE by 30 June 2021.

The CRU has concluded that Ireland is already compliant with many aspects of the Electricity Directive. Where needed, the CRU is planning to progress several workstreams related to the transposition and implementation of the Electricity and Renewables Directives. This will include reviewing the current regulatory framework and engaging with the DCCAE during the transposition process. The figure below outlines the workstreams which will be progressed by the CRU this year for the key areas identified to date. A table providing the planned deliverables/timelines for each of the workstreams is provided in Section 1.1 of this paper.



Aspects of the Prosumer Development workstreams overlap with requirements under the Renewables Directive and, similarly, elements of the Supplier Handbook Review and Active Customers workstreams link with actions required under Ireland's Climate Action Plan. The CRU will continue to deliver actions already required by existing national policy and legislation throughout 2020, and it will progress these in the context of the evolving transposition of the Directives and through constructive engagement with DCCAE and other stakeholders.

Customer Impact Statement

The CRU's mission is to protect the public interest in Water, Energy and Energy Safety. The CRU is guided by four strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These are:

- Deliver sustainable low-carbon solutions with well-regulated markets and networks
- Ensure compliance and accountability through best regulatory practice
- Develop effective communications to support customers and the regulatory process
- Foster and maintain a high-performance culture and organisation to achieve our vision

In addition to the CRU's mission set out above, as the National Regulatory Authority for energy in Ireland, the CRU also has obligations under the Clean Energy Package, which is a series of eight legislative documents aimed at facilitating the EU's transition towards clean energy and reducing its carbon footprint.

Electricity Directive (EU) 2019/944 is contained within the package and is a primary focus of this paper. The Electricity Directive is particularly consumer focused and outlines requirements for Member States and Regulatory Authorities to develop frameworks which allow for consumer participation in energy markets through various electricity undertakings, including generation, demand-response, aggregation, supply, etc.

The transposition date for the Electricity Directive is 31 December 2020 and the CRU has already commenced certain workstreams in order to shorten delivery timeframes following the completion of the transposition process. This CRU work will involve reviewing the existing Electricity and Gas Supplier Handbook to ensure that the provisions of the Electricity Directive are appropriately adopted within the Irish regulatory framework; engaging with stakeholders and the Department of Communications, Climate Action and Environment (DCCAE) to consider the framework(s) necessary to facilitate consumer participation (through generation, aggregation and other electricity undertakings); and liaising with the DSO and TSO to establish non-discriminatory practices with regards to these empowered customers.

This Information Paper provides a high-level overview of the aspects of the Electricity and Renewables Directive to be reviewed and progressed by the CRU in 2020, with the view to implementation following legislation transposition. The strategies and plans presented are subject to change upon receipt of new information or insights concerning the Clean Energy Package or where additional deliverables are identified.

Table of Contents

Table of Contents	3
1. Introduction	4
1.1. Clean Energy Package.....	4
2. Updates to the Retail Market	7
2.1. Supplier Handbook.....	8
2.2. Smart Meters.....	9
2.3. Aggregation.....	9
3. Prosumer Development	10
3.1. Active Customer	11
3.2. Citizen Energy Community	11
4. Role of Network Operators	12
4.1. Role of the DSO	12
4.2. Role of the TSO.....	13
5. Additional Considerations	13
6. Next Steps	14

1. Introduction

1.1. Clean Energy Package

This CRU Information Paper provides a high-level overview of the CRU's planned work pertaining to the Clean Energy Package's revised Electricity and Renewables Directives throughout 2020. This is similar to the Roadmap published by the SEM Committee for the revised Electricity Regulation in December 2019 (in SEM-19-073).

For background, in 2018 and 2019, the EU adopted a series of legislative acts referred to as the Clean Energy Package (CEP). The overall aim of the CEP is to facilitate a transition in the EU towards cleaner energy and to aid in achieving a 40% reduction in greenhouse gas emission levels by 2030 compared to 1990, as promised in the EU's Nationally Determined Contribution to the UN's 2015 Paris Agreement.

