

PEACE



OF MIND



Annual Report **2021**

TABLE OF CONTENTS

A MESSAGE FROM THE PRESIDENT 4

WHO WE ARE 6

WHAT IS OUR MISSION 7

MEMBERSHIP BENEFITS 9

STRUCTURE AND ORGANISATION 10

CEDEC HIGHLIGHTS 2021 13





2021 KEY TOPICS16

Making the EU Green Deal a reality – the “Fit for 55” Package16

Adapting existing legislation – RED, EED, AFIR, EU ETS and ETD reloaded
Making the European building stock future proof

Renew and decarbonise the gas sector18

Review of the gas regulatory framework
Reduction of methane emissions

Europe’s twin green and digital transitions20

The first ever European rules for Artificial Intelligence
Digitalising the energy sector

The 2019 Clean Energy Package – 2 years later22

The EU DSO Entity is born
Network Codes and Guidelines

New codes and regulations under development in 202123

Local Broadband – preparing the ground for local high-quality networks24

Revised state aid rules
A new push to decrease deployment costs

Sustainable finance: a new strategy and the “Taxonomy” delegated acts26

SOME COMMUNICATION HIGHLIGHTS27

THE COUNCIL IN 2021 - PRESIDENCIES30

A MESSAGE FROM THE PRESIDENT

Dear CEDEC members and supporters,

2021 was a very intense year for CEDEC and its members, again. We have experienced and lived through one unprecedented challenge after the other. In the first instance people and businesses were (and are still) confronted with the sanitary crisis and all its ripple effects, drastically changing people's lives and organizations' functioning from one day to another. And now the ambitious balance between the three dimensions of the energy trilemma – security, affordability and sustainability – has come under unprecedented strain. Not only with the current surges in energy prices, that put above all the already vulnerable households into even bigger distress, but also with the more recent and severe security of energy supply challenge caused by the drastical reduction of Russian oil and gas imports.

During the first half of the year 2021, while focusing on providing a European response to the challenges of the sanitary crisis through a new EU recovery instrument, the European Commission continued to deliver on its promise to bring the EU on the pathway towards climate-neutrality in 2050. The European Green Deal has been cast into concrete legislative texts under the biggest ever energy and climate “Fit for 55” package and the Hydrogen and Decarbonised Gas Package. Therefore, both, the “Fit for 55” and Hydrogen and Decarbonised Gas Package, will certainly remain the top priorities of the von der Leyen Commission until the end of the legislative term in 2024.

The Hydrogen and Decarbonised Gas Package, in particular, has long been overdue while local and regional energy companies covering the whole value chain and managing every element of electricity, gas and district heating sectors, lived in uncertainty about the future design of the gas regulatory framework, since only the electricity market was reformed with the Clean Energy Package. CEDEC has intensively provided input to the preparatory work of the package, voicing the role of gas DSOs in the clean energy transition of the gas sector and the value of integrating renewable and low-carbon gases, including hydrogen, at distribution level.

Not less important are the recent developments regarding the EU's digital agenda. The emergence of new digital services and the great potential of data in the energy sector, accompanied by increasing cybersecurity concerns, have required close monitoring of legislation in the digital field. Europe's ‘twin’ green and digital transformation will continue to be the two sides of a strategic development for CEDEC members, which are at the forefront of these transitions. Local and regional energy companies connect their unique proximity to the citizens and customers with their know-how on creating value through local and regional resources and through integrated energy systems. They contribute their valuable knowledge and experience to the further development of innovative business processes and digital solutions.

At the moment of writing this annual report, the energy price crisis, challenging European businesses and household consumers since the end of the summer 2021, is fuelling the debate around the “Fit for 55” package and the Gas Package with new (and old) elements, such as price regulation, tax measures and state aid grants. At the same time, the Russian invasion of Ukraine is shaking our way of life and traditional reflections on the European energy security, and it obliges policy-makers to rethink the essential priorities and realistic choices for security of supply, affordability and sustainability. In the current situation, the EU does not have the luxury to exclude technological options that contribute to decarbonisation, and needs to diversify energy supplies towards more local resources, and to make use of existing infrastructures and appliances. Besides all the new objectives, including the renewed climate ambitions for 2030 and 2050 and the decarbonisation of the gas sector, the European Commission and the 27 Member States are still fully occupied with the implementation of the Clean Energy Package. This very recent framework – with most elements entering into force during 2021 – continues to have a considerable impact on CEDEC and its members. By April 2021, the new DSO Entity for electricity has been established. The DSO Entity has opened a new chapter in the EU institutional setting, by giving distribution system operators a structured voice at EU level and by creating a level playing-field with the electricity transmission system operators in ENTSO-E.

