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Nordenergi's reactions on "Digitalising the energy sector – EU action Plan"

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 would like to share the following messages concerning the published Action Plan:

The EU framework for sharing data should be based on the needs of the energy sector and prepared carefully in cooperation with stakeholders

- We recognize the significant and enabling role of digitalization and support the digital development of the energy sector. In general terms, the EU framework for sharing data is supported since better utilization of energy data can foster new innovative service models. In order to fully benefit from the digitalization of the energy system, the needs of the different actors of the energy sector must be identified and taken into account when designing the data-sharing framework. Especially, the form of implementation of *a common European data space for energy* must be based on the actual needs of the energy sector.
- We want to highlight the importance of stakeholder involvement as proposed by the Commission when designing "the building blocks" and the governance of an energy data space. Nordic countries are already ahead in sharing energy related data, and new initiatives shall not lead to unnecessary ex-post changes to the chosen solutions but guide and bring ideas to the proposed EU framework.¹
 - The relevant stakeholders to be included in D4E -group must broadly represent the energy sector – both geographically and by expertise. In addition, the widest possible level of involvement should be implemented, e.g., by consultation and other means.

¹ If the EU is to properly reach the economic and environmental possibilities that digitalization in the energy sector can entail, then it's important to include stakeholders in the initial stages of the development, who have experience on working with large amounts of data, collecting, analyzing, and developing from it, such as the Nordic countries have done for a long time.

The collaboration in the Nordic countries between the DSOs and TSOs (Denmark, Norway, and Finland), have proved a strong tradition on partnerships between stakeholders to develop sound digital solutions for the energy sector. The well-developed Data Hubs that have been implemented in Denmark, Norway and Finland can be seen as prove of this.

In addition to advanced information exchange methods, all the Nordic countries have developed services for utilizing information. Several companies, for example, offer their customers advanced online and mobile applications for reporting consumption data. However, it must be remembered that the prerequisite for goals of the Action Plan is a advanced metering infrastructure. The roll-out of smart hourly meters is a prerequisite for the digitalization of the energy sector.

- The Data Space for Energy, which is set to open for applications on projects and participations in 2024, is very ambitious for such a complex project as a common European data space seems to be. It should be considered that the Member States have completely different starting points. Due to the national differences, respecting the current national practices and promoting interoperability at European level is more important than harmonization.

Investments in digital infrastructure are welcomed

- We see it important to promote investments in digital electricity infrastructure since investments in digitalization play an important role in enabling a smarter and more resilient energy system.
 - However, investments in conventional grid infrastructure and capacity increase must not be forgotten in the future since they are also essential in order to increase CO2 neutral energy production in the energy system and facilitate electrification in e.g., transport, heating, and industry, as well as to end the EU's dependence on Russian fossil fuels. In order to promote digitalization, investments are also needed in the physical grid infrastructure.

A legal framework to empower and protect consumers must promote and be align with the functioning of the electricity markets

- *“Under the proposed Data Act, data sharing requires consent from the consumer for third-party access to its data” (p. 9):* It is important that all regulation concerning data sharing is consistent, e.g., the legal bases for accessing data must be the same as in the GDPR. For the functioning of the electricity markets, the supplier needs the customer's data to enable their own business and provide the energy services customer requires. In the electricity retail market process, market participants right to use of customer's metering data is based on legitimate interests, a legal obligation, or a legal right under GDPR. This should be ensured in the future as well.
- The rights and obligations of citizen energy communities are provided in the directive (EU) 2019/944 of the European Parliament and of the Council on common rules for the internal market for electricity and the regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity. When producing guidance on energy sharing and peer-to-peer exchanges for the benefit of energy communities and their members, provisions mentioned above must be followed as a rule. The Commission must keep the functioning of the electricity markets and the rules of balance responsibility² in mind. The market rules must be fair and on level playing field to all actors. The energy communities should participate cost-reflectively in charges for use of the electricity network in the same way as other market participants.

Strengthening the cybersecurity of energy system is crucial especially in these times

- We support the essential goal of strengthening cybersecurity in the energy system and welcome the cybersecurity by-design approach which is visible in the Commission's Action Plan (e.g., the Cyber Resilience Act). In particular, we consider it is important to ensure the cybersecurity of connected digital devices when e.g., smart demand response devices aimed at reducing energy use are becoming more common.
- However, there is a considerable amount of cybersecurity-related regulation at different levels, both existing and being prepared (e.g., CRA, NIS, CER Directive, Resilience of Critical Entities,

² See the Articles 5 and 18(1) of Regulation (EU) 2019/943 on the internal market for electricity.

Network code on Cybersecurity). Due to the large amount of regulation, the big picture must not be forgotten – it is crucial that coherence in legislation is fulfilled.

Energy consumption of ICT sector could be reduced with the existing regulatory framework

- In order to achieve goal to reduce the energy consumption of the ICT sector, we encourage the use of the existing regulatory framework. For example, EED and RED already successfully steer towards energy efficiency through utilization of waste heat and the land use planning of municipalities.

Targeted support for R&I of digital technologies in the energy sector is welcomed

- We particularly welcome the Commissions intends to provide financial support at EU level for R&I of digital technologies in the energy sector, which will facilitate the participation in development work.

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.