The CEP consists of eight pieces of legislation which were adopted following political agreement between the Council of the EU and the European Parliament throughout 2018 and 2019. The eight pieces of legislation are:

- Energy Performance of Buildings Directive 2018/844
- The recast Renewable Energy Directive (EU) 2018/2001
- The revised Energy Efficiency Directive (EU) 2018/2002
- Governance of the energy union and climate action (EU) Regulation 2018/1999
- Regulation on risk-preparedness in the electricity sector (EU) 2019/941
- Regulation establishing a European Union Agency for the Cooperation of Energy Regulators (EU) 2019/942
- Regulation on the internal market for electricity (EU) 2019/943
- Directive on common rules for the internal market for electricity (EU) 2019/944

The eight legislative acts are to be applied in each Member State across the EU at various times, depending on the form and contents of the legislation. The two main pieces of legislation which impact on the role of the CRU are Regulation 2019/943¹ ("the Electricity Regulation") and Directive 2019/944² ("the Electricity Directive").

The Electricity Regulation has a primary focus on wholesale electricity markets, with most of its articles entering into force on 1 January 2020. Implementation therefore impacts on the all-Island Single Electricity Market (SEM), under the remit not only of the CRU in Ireland but also the Utility Regulator in Northern Ireland. As such, implementation of the Electricity Regulation is progressed and communicated under the governance of the SEM Committee and relevant Government Departments in Ireland and Northern Ireland. As a result, information on compliance with the Electricity Regulation is covered separately in a paper published by the SEM Committee on 16 December 2019³.

The Electricity Directive, which is the primary focus of this Information Paper, covers retail market and electricity network issues, which are under the remit of the CRU (whereas the

¹ [Regulation](#) (EU) 2019/943 on the internal market for electricity.

² [Directive](#) (EU) 2019/944 on common rules for the internal market for electricity.

³ [SEM-19-073](#) Roadmap to Clean Energy Package Implementation.

Electricity Regulation is under the remit of the SEM Committee, as referred to above). The Electricity Directive is due to be transposed into Irish law by the Department of Communications, Climate Action and Environment (DCCAE) by the end of 2020, with most of the articles to be applied from January 2021.

The CRU has concluded that Ireland is already compliant with many aspects of the Electricity Directive. The Electricity Directive builds on previous Directives (such as the Internal Market in Electricity Directive of 2009) and therefore Ireland has already transposed and implemented many articles or can become compliant through relatively minor changes to the existing legal and regulatory framework. However, there are some aspects of this Directive which are entirely new, and their implementation may require, for example, new regulatory functions, powers and duties to be included in the transposing legislation. This may in turn drive additional implementation workstreams for CRU.

The CRU is planning to progress several workstreams related to the transposition and implementation of the Directive. This will include reviewing the current regulatory framework and engaging with the DCCAE during the legal transposition process. The figure below outlines the key additional areas of the Directive which are likely to require the greatest change in the legal and regulatory frameworks, and which the CRU will accordingly progress in 2020 in preparation for the post-transposition period.