Although the Clean Energy Package was completed only recently in 2019, essential parts of it like the Energy Efficiency Directive and the Renewable Energy Directive have been reopened again in July 2021 under the “Fit for 55” package in order to take account of the new objectives of the EU Green Deal. While a profound rethinking of the energy system towards the green energy transition is certainly needed, the long term perspective of public infrastructure investments should be taken into account: all actors, including local energy and broadband companies as providers of services of general interest, need a coherent and stable regulatory environment, allowing them to continue to provide affordable and high quality services to their citizens and customers.

2021 was a highly demanding year for all of us, which is why I would like to express my warmest thank you to our members for their enduring resilience as well as to the CEDEC team for their dedication and hard work to keep the CEDEC flag waving in the political arena of Brussels. The continued support of all CEDEC members, big or small – which remains the most crucial driver for the association’s continuous success and visibility – makes it possible for CEDEC to be recognised not only as an influential and strong partner to the European institutions, but also a passionate and respected advocate for a sustainable and fair energy transition, driven by a local and integrated energy system approach.



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Florian Bieberbach
CEDEC President

WHO WE ARE

The European Federation of Local and Regional Energy Companies (CEDEC), located in Brussels, represents the interests of 2000 local and regional energy and broadband companies, serving 100 million electricity, gas and district heating customers and broadband connections, with more than 350.000 employees, and with a total turnover of €120 billion.

CEDEC was founded in 1992 in Brussels and has been actively advocating the interests of local and regional companies active in the fields of electricity, gas, district heating and broadband at European level.

"In the process of shaping Europe's energy future, there is no time to waste: Listen to experts from the field, translating their know-how into vision"



100.000.000 customers



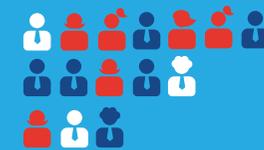
"Linking 100 million European electricity, gas, district heating and broadband customers, throughout urban and rural, local and regional companies"

2000 companies

"2000 local and regional energy and broadband companies are ready to contribute to a sustainable future"

"Representing local energy and broadband companies means representing 350.000 jobs all across Europe"

350.000 employees



WHAT IS OUR MISSION

- 1 Representing** the interests of affiliated local and regional companies on European level, through a continuous dialogue with policymakers in the European institutions, and through active and constructive contributions to official working groups and Commission Fora;
- 2 Promoting** the exchange of information and technical and economic experience between its members, and between CEDEC and relevant European and international organisations;
- 3 Delivering** high value services to affiliated companies by monitoring and analysing legislative and regulatory initiatives and communicating strategically on relevant topics.

Therefore, CEDEC pursues the following activities, via its diverse organisational structures:

- **Inform** its members on upcoming and ongoing political initiatives at European level, through Board and Working Groups meetings, seminars and webinars, website & members' portal, and newsletters;
- **Develop** common positions on timely relevant policy issues;
- **Represent** the interests of its members in their relationship with European institutions and international and national organisations;
- **Organise** internal and public meetings to promote the sharing of experience, know-how and best practices;
- **Contribute** to studies and research in the fields of economics, technology and social sciences.



