

# Important recognition for optimisation of existing electricity grids in new Electricity Market Design Proposal

**On 14 March 2023, the European Commission published their much-anticipated proposal for revising the Electricity Market Design. currENT welcomes this proposal and the importance it places on optimising the existing electricity grid in order to support the transition to a decarbonized electricity market and increase European energy security.**

## Putting the right incentives in place for TSOs and DSOs

Time is of the essence in delivering on the EU's 2030 decarbonisation goals. Building new transmission and distribution lines, while important for the energy transition, is a lengthy and costly undertaking. This is why it is important to have suitable incentives for innovative grid technologies, which can quickly increase the capacity of the grid to incorporate all the new renewable energy projects in the pipeline. The specific reference in Article 18, paragraph 2 to tariff methodologies that shall "**consider both capital and operation expenditure to provide appropriate incentives to transmission system operators and distribution system operators...(.)...to support the use of flexibility services, efficient investments including solutions to optimise the existing grid and facilitate demand response and related research activities, and to facilitate innovation in the interest of consumers in areas such as digitalisation, flexibility services and interconnection**" is a huge step in the right direction.

## Anticipatory Investments

currENT strongly supports the proposal to add anticipatory investments in the grid to Article 18, paragraph 2 and paragraph 9. Moreover, it is currENT's view that anticipatory investments need to be done in the context of a full long-term decarbonisation plan, preferably pan-European. The better the plan, the better the investment decisions will be. This is a big challenge in that few of the projects needed for decarbonisation in 2050 will have a net benefit in isolation.

currENT finds that it may be useful to add in Article 2, a definition of "anticipatory investments". Especially for offshore transmission, it would make sense to distinguish between anticipatory investments' meaning investments that goes beyond the needs

of the initial user's development, and 'highly anticipatory investment', meaning infrastructure investments for unknown potential future projects.

## Measuring the results of investments

Digitalising the electricity grid should be a means to an end, not an end in itself. While the concept of performance targets for grid operators had been previously introduced, they now become a requirement for regulatory authorities, in order to provide an incentive for grid operators to increase the efficiency of their networks. **"Regulatory authorities... (...) ...shall introduce performance targets in order to provide incentives to transmission and distribution system operators to increase efficiencies in their networks, including through energy efficiency, the use of flexibility services and the development of smart grids and intelligent metering systems."**

## Increased transparency on capacity available for new connections

The new electricity market design proposal mandates that grid operators shall transparently publish information on the capacity available for new connections in their area of operation. **"Distribution system operators and transmission system operators shall cooperate with each other in publishing information on the capacity available for new connections in their respective areas of operation in a consistent manner and giving sufficient granular visibility to developers of new energy projects and other potential network users."** currENT welcomes these increased transparency requirements, and would add that this process should also allow for competitive proposals to address congestion through for example innovative grid technologies.