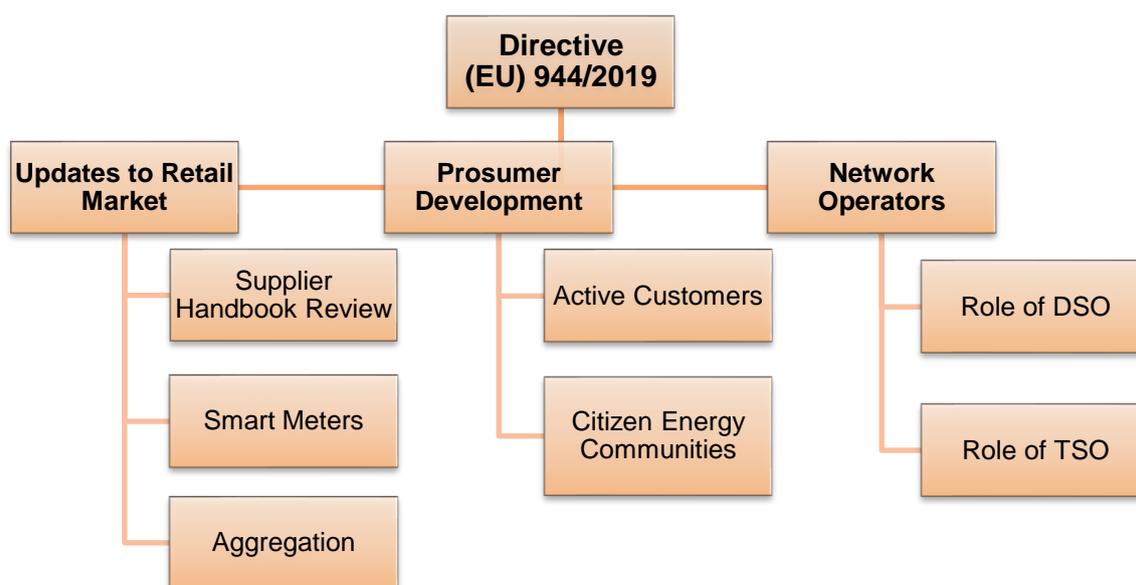


Figure 1: Electricity and Renewable Directive Workstreams

Each of these workstreams encapsulates one or more articles to be addressed by the CRU from the Directive during 2020. The articles to be addressed are provided in the table below next to the corresponding workstream, alongside the current plan to achieve that deliverable. It also includes requirements from the Irish Climate Action Plan⁴ (CAP), which is highlighted in green in the table and Renewables Directive 2018/2001⁵ (“the Renewables Directive”) which is highlighted in purple in the table. The Renewables Directive is due to be transposed by DCCAE by 30 June 2021, on which the CRU will also engage with DCCAE in the period ahead. The

⁴ [Climate Action Plan](#) 2019.

⁵ [Directive](#) (EU) 2018/2001 on the promotion of use of energy from renewable sources.

overlapping legislative and regulatory policy issues will simultaneously be progressed by the CRU as follows.

Workstream	Sub Workstream	Applicable Articles	CRU Plan of Action
Updates to Retail Markets	Supplier Handbook Review	<p>Article 10 Basic contractual rights Article 12 Right to switch and rules on switching-related fees Article 14 Comparison tools Article 18 Bills and Billing fees CAP Action 16 Information to be provided on customer bills</p>	<p>An internal review of the Supplier Handbook and Price Comparison Website Accreditation Framework to ascertain whether all requirements are contained in the regulatory framework is planned for Q2 2020.</p> <p><i>If needed</i>, a Consultation on updates to the Supplier Handbook to include requirements related to these articles will be considered for Q3 2020.</p> <p><i>If needed</i>, a Decision on the updates will be considered for Q4 2020.</p>
Updates to Retail Markets	Smart Meters	<p>Article 19 Smart metering systems Article 20 Functionalities of smart metering systems Article 22 Conventional meters Article 23 Data management Article 24 Interoperability requirements and procedures to access to data</p>	<p>Continue the national rollout of smart meters which commenced in Sept 2019.</p> <p>An internal review of the Supplier Handbook with a focus on smart metering, to ascertain whether the framework meets the criteria required by the articles is planned for Q2 2020.</p> <p><i>If needed</i>, a Consultation on updates to the Supplier Handbook to include requirements related to these articles will be considered for Q3 2020.</p> <p><i>If needed</i>, a Decision on the updates will be considered for Q4 2020.</p>
Updates to Retail Markets	Aggregation	<p>Article 13 Aggregation contracts Article 17 Demand response through aggregation</p>	<p>Reviews for potential framework development for aggregation is planned to commence in Q3 2020.</p>
Prosumer Development	Active Customers	<p>Article 15 Active customers Article 21 Renewable self-consumers (Renewables Directive) Action 30 Microgeneration (Climate Action Plan)</p>	<p>Engage with stakeholders to identify and develop a framework that ensures non-discrimination of final customers participating in electricity undertakings.</p> <p>A Consultation on this topic is planned for Q4 2020.</p>
Prosumer Development	Citizen Energy Communities	<p>Article 16 Citizen energy communities Article 22 Renewable energy communities (Renewables Directive)</p>	<p>Engage with stakeholders to identify criteria for the development of a framework regarding citizen energy communities.</p> <p>A Consultation on this topic is planned for Q4 2020.</p>
Network Operators	Role of the DSO	<p>Article 32 Incentives for the use of flexibility in distribution networks Article 33 Integration of electromobility into the electricity network Article 36 Ownership of energy</p>	<p>Engagement with ESNB to identify specifications and requirements for flexibility services which may be offered (Art. 32) is planned for Q2 2020.</p> <p>A review of ESNB policies on electromobility and energy storage facilities to ascertain whether practices are aligned with the Directive (Art. 33 &</p>

