

Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (Text with EEA relevance)

CHAPTER VI

DISTRIBUTION SYSTEM OPERATION

Article 52

European entity for distribution system operators

1 Distribution system operators shall cooperate at Union level through the EU DSO entity, in order to promote the completion and functioning of the internal market for 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 have the right to become registered members of the entity.

Registered members may participate in the EU DSO entity directly or be represented by a national association designated by the Member State or by a Union-level association.

2 Distribution system operators are entitled to associate themselves through the establishment of the EU DSO entity. The EU DSO entity shall carry out its tasks and procedures in accordance with Article 55. As an expert entity working for the common Union interest, the EU DSO entity shall neither represent particular interests nor seek to influence the decision-making process to promote specific interests.

3 Members of the EU DSO entity shall be subject to registration and to the payment of a fair and proportionate membership fee that reflects the number of customers connected to the distribution system operator concerned.

Article 53

Establishment of the EU DSO entity

1 The EU DSO entity shall consist of, at least, a general assembly, a board of directors, a strategic advisor group, expert groups and a secretary-general.

2 By 5 July 2020, the distribution system operators shall submit to the Commission and to ACER, the draft statutes, in accordance with Article 54, including a code of conduct, a list of registered members, the draft rules of procedure, including the rules of procedures on the consultation with the ENTSO for Electricity and other stakeholders and the financing rules, of the EU DSO entity to be established.

The draft rules of procedure of the EU DSO entity shall ensure balanced representation of all participating distribution system operators.

3 Within two months of receipt of the draft statutes, the list of members and the draft rules of procedure, ACER shall provide the Commission with its opinion, after consulting the organisations representing all stakeholders, in particular distribution system users.

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4 Within three months of receipt of ACER's opinion, the Commission shall deliver an opinion on the draft statutes, the list of members and the draft rules of procedure, taking into account ACER's opinion as provided for in paragraph 3.

5 Within three months of receipt of the Commission's positive opinion, the distribution system operators shall establish the EU DSO entity and shall adopt and publish its statutes and rules of procedure.

6 The documents referred to in paragraph 2 shall be submitted to the Commission and to ACER where there are changes thereto or upon the reasoned request of either of them. The Commission and ACER shall deliver an opinion in line with the process set out in paragraphs 2, 3 and 4.

7 The costs related to the activities of the EU DSO entity shall be borne by the distribution system operators that are registered members and shall be taken into account in the calculation of tariffs. Regulatory authorities shall only approve costs that are reasonable and proportionate.

Article 54

Principal rules and procedures for the EU DSO entity

1 The statutes of the EU DSO entity adopted in accordance with Article 53 shall safeguard the following principles:

- a participation in the work of the EU DSO entity is limited to registered members with the possibility of delegation within the membership;
- b strategic decisions regarding the activities of the EU DSO entity as well as policy guidelines for the board of directors are adopted by the general assembly;
- c decisions of the general assembly are adopted according with the following rules:
 - (i) each member disposes of a number of votes proportional to the number of that member's customers;
 - (ii) 65 % of the votes attributed to the members are cast; and
 - (iii) the decision is adopted by a majority of 55 % of the members;
- d decisions of the general assembly are rejected according with the following rules:
 - (i) each member disposes of a number of votes proportional to the number of that member's customers;
 - (ii) 35 % of the votes attributed to the members are cast; and
 - (iii) the decision is rejected by at least 25 % of the members;
- e the board of directors is elected by the general assembly for a mandate of a maximum of four years;
- f the board of directors nominates the President and the three Vice-Presidents from among the members of the board;
- g cooperation between transmission system operators and distribution system operators pursuant to Articles 56 and 57 is led by the board of directors;
- h decisions of the board of directors are adopted by an absolute majority;
- i on the basis of a proposal by the board of directors, the secretary general is appointed by the general assembly from among its members for a mandate of four years, renewable once;