General Policy Priorities 2020–2024

- **Decentralised is the new normal - Local and digital, close to citizens and customers**
Technological developments and digitalisation go hand in hand to unlock the potential of local sustainable resources. Bringing the options close to citizens will contribute to the involvement of local communities in the energy transition.
- **Make sectoral integration happen - locally - Linking electricity with gas, heat and transport**
Stop silo-thinking: sectoral integration and sector coupling are essential elements in any cost-efficient and energy-efficient strategy to respect the Paris Agreement.
- **From natural gas to renewable and decarbonised gases - Realising the potential**
On the road to full decarbonisation, gases or 'molecules' will continue to play a key role to decrease CO2 emissions, to ensure seasonal storage and to contribute to a cost-efficient and affordable energy transition.
- **Sustainable financing - Transforming energy infrastructures**
European legislation on sustainable financing will orient investors towards sustainable energy infrastructures and projects, through the establishment of sustainability criteria.
- **The digital energy (r)evolution - Opportunities and challenges for all stakeholders**
Intelligent grids, communicating meters, platform revolutions, data accessibility, flexibility of energy demand, as well as integration of renewables and active customers will all be enabled and enhanced by digitalisation.
- **A just and inclusive transition - Getting all on board**
Regions and citizens start the transition journey with a different inheritance: getting and keeping all on board must be an evident goal for the Energy Union.

MEMBERSHIP BENEFITS

CEDEC membership entails multiple benefits for local and regional energy companies who wish to actively engage at European level:

INFORMATION

Receive the most current policy updates and top-level analysis

INFLUENCE

Shape European policymaking through your contribution to CEDEC positions

EXCHANGE

Share knowledge and best practices in CEDEC working groups and webinars

VISIBILITY

Ensure the representation of local and regional actors on European level through CEDEC communications and actions

How to join us?

CEDEC membership is open to all associations and companies with an interest in the energy sector (local generation, distribution grids, metering, supply and energy services) and broadband, representing activities on local or regional scale and/or with local shareholders.

For more information, please contact info@cedec.com.



STRUCTURE AND ORGANISATION

General Assembly

Our achievements have been supported by the strong commitment of our Board of Directors, General Assembly, Working Groups and the Secretariat staff.

Board of Directors

The CEDEC presidency is currently held by Florian Bieberbach, Chairman of the Management Board of Stadtwerke München. The CEDEC President is supported by four Vice-Presidents and the Secretary General. The Board members have a 2-year term of office.

President

Florian BIEBERBACH (Stadtwerke München - VKU)

Vice-Presidents

Marcelo BONDESAN (HERA - Utilitalia)
Géry VANLOMMEL (Fluvius – Synergrid)
Michel FAURÉ (SICAP - FNSICAE)
Dick WEIFFENBACH (Netbeheer Nederland)

The General Assembly and the Board of Directors are responsible for all association-wide decisions while CEDEC Working Groups (cf. page 11) are involved in the preparation of topic-specific policy positioning.

The General Assembly was organised on 23 June in Vienna.

Secretary General

Gert DE BLOCK

The Board of Directors met 9 times during the year 2021:

- 27 January 2021 (virtually);
- 24 March 2021 (virtually);
- 7 April 2021 (virtually);
- 5 May 2021 (virtually);
- 7 June 2021 (virtually);
- 23 June 2021 (in Vienna);
- 29 September 2021 (in Rome);
- 28 October 2021 (virtually);
- 15 December 2021 (virtually).

Members of the Board of Directors

(31/12/2021)

President

Florian BIEBERBACH (Stadtwerke München - VKU)

Vice Presidents

Rudi OSS (Dolomiti Energia - Utilitalia) till June 2021

Marcelo BONDESAN (HERA - Utilitalia) from June 2021

Luc HUJOEL (Synergrid) till September 2021

Géry VANLOMMEL (Fluvius – Synergrid)
from September 2021

Michel FAURÉ (SICAP - FNSICAE)

Dick WEIFFENBACH (Netbeheer Nederland)
from September 2021

Administrators

Jakub BATOR (Krakowski Holding Komunalny)

Nicola CECCONATO (ASCOPIAVE - Utilitalia)
till June 2021

Edwin EDELENBOS (Netbeheer Nederland) from
September 2021

Peter FLOSBACH (DEW21 - VKU)

Jacques GLORIEUX (INTER-REGIES)

Christine GOCHARD (GEG – ELE) from November 2021

Alexander GÖTZ (VKU) from May 2021

Heidrun MAIER-dE KRUIJFF (VKÖ)

Stefano QUAGLINO (AGSM - Utilitalia) from June 2021

Xavier ROSEREN (FNCCR)

Elisa SCHENNER (Wiener Stadtwerke - VKÖ)

Stefan SEDIN (Jämtkraft - Elinorr)