		storage facilities by distribution system operators	<p>36) is planned for Q2 2020.</p> <p><i>If there are any concerns identified in the review, a potential Consultation will be considered on potential options for electromobility and/or storage for Q3 2020.</i></p> <p><i>If needed, a Decision for the Consultation options will be considered for Q4 2020.</i></p>
Network Operators	Role of the TSO	<p>Article 51 Network development and powers to make investment decisions</p> <p>Article 54 Ownership of energy storage facilities by transmission system operators</p>	<p>A review of the current transmission development plan to come to a view on whether the contents meet the criteria expected by Article 51 is planned for Q4 2020.</p> <p>A review EirGrid policies on energy storage facilities to come to a view on whether practices are aligned with the Directive (Art. 54) is planned for Q2 2020.</p> <p><i>If there are any concerns identified in the review, a potential Consultation will be considered on potential options for storage for Q3 2020.</i></p> <p><i>If needed, a Decision for the Consultation options will be considered for Q4 2020.</i></p>

The CRU will be engaging with the DCCAE throughout 2020 on the transposition of each of the relevant articles to ensure once they are transcribed into Irish legislation, that the CRU will be able to coherently integrate the deliverables into the regulatory framework.

The remainder of this Information Paper addresses in more detail the three areas of the Electricity Directive and where applicable the Renewables Directive, along with their workstreams, which the CRU has identified for action in 2020. Please note that these areas and workstreams may be updated and subject to change as transposition and ultimate implementation progresses.

2. Updates to the Retail Market

A key element of the Electricity Directive is to prescribe legislation that will empower consumer participation in the electricity market. This includes providing more information to the consumer to enable informed decisions about their market participation. This is to be done by requiring further information to be available on consumer contracts and energy bills, and by providing consumers with accurate price comparison tools which will enable informed switching decisions.

Additionally, electricity consumers should have access to smart meters which will provide up-to-date and accurate data, but which will not jeopardise their privacy with regards to personal information. These smart meters should also not be a barrier to supplier switching, and all consumers should be able to freely to switch suppliers in a practical timeframe.

These aspects of consumer empowerment and protection are prescribed under Chapter III of the Electricity Directive and a high-level assessment of these articles has yielded several

areas where the CRU is likely to progress further reviews or implementation actions, as detailed further below.

2.1. Supplier Handbook

Many of the requirements outlined in the Electricity Directive are already contained in the Electricity and Gas Supplier Handbook and the Price Comparison Website Accreditation Framework, both of which are regulated by the CRU. These outline requirements for suppliers and price comparison websites to adopt into their own Codes of Practice and Business Practices as required by SI 463/2011⁶ which was adopted to help transpose Electricity Directive coming from the 3rd Energy Package in 2009⁷.

However, the new Electricity Directive has provided several new requirements which need to be transcribed into Irish law. To determine what updates are needed to the current Supplier Handbook/regulatory framework, an internal CEP focused review will be conducted by the CRU in Quarter 2 2020, particularly in relation the following articles:

