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Nordenergi position paper on the EU Action Plan for the Digitalisation of the Energy Sector

Nordenergi is the joint collaboration structure between the Nordic associations for electricity producers, suppliers, and distributors. The focus of collaboration is on well-functioning markets and infrastructure. This position paper focus on retail market perspectives and is prepared by Working Group Retail Markets.

Nordenergi will like to share the following key messages to give its support for further development of the Action plan for the Digitalisation of the Energy Sector in EU.

- Digitalisation is a crucial part of the ongoing green transition, and better utilization of energy sector data can foster new innovative service models.
- Digitalisation must be promoted in a market-oriented way without increasing unnecessary regulation
- Increasing the availability of data should be based on actual need deriving from market and it shall be gradual, starting with the most obvious data
- Data accessibility must be achieved by facilitating interoperability and operation models instead of building a large digital infrastructure
- European development should take into account national differences and promote interoperability gradually, step by step.
- Cybersecurity and data protection and privacy must be taken into account by design without compromising opportunities for companies to innovate

Digitalisation is a key enabler of smart and sustainable energy system

The energy sector recognizes the significant role of digitalisation as a crucial part of the ongoing green transition. Due to the increasing volatility of the energy system, it is becoming increasingly important to predict the behaviour of electricity users and thus the state of the system both on transmission and distribution level and hence on supplier side in order to promote flexibility. Artificial intelligence is one tool to improve prediction. The future energy system also needs more demand response. Digitization and better use of data are essential here as well.

Nordenergi supports the digital development of the energy sector and recognizes that better utilization of data has the potential to create new innovative cross-sectorial services throughout the energy chain in order to integrate more renewable energy, promote energy efficiency and flexibility. Promoted by the proportionate means presented below, digitalisation can be a valuable way to connect and integrate different sectors together to provide new value-added solutions to end-users and the entire energy system.

The promotion of digitalisation must be market-driven and avoid unnecessary regulation

Promoting the digitalisation of energy sector should be based on market-based orientation instead of detailed legislation. The real need for regulation must always emerge from the market. Therefore, the need for new regulation needs to be carefully assessed and by all means avoid unnecessary, duplicated and overly detailed regulation which hinders or slow digitalization or makes development overly costly without actual need.

As the Action Plan concerns digitalisation of the *energy sector*, it should be noted that considerable amount of detailed sectoral legislation is already existing or being prepared. Due to the amount of regulation in energy sector, promoting digitalisation should be achieved by focusing on how, why, and what purpose data can be exploited, rather than increasing legislation concerning e.g., data sharing that always should be based on customer's consent. It would be more appropriate to focus on other measures, such as enhancing citizens' digital skills, increasing the skilled workforce, and supporting piloting and R&D&I funding.

The aim should be enabling, future-oriented and technology neutral qualitative regulatory framework, which allows market parties to develop their business according to customers' needs based on national frameworks already set out.

The action plan should identify ways how to get energy companies to add value to data sharing. In order to reach market-oriented outcome, both energy companies and customers should be involved in process.

Increasing availability of data must be based on actual need

The approach to increase availability of data should be explorative and incremental. Most importantly, increasing availability of data should be based on actual need deriving from the market and it should be seen as useful on a commercial basis.

- When setting new data sharing obligations, it shall be first identified which data are in primary need, as it is neither efficient nor sensible to oblige to make all possible data available at once. For example, the most obvious data that should be made available in energy sector appears to be metering data, which is already subject to existing legislation and focus in, e.g., EG1 working group for Implementing Acts on Data Access and Interoperability.
- New compulsory data sharing requirements may lead to needless administrative and financial burdens to businesses.
 - o Cost-effectiveness can only be ensured if, the implementation of the EU Data strategy¹ is based on market conditions.
 - o In order to develop competitive markets for digital energy services, the sharing of commercially valuable data should be done on a voluntary basis to secure fair competition.

Accessibility of the data must be achieved through facilitating interoperability rather than large digital infrastructure projects

Regulatory framework for data accessibility must be based on effective interoperability requirements that allow both continuous technological change and data to be shared efficiently, and wider across sectoral

¹ According to the EU Strategy for Data, private data should be made available to develop competitive markets for digital energy services.

boundaries. An interoperable framework for data access and exchange could be enabled by using common EU standards that evolve from best practises rather than centralized legislation.

The well-functioning digital infrastructure required to increase connectivity should be based on interoperable and market-based data sharing. In addition, national differences should be acknowledged since electricity retail markets are still national.

- Data accessibility should not be achieved by building “one-size fits all” EU-wide data storage or other similar heavy digital infrastructure because that would lead to needless administrative and financial burdens to electricity undertakings.
- Embracing and utilizing of all existing and relevant platforms rather than setting out to create a new “super-platform”. Data accessibility should be built upon national data spaces initiatives and other solutions and facilitating connectivity of them rather than building parallel structures.
- Current national starting points, practices, and the role of forerunners should be taken into account. It should be allowed having more than one common pace in the development of digital solutions across Europe, e.g., Nordic countries are already ahead, and this must not lead to unnecessary ex-post changes to the chosen solutions but guide and bring ideas to the development across EU.

Cybersecurity, data protection and privacy by design in a way that enables innovations

Customer trust is a prerequisite to be earned for the success of the energy transition. Requirements for cybersecurity as well as for data protection and privacy must be taken into account as core values by-default. However, there could be a risk of contradictory regulatory objectives in relation to data sharing and protection. On the one hand, there is an aim to promote data transparency and new data-driven businesses - on the other hand, it is necessary to guarantee strong data protection.

Thus, it is equally important that requirements for data protection and privacy does not hinder the innovative business development but the opportunity for business innovation remains to secure energy companies’ competitiveness in global market. Therefore, cybersecurity as well as data protection and privacy requirements should be considered by-design, in a way that does not harm innovation. Coherence in legislation should be fulfilled.

For more information regarding Nordenergi please visit www.nordenergi.eu



Nordenergi is the joint collaboration between the Nordic associations for electricity producers, suppliers and distributors. Members are Swedenergy, Green Power Denmark, Energy Norway, Finnish Energy and Samorka. Overall, Nordenergi represents more than 800 market actors (member companies), most of them active in the electricity sector, but also in other areas such as district heating, gas and services.