- j on the basis of a proposal by the board of directors, Expert Groups are appointed by the general assembly and do not exceed 30 members, with the possibility of one-third of the members coming from outside the membership of EU DSO; in addition, one ‘country’ expert group shall be established and shall consist of one representative of distribution system operators from each Member State.
- 2 Procedures adopted by the EU DSO entity shall safeguard the fair and proportionate treatment of its members and shall reflect the diverse geographical and economic structure of its membership. In particular, the procedures shall provide that:
- a the board of directors is composed of the President of the Board and 27 members' representatives, of which:
 - (i) nine are representatives of members with more than 1 million grid users;
 - (ii) nine are representatives of members with more than 100 000 and less than 1 million grid users; and
 - (iii) nine are representatives of members with less than 100 000 grid users;
 - b representatives of existing DSO associations are permitted to participate as observers at the meetings of the board of directors;
 - c the board of directors are not permitted to consist of more than three representatives of members who are based in the same Member State or in the same industrial group;
 - d each Vice-President of the Board is nominated among representatives of members in each category described in point (a);
 - e representatives of members who are based in one Member State or the same industrial group do not constitute the majority of the participants in the Expert Group;
 - f the board of directors establishes a Strategic Advisory group that provides its opinion to the board of directors and the Expert Groups and consists of representatives of the European DSO associations and representatives of those Member States which are not represented in the board of directors.

Article 55

Tasks of the EU DSO entity

- 1 The tasks of the EU DSO entity shall be the following:
- a promoting operation and planning of distribution networks in coordination with the operation and planning of transmission networks;
 - b facilitating the integration of renewable energy resources, distributed generation and other resources embedded in the distribution network such as energy storage;
 - c facilitating demand side flexibility and response and distribution grid users' access to markets;
 - d contributing to the digitalisation of distribution systems including deployment of smart grids and intelligent metering systems;
 - e supporting the development of data management, cyber security and data protection in cooperation with relevant authorities and regulated entities;
 - f participating in the development of network codes which are relevant to the operation and planning of distribution grids and the coordinated operation of the transmission networks and distribution networks pursuant to Article 59.
- 2 In addition the EU DSO entity shall:

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- a cooperate with the ENTSO for Electricity on the monitoring of implementation of the network codes and guidelines adopted pursuant to this Regulation which are relevant to the operation and planning of distribution grids and the coordinated operation of the transmission networks and distribution networks;
- b cooperate with the ENTSO for Electricity and adopt best practices on the coordinated operation and planning of transmission and distribution systems including issues such as exchange of data between operators and coordination of distributed energy resources;
- c work on identifying best practices on the areas identified in paragraph 1 and for the introduction of energy efficiency improvements in the distribution network;
- d adopt an annual work programme and an annual report;
- e operate in accordance with competition law and ensure neutrality.

Article 56

Consultations in the network code development process

1 While participating in the development of new network codes pursuant to Article 59, 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, organisations representing such stakeholders, in accordance with the rules of procedure on consultation referred to in Article 53. That consultation shall also involve regulatory authorities and other national authorities, supply and generation undertakings, system users including customers, technical bodies and stakeholder platforms. It shall aim at identifying the views and proposals of all relevant parties during the decision-making process.

2 All documents and minutes of meetings related to the consultations referred to in paragraph 1 shall be made public.

3 The EU DSO entity shall take into consideration the views provided during the consultations. Before adopting proposals for the network codes referred to in Article 59 the EU DSO entity shall indicate how it has taken the observations received during the consultation into consideration. It shall provide reasons where it has not taken such observations into account.

Article 57

Cooperation between distribution system operators and transmission system operators

1 Distribution system operators and transmission system operators shall cooperate with each other in planning and operating their networks. In particular, distribution system operators and transmission system operators shall exchange all necessary information and data regarding, the performance of generation assets and demand side response, the daily operation of their networks and the long-term planning of network investments, with the view to ensure the cost-efficient, secure and reliable development and operation of their networks.

2 Distribution system operators and transmission system operators shall cooperate with each other in order to achieve coordinated access to resources such as distributed generation, energy storage or demand response that may support particular needs of both the distribution system operators and the transmission system operators.