- *Article 10 Basic Contractual Rights:* The article provides provisions on the contents of consumer contracts, the clarity of the information provided, and requirements on accessibility of payment methods, prepayment devices, complaint handling procedures, and disconnection procedures.
- *Article 12 Right to switch and rules on switching related fees:* The article requires that customers are entitled to an efficient switching procedure, with the technical switching process taking no more than three weeks (one day by 2026), without any switching-related charges except for early termination fees, which should be clear in the customer contract. Provisions are also provided such that customers can participate in collective switching without any regulatory or administrative barriers.
- *Article 14 Comparison tools:* The article outlines the requirements for the development of price comparison tools, such that they are to be independent of any energy providers and should be based on subject and fair criteria. Trust marks for these websites are to be issued by a competent authority (in Ireland, the CRU) which authorise that they meet the requirements set out in the article.
- *Article 18 Bills and Billing Information:* The article clarifies and updates several requirements on bills and billing procedures required to be adhered to by suppliers. A list of all information to be provided by suppliers to final customers is contained in Annex 1 of the Directive. This also corresponds in part to Action 16 set out in the Government's Climate Action Plan (CAP) which aims to ensure that suppliers provide appropriate detail on energy use and energy savings in consumer bills. As such, when reviewing this Article for compliance, consideration will also be provided to the CAP to ensure the Action is being addressed.

If the CRU review of these articles identifies any substantial gaps in the current regulatory regime, a CRU Consultation Paper will be published in Quarter 3 2020 to incorporate the updates into the existing frameworks.

⁶ European Communities (Internal Market in Electricity and Gas) (Consumer Protection) Regulations 2011.

⁷ Directive 2009/72/EC concerning common rules for the internal market for electricity.

2.2. Smart Meters

In September 2019 the nationwide rollout of electricity Smart Metering Devices to final customers by ESB Networks commenced, under CRU oversight. The Electricity Directive contains rules and provisions surrounding the deployment of Smart Metering Devices and provisions on information which is to be supplied to final customers, including measures on data privacy and protection in accordance with EU law.

The steps the CRU is taking to provide for the deployment of Smart Meters are in accordance with the requirements set out in the Directive; however, an additional review will be taken to ensure full compliance with the legislation in Quarter 2 2020. Specifically, with regards to the following articles, the CRU will ensure the necessary actions are adhered to throughout the deployment and the beyond, to fully comply with the Directive.

- *Article 19 Smart Metering Systems:* When deploying smart meters, Member States (MSs) are to adopt and publish the minimum and functional requirements set out in Article 20 and shall ensure interoperability of the meters. Costs to customers for the deployment of smart meters should be transparent and non-discriminatory. Smart metering systems which do not meet the requirements of the article shall no longer be used after 5 July 2031.
- *Article 20 Functionalities of Smart Metering Systems:* Actual electricity consumption should be accurately measured, and customers should receive information on actual time of use, including on any electricity they have fed into the grid. The security and data protection of smart metering systems and the privacy and protection of the final customer will be compliant with relevant Union rules. Advice and information on Smart metering systems will be provided to customers prior to or at the time of installation of the meter.
- *Article 22 Conventional Meters:* Where customers do not have a smart meter, they shall have access to a conventional meter which accurately measures their actual consumption with an easy-to-read interface, online interface or another appropriate interface which is easily accessible by the final customer.
- *Article 23:* Rules are to be specified on the access of data of the final customer by eligible parties in accordance with the European Union legal framework. MSs are to organise the management of data in order to ensure efficient and secure data access and exchange, as well as data protection and data security.
- *Article 24:* As a means to promote competition in retail markets, MS are to ensure their systems meet the interoperability requirements of the European Commission for non-discriminatory and transparent access to data for an EU-wide approach to energy services.

If the review on these articles highlights any substantial areas of non-compliance with the requirements, the CRU will proceed with a Consultation Paper in Quarter 3 2020 to update the regulatory regime to include the criteria pertaining to smart metering.

2.3. Aggregation

According to Article 2.18 of the Electricity Directive, aggregation means a function performed by a natural or legal person who combines multiple customer loads or generated electricity for sale, purchase or auction in any electricity market. Articles 13 and 17 outline requirements for

adherence by MS pertaining to aggregation contracts (Article 13) and demand-response through Aggregation (Article 17). With regards to these articles, a regulatory framework is to be in place which provides non-discriminatory and transparent rules on the roles, responsibilities and procedures for aggregation, covering:

- *Article 13 Aggregation contracts:* The article allows for participation by final customers in aggregation for the purchasing or selling of electricity outside their contracts with suppliers. These customers are entitled to receive demand response data or data on supplied and sold electricity if requested at least once every billing cycle.
- *Article 17 Demand response through aggregation:* Final customers offering demand response through aggregation will be able to participate in electricity markets alongside other market participants. These final customers will not be discriminated against by network operators but will be subject to fair and transparent rules to be established pertaining to being balance responsible in electricity markets, and the exchange and management of data between market participants.

Currently, the concept of aggregation is being addressed by the SEM Committee with respect to wholesale market participation. Early activity has focused on the requirements under the CEP's Regulation 2019/943 which facilitates participation by aggregators in the wholesale electricity markets.

The SEM Committee is progressing implementation where it has all-island wholesale electricity impacts; however, it is anticipated that additional work will occur on a jurisdictional level to identify the opportunities and risks associated with greater aggregator activity in Ireland, particularly in relation to retail market design and consumer protection and empowerment. It is expected that this will commence in tandem with or following the SEM Committee's decision(s) pertaining to aggregation in Quarter 3 2020.

3. Prosumer Development

As means to empower consumer participation in the electricity market, the Electricity Directive includes several articles pertaining to the treatment of final customers who are individually and/or jointly acting as market participants through means of direct generation, supplying or buying of electricity.

These individuals/groups are defined in the Directive in the following ways:

- *Active Customer:* a final customer or group of jointly acting final customers who consumes, or stores electricity generated within specified boundaries, and/or sells self-generated electricity or participates in demand-side response mechanisms, provided that these activities do not constitute the primary commercial or professional activity.
- *Citizen Energy Community:* a voluntary and open legal entity which is controlled by its members whose purpose is providing environmental, economic or social community benefits and may engage in generation from renewable sources, distribution, supply, consumption, aggregation, energy storage, or other services energy providing services. The primary purpose of the entity is to provide environmental, economic or social community benefits to members or shareholders or to the local area where it operates, rather than to generate financial profits.

The Directive calls for regulatory frameworks to be developed in relation to these types of final consumers, particularly focusing on ensuring non-discriminatory, clear and transparent procedures to be applied by network operators, retail suppliers and other electricity undertakings. Further detail on these concepts is provided below.

3.1. Active Customer

Article 15 of the Electricity Directive provides that final customers can act as active customers and are not subject to discriminatory technical or administrative barriers in doing so. These customers can act directly or through aggregation; are entitled to self-generated electricity (including through PPAs); can participate in flexibility and energy efficiency schemes; can delegate to a third party for the management of installations for their activities; and must not be faced with unjust network charges. They are also to be financially responsible for any imbalances they cause in the market.

Additionally, any active customers owning an energy storage facility shall have timely access to grid connection, are not subject to double network charges and/or disproportionate licensing requirements and may provide several services simultaneously.

The contents of this article are closely interlinked with the requirements under the Renewables Directive⁸; particularly Article 21 which outlines conditions regarding renewables self-consumers, who are entitled to many of the same rights as Active Customers and will be considered when developing a framework which addresses this topic.

Additionally, the Article contains elements which are requirements outlined in the micro-generation section under the CAP⁹, such that microgenerators should be compensated for excess generation provided to the grid. In general, there are many overlapping requirements which impact active customers, renewables self-consumers and microgenerators, and as a result, this workstream will progress with these topics simultaneously.

The CRU will engage with the DCCAE and additional stakeholders during 2020 to contribute to a thorough understanding of active consumers, jointly acting consumers and renewable self-consumers prior to, and during, the transposition of the Directive.

Building on this work, the CRU expects to publish a Consultation Paper in Quarter 4 2020 on the framework to be developed with regards to the related topics of active customers/renewable self-consumers/energy communities (see below), to enable input from interested parties.

3.2. Citizen Energy Community

Article 16 of the Electricity Directive outlines the requirements which MSs must adopt while developing a framework for the establishment of Citizen Energy Communities (CECs). This includes the requirement that participation in CECs must be open and voluntary, that members should not lose their rights as individual customers and that they should be able to exit CECs without barriers.