Akhobi SITOU (Seolis - ELE) till November 2021

Federica STEVANIN (ASCOPIAVE - Utilitalia)
from June 2021

Marc-Antoine SURER (SilCOM - Multidis)

Jorn VAN BECKHOVEN (Netbeheer Nederland)
till September 2021

Alain VANNERUM (Sibelga - Synergrid) from June 2021

Erik von HOFSTEN (Lokalkraft Sverige)

Dick WEIFFENBACH (Netbeheer Nederland)

Michaël WÜBBELS (VKU) till May 2021

Experts supporting the Board

Christiane BARTH (VKU)

Isabelle CALLENS (ORES - Synergrid)

Bérénice CRABS (Synergrid)

Eric DAVALLE (SIE - Multidis)

Francesco DELFINI (FNSICAE)

Falk ENGELMANN (VKU)

Dieter GISIGER (SEIC - Multidis)

Pascal GRIMAUD (Soregies – ELE)

Raphaël LEFERE (Sibelga – Synergrid)

Kai PITTELKOW (VKU)

Yves RAGUIN (FNCCR)

Konstantin SCHÖFMANN (VKÖ)

Pascal SOKOLOFF (FNCCR)

Björn TER BRUGGEN (Sundsvall Elnät - Elinorr)

Christian VIAENE (Sibelgas - Synergrid)

Auditors

Pascal GRIMAUD (Soregies - ELE)

Jacques VANDEBOSCH (INTER-REGIES)

CEDEC Headquarters

Gert DE BLOCK – Secretary General

Catherine BIREN – Office & Event Manager

Monica DI PINTI – Senior Policy Officer

Marc MALBRANCKE – Coordinator Network Codes

Andrea PRZYBYLA – Senior Policy Officer

Working Groups

WORKING GROUP FIT FOR 55

The Working Group “Fit for 55”, chaired by Gert De Block (CEDEC), is an *ad hoc* temporary group of experts, completed with Directors of national member associations, which ensure guidance of CEDEC positioning and advocacy activities related to the European Commission’s “Fit for 55” legislative package published in July 2021 and December 2021. Relevant proposals for CEDEC members include the review of the Energy Efficiency Directive, the Renewable Energy Directive, the EU Emission Trading System, the Energy Taxation Directive, the Alternative Fuels Infrastructure Regulation and the Energy Performance of Buildings Directive.

WORKING GROUP GAS

The Working Group “Gas”, chaired by Isabel Orland (VKU – DE), focusses on strategic European gas topics that are relevant for local and regional gas companies and gas DSOs, including the integration of renewable, decarbonized and low-carbon gases such as hydrogen and biomethane, and the related review of the gas regulatory framework. The development of Network Codes for Gas will also be dealt with in this group. In 2022, the key priority of the group will be the Hydrogen and Gas Package, the Methane Regulation, and the implementation of the REPowerEU plan for enhancing European security of supply and diversification of gas supply.

The Working Groups are supporting the development of CEDEC positions and exchange best practices amongst members, in specific fields of expertise. As a consequence of the Covid-19 pandemic, they now take place mainly through Teams, chaired by company or association representatives or by CEDEC.

WORKING GROUP DIGITALISATION

The Working Group “Digitalisation”, chaired by Gert De Block (CEDEC), focusses on developments regarding digitalisation in the electricity and gas sector in light of the European Green Deal and the Commission’s digital agenda. Challenges in the fields of cybersecurity and data communication and protection will also feed into the discussion. In addition to new initiatives (i.e. Artificial Intelligence Act, Data Act) the group will analyse the interlinkages with reviews of existing legislative measures on related topics (Open Data Directive, ePrivacy).

WORKING GROUP SMART GRIDS

The Working Group “Smart Grids” is chaired by Paul de Wit (Alliander – NL) and focusses on different strategic and operational aspects of smart electricity grids. The roles and responsibilities of DSOs, use of flexibility, as well as management and communication of data regarding smart meters, play a central role in the discussions. Additionally, implementation of key topics from the Clean Energy Package (2019) that are related to the work in this group will be further followed up in 2022.

