

The President

Vice-President Maroš Šefčovič
European Commission

Our Ref : 16L341

Brussels, 16 August 2016

Dear Vice-President,

I am writing to bring to your attention our concern that the Commission might leave gas out of the very gas-relevant deliberations on energy market design.

DG ENER has informally discussed with Eurogas and other energy stakeholders its need for expert advice from distribution system operators (DSOs) on a number of topics related to the electricity market design, and the creation of an EU-DSO group to this end. In this context, Eurogas has set out the sound rationale for including gas expertise in that advice and the participation of gas DSOs in such a group.

It therefore came as a surprise that DG ENER at the Florence Forum on 13/14 June expressed the view that only the involvement of electricity DSO associations would be desirable.

I am setting out below the relevance to and of gas distribution with regard to the topics listed by DG ENER in its presentation:

Integration of renewable energy sources

- Simultaneous consideration of the electricity and gas systems allows for a holistic view of the energy system. There are a number of interfaces: flexible power generation, power-to-gas facilities and the use of the gas system for storage purposes, as well as combined heat and power units. Changes to one of the systems can directly impact the other.
- Biomethane and synthetic gas are increasingly injected into the gas grid. A level playing field between renewable electricity and gas is therefore important.

Deployment of smart grids

- Although they do not have the same characteristics, the strategic approach Member States take to smart grids for electricity is often the same as that for the gas system in respect of remuneration of innovation tariffs and smart meters, and it therefore impacts both electricity and gas DSOs.

- Six Member States¹ in the EU are rolling out smart metering systems at the domestic level for gas. The principles for their deployment are the same as those for electricity. In some cases, the gas meter communicates directly with the electricity smart meter.

Demand response

- Gas companies are rolling out demand response projects in gas.²
- The Energy Efficiency Directive includes the role of an aggregator. This definition is not limited to gas or electricity.

Digitalisation and cybersecurity

- These issues are equally relevant to electricity and gas DSOs. They are also closely connected to the roll-out of smart meters related to both electricity and gas.
- Several of our members apply identical rules to cybersecurity in gas and electricity. They are handled in the same ICT environment and no distinction is made between them.

Cooperation DSO/TSO

Gas DSOs and TSOs already cooperate closely:

- This is to enable the commercial and physical balancing of the gas networks. The framework for this is set out in the gas balancing network code.
- TSOs and DSOs especially cooperate during emergencies, as the vast majority of customers is connected to the DSO system. This cooperation will most likely increase, given the new rules proposed for the revision of the Security of Gas Supply Regulation.
- The introduction of renewable gases happens predominantly at distribution level, as the gas would have to undergo significant compression to be injected at transmission level. During periods of low gas demand in the summer, the DSO may need to move gas to the transmission system, i.e. cooperation is needed.
- As is the case in electricity, gas TSOs and DSOs cooperate closely on the topic of network development planning.
- With new services and opportunities arising from the use of data, the topic of data management is often a key issue for gas TSOs and DSOs alike.

The case of considering electricity and gas together in deliberations on these topics is thus compelling. If the Commission's forthcoming market design package includes a proposal for an

¹ The Netherlands, UK, Ireland, France, Italy and Belgium

² From 1 October 2016, demand response in gas will be operational at DSO level throughout Germany.

EU-DSO group addressing electricity matters, it is therefore only logical that gas DSOs are included.

This holistic approach is also taken in ACER's 'Bridge to 2025', which was welcomed by all stakeholders, including the Commission.

It was practised successfully in the Smart Grids Task Force led by the Commission. The DSOs represented through Eurogas participated in the Regulatory Group of Expert Group (EG) 3 on regulatory recommendations for smart grid deployment. The work confirmed the overlap and interfaces between electricity and gas, as well as the benefit of both sectors working together.

Eurogas is at your disposal as well as that of your services to discuss the modalities of cooperation on this matter.

I look forward to your response.

Best regards,



Gertjan Lankhorst

Cc: Miguel Arias Cañete
Dominique Ristori
Klaus-Dieter Borchardt
Bernd Biervert
Joachim Balke