⁸ [Directive](#) (EU) 2018/2001 on the promotion of the use of energy from renewable sources (recast).

⁹ CAP Section 7.3 Measures to Deliver Targets.

Under the article, CECs are to be subject to fair compensation as assessed by the RA, and they are entitled to non-discriminatory and transparent procedures with respect to registration and licensing, as well as cost-reflective network charges. Provisions on the sharing of electricity within the CEC is allowed subject to adherence with the other requirements in the article. Under the Article, MSs may also choose to facilitate CECs owning, establishing, purchasing or leasing distribution networks from the DSO for CEC operation within their defined region.

Again, there is interaction with regards to the recast Renewable Energy Directive, as it also contains requirements for the development of an energy community. Specifically, in Article 22 there are criteria for the development of renewable energy communities, which have many common attributes of the CECs defined in Article 16 of the Directive. The workstream to progress implementation of Article 16 will also simultaneously work to implement Article 22 of the Renewable Energy Directive to ensure a coherent framework is developed around concepts relating to energy communities.

Similar to the approach for Article 15, the CRU will engage with the DCCAE on the transposition of the Directive to help ensure a non-discriminatory and transparent starting point for the development of a framework around CECs and renewable energy communities, feeding into a Consultation Paper on the topic expected to be published in Quarter 4 2020.

4. Role of Network Operators

The Electricity Directive outlines the formation and organisational structure with which both distribution and transmission network operators are to comply. The majority of the requirements, including provisions on unbundling, were originally prescribed in earlier EU energy legislation, including the “3rd Package”¹⁰. Several additional requirements have been added in the CEP / Directive which require action to be taken by the CRU in the form of reviews to ensure compliance with the Directive by the network operators, highlighted below.

4.1. Role of the DSO

Several of the articles in the Electricity Directive update and expand upon the tasks and responsibilities of Distribution System Operators (DSOs), as well as defining what services the DSO is expected to facilitate and which services the DSO may not participate in. The following articles outline the new roles and expectations of the DSO with regards to the Directive.

- *Article 32: Incentives for the use of flexibility in distribution networks:* DSOs should be able to procure services from distributed generation, demand response and/or energy storage for the promotion of energy efficiency and secure operation of the system. DSOs are to establish the specifications for the flexibility services procured. The CRU is currently engaging with ESB Networks regarding the periodic 5-Year Price Review which it expects to publish for consultation in Quarter 2 2020 and decision in Quarter 3 2020. While conducting this review, the CRU will also consider the provisions on flexibility services and this will assist in identifying any needs for updates to the services offered by the DSO.

¹⁰ [Directive 2009/72/EC](#) concerning common rules for the internal market in electricity, Chapters IV Transmission System Operation and VI Distribution System Operation.

Article 33 Integration of electromobility into the electricity networks: DSOs are not to own, develop, or operate recharging points for electric vehicles. Derogations from this prohibition may only be granted by the RA if no other market participant is identified as capable of providing these services following a tendering process led by the RA. The current ownership structure of recharging points by ESB e-cars is likely compliant with Article 33; however, the CRU will conduct a review of the current situation in Quarter 2 2020 to confirm whether this is the case. If the review highlights any significant issues, a potential Consultation will be published in Quarter 3 2020 on options for integration of electromobility.

- *Article 36 Ownership of energy storage facilities by distribution system operators:* DSOs are not to own, develop, manage or operate energy storage facilities. Derogations from this requirement may only be provided by an RA on the same basis as per Article 33 above. Similarly, the current framework surrounding energy storage facilities is viewed as possibly being compliant with the legislation; however, a review will be conducted by the CRU in Quarter 2 2020 to assess the ownership structure of energy storage facilities to ensure full compliance. If the review highlights any significant issues, a Consultation Paper will be issued in Quarter 3 2020 on options for ownership of energy storage facilities.