WORKING GROUP NETWORK CODES ELECTRICITY

The Working Group “Network Codes Electricity”, chaired by Marc Malbrancke (Synergrid – BE), follows up on the development, implementation and amendments of the European Network Codes for

Electricity, and on the impact of those codes on DSOs. The group follows also the work within the ESC’s (European Stakeholder Committees) and the relevant related expert groups.

WORKING GROUP ENERGY AND CLIMATE

The Working Group “Energy and Climate”, chaired by Gert De Block (CEDEC), will follow-up on the cross-sectoral initiatives related to the broader implementation of the European Green Deal.

Concrete legislative measures related to heating and cooling grids, such as the mainstreaming of renewables in the Heating & Cooling sector, will also be dealt with in this group.

PLATFORM LOCAL BROADBAND

The new “Platform Local Broadband”, a new field of European activity that CEDEC is developing, chaired by Mikael Ek (SSNF – SE), will focus on contributing to monitor EU legislation in the area of broadband, telecommunication and related digitalisation aspects.

A thorough exchange between members will enhance the knowledge on respective national legislative frameworks, market situations and the role of local companies delivering broadband infrastructure and related services. This enhanced vision will strengthen and underpin the development of common positioning at EU level in this new field of ‘essential infrastructure’.

January

- ▶ CEDEC published its report on “Hydrogen: challenge and opportunity for local energy companies”.
- ▶ On 12 January, CEDEC met Member of the European Parliament (MEP) and Rapporteur Jens Geier (DE, S&D) on the European Commission Hydrogen Strategy.
- ▶ CEDEC replied to the European Commission Public Consultation on the evaluation of the State aid rules for the deployment of broadband networks
- ▶ CEDEC replied on the European Commission Public Consultation for the revision of the Energy and Environmental State Aid Guidelines (EEAG) 2014-2020

February

- ▶ CEDEC replied to the European Commission Public Consultations on the review of the EU Emissions Trading System (EU ETS), on the review of the Energy Efficiency Directive (EED) and on the review of the Renewable Energy Directive (RED).
- ▶ CEDEC joined the European Clean Hydrogen Alliance and became member of the CEO Roundtable on Buildings.
- ▶ CEDEC replied to the European Commission Public Consultation on the evaluation and review of the Broadband Cost Reduction Directive (BCRD)

March

- ▶ CEDEC, E.DSO, Eurelectric and GEODE published the report “Smart Grid Key Performance Indicators: A DSO Perspective” which aimed to proactively propose a set of indicators measuring the performances of smart grids.
- ▶ During the election of Board members for the new EU DSO Entity, DSO members of CEDEC managed to acquire more than 10 seats on a total of 27, a remarkably positive result of intensive preparation and cooperation between CEDEC members, across borders and between national associations.
- ▶ The CEDEC Board unanimously agrees on the admission as full member for Krakowski Holding Komunalny S.A.
- ▶ CEDEC provided feedback to the European Commission proposal for revised guidelines on Trans-European Networks for Energy (TEN-E), pleading for selection criteria that are more in line with decentralising energy systems and integrated energy solutions.

April

- ▶ On 29 and 30 April, CEDEC contributed to the ‘Madrid’ European Gas Regulatory Forum organised by the European Commission.
- ▶ CEDEC replied to the European Commission Public Consultation on legislation to measure and mitigate methane emissions in the energy sector.