4.2. Role of the TSO

The Electricity Directive also serves to update several of the responsibilities of the Transmission System Operators (TSOs). Some updates mirror requirements for DSOs in relation to storage ownership, i.e. TSOs are not allowed to own, develop, manage or operate energy storage facilities under Article 54. The CRU will conduct a review of EirGrid with regards to Article 54 following the same process as in section 4.1. above, i.e. a review will be conducted by the CRU to assess the ownership structure of energy storage facilities to ensure full compliance, and, if needed, a Consultation Paper could be issued in Quarter 3 2020.

Additionally, some small amendments have been made under Article 51 which sets out the requirement on the TSO to publish a ten-year network development plan. Under the previous 3rd Package legislation¹¹ EirGrid is already required to provide this document for approval by the CRU; under the Directive, the CRU will also review the current contents of the document to ensure it aligns with the updated requirements in the Directive.

5. Additional Considerations

In addition to the articles in the Electricity Directive outlined in the previous sections, there are several additional articles which may present further deliverables by the CRU, though this is not yet certain. These articles are provided below for information and may be redefined as key deliverables contingent on updated information being provided to the CRU by the DCCAE.

- *Article 7 Direct Lines:* The article requires the MS to develop the criteria for the grant of authorisations for the construction of direct network lines. This topic is addressed in the CAP under Action 22, in which there will be further consideration for the facilitation of private networks/direct lines. This action is being pursued by the DCCAE. The CRU

¹¹ Directive 2009/72/EC concerning common rules for the internal market for electricity.

will engage with the DCCAE during the transposition of this article, and if a need is identified for the development of criteria, there may be a CRU consultation, though it would be in 2021 (rather than in 2020 which is the scope of this paper).

- *Article 11 Entitlement to a dynamic electricity price contract:* The article provides that the national regulatory framework allows customers with a smart meter to avail of a dynamic price contract. It is the current CRU interpretation that the Time-of-use tariffs which suppliers are required to provide customers on a smart meter meet the requirements of a dynamic price contract. As such, no action would be required to comply with this requirement. If the European Commission updates its definition on dynamic tariffs, the CRU will reconsider this article to determine if any new deliverables are required.
- *Article 38 Closed distribution systems:* The article provides MSs with the ability to request RAs to classify a confined geographically system which distributes electricity as a closed distribution system and make exemptions for the system operators of these systems which would create a new classification of DSOs. This topic again relates to Action 22 in the CAP on consideration for the facilitation of private networks/direct lines, which is under the workstream of the DCCAE. Progression with this article in the CEP relies on the MS to make a request of the RA to pursue development of closed distribution systems and would most likely not be realised until work in the CAP and the work related to Direct Lines (Directive Article 7) is further completed.
- *Article 62 Duties and power of regulatory authorities with respect to regional coordination centres:* The article requires RAs to develop a monitoring framework to ensure TSO compliance with the Regional Coordination Centre (RCC) framework which is to be approved in 2020. Only following approval of TSO proposal for the development of the RCCs will the CRU begin work on developing the monitoring framework for ensuring compliance, and as such, the requirements set out under this article will be reviewed again following the TSO submission and the workstream related to this article will commence.

6. Next Steps

Along with the work on the key priorities under the Electricity Regulation (see SEM-19-073), the CRU is engaging with stakeholders to begin consideration of the deliverables under the Electricity and Renewable Directives, including work on all three of the high-level areas identified in this paper (including the table in Section 1.1), i.e. Updates to Retail Markets, Consumer Empowerment and the Role of the Network Operator.

In order to progress the implementation of the CEP, the CRU has coordinated these suggested approaches with the relevant internal Teams and has developed a monitoring framework to help ensure that the deliverables are achieved. This includes providing updates to relevant stakeholders, such as the DCCAE and the networks companies.

In addition to monitoring progress, the CRU will also continue to engage with the DCCAE on the transposition of the Directives, so that the development of any new Irish legislation benefits from insights into the regulatory frameworks that may need to be developed, or amended, by the CRU.

As noted, the CRU intends to perform an in-depth review into the articles mentioned in this paper in 2020. If there are any significant adjustments to our work plans with respect to the Directives as a result of these reviews, these will be communicated to stakeholders in a timely manner.