CEDEC HIGHLIGHTS 2021

May

June

July

August

- ▶ On 25 May, CEDEC participated in the 1st Roundtable of the “Consumer Protection” Working Group focusing on consumer rights in district heating, organised by the European Commission and BEUC in preparation of the 2021 Citizens’ Energy Forum.
 - ▶ CEDEC joined a stakeholder initiative on calling for clear 2030 targets for renewable and decarbonised gases.
- ▶ On 14-15 June, CEDEC participated in the ‘Florence’ European Electricity Regulatory Forum organised by the European Commission.
 - ▶ On 17-18 June, CEDEC participated in the European Hydrogen Forum organised by the European Commission.
 - ▶ On 18 June, CEDEC attended the WIK-Consult / ICF online workshop on the review of the Broadband Cost Reduction Directive treating the preliminary results of the evaluation and impact assessment of the review.
 - ▶ CEDEC replied to the European Commission’s Public Consultation on the revision of the Energy Performance of Buildings Directive and on the Hydrogen and Gas Market Decarbonisation Package.
- ▶ On 7 July, CEDEC participated in the 1st Roundtable on “Consumer Engagement and Green Offers”, which was organised by the European Commission and CEER in preparation of the 2021 Citizens’ Energy Forum.
 - ▶ On 14 July, the European Commission published the first part of the long awaited “Fit for 55” Package, including proposals on a recast Energy Efficiency Directive (EED), an amended Renewable Energy Directive (RED), a revision of the EU Emissions Trading System (EU ETS), a revision of the Energy Taxation Directive and a proposal for a Regulation on Alternative Fuels Infrastructure (AFIR).
 - ▶ The European associations representing electricity DSOs (CEDEC, E.DSO, Eurelectric and GEODE) published together with ENTSO-E a “Roadmap on the Evolution of the Regulatory Framework for Distributed Flexibility”.
- ▶ CEDEC replied to the European Commission’s Public Consultation on the draft Climate, Energy and Environmental State Aid Guidelines 2022 (CEEAG).
 - ▶ CEDEC gave input to the Public Consultation on the 2022 CEER Work Programme.

CEDEC HIGHLIGHTS 2021

September

- ▶ On 8 September, CEDEC contributed to the 2nd Roundtable of the “Consumer Protection” Working Group, focusing on digitalisation of retail gas markets, organised by the European Commission and BEUC in preparation of the 2021 Citizens’ Energy Forum.

October

- ▶ On 6 October, CEDEC was invited by Krakowsky Holding Kommunalny to open the Polish Employers Congress in Krakow.
- ▶ On 18 October, CEDEC took part in the Working Group on “Just Transition” coordinated by Energy Cities and DG ENER, in preparation of the 2021 Citizens’ Energy Forum.

November

- ▶ On 10 November, CEDEC organised another successful edition of its Annual Congress, this time in a hybrid format and finally - after almost two years of severe covid meeting and travelling restrictions - welcoming participants to a ‘live’ congress under the theme “Fit for 55: Who paves the way? Who pays the bill?”.
- ▶ On 25 November, CEDEC co-organised with Entsog, Eurogas, GD4S and Geode a workshop to present the final report of the Prime Movers Group on “Gas Quality and Hydrogen Handling”.
- ▶ On 25 November, CEDEC contributed to the ‘Copenhagen’ Energy Infrastructure Forum organised by the European Commission.
- ▶ CEDEC finalised its position on the key priorities in the different legislative files of the “Fit for 55” Package and shares them with Members of the European Parliament.

December

- ▶ On 8 and 9 December, CEDEC contributed to the Citizens’ Energy Forum organised by the European Commission.
- ▶ On 9 December, CEDEC, Eurogas, GD4S and Geode have organised a webinar on “Digitalisation of gas distribution networks: a key enabler for the energy transition”.
- ▶ CEDEC welcomes the Hydrogen and decarbonised gas market package and the Methane Regulation that the European Commission finally published on 15 December 2021, as two crucial and necessary building blocks to deliver on the European climate neutrality objective.

CEDEC HIGHLIGHTS 2021

2021 KEY TOPICS

Making the EU Green Deal a reality – the “Fit for 55” Package

In July 2021, the European Commission came out with the long-awaited “Fit for 55” Package. What has started with the EU Green Deal that set the blueprint for the transformational change, will now be translated into a proper legal framework, to deliver the energy and heating transition at the lowest societal cost and in respect of security of supply, sustainability and affordability.

Key purpose of the comprehensive review is the alignment of current legislation with the new 2030 climate target of 55% of GHG emissions reduction through targeted changes of specific provisions, but the package also introduces new initiatives in line with the Green Deal objectives.

As regards already existing energy legislation, the package includes amongst others an amendment of the Renewable Energy Directive (RED), a recast Energy Efficiency Directive (EED), a revision of the EU Emissions Trading System (EU ETS), a revision of the Energy Taxation Directive (ETD) and a proposal for a Regulation on Alternative Fuels Infrastructure (AFIR). On top of that, new initiatives have been proposed such as the creation of an EU ETS for the buildings and road transport sector, a Carbon Border Adjustment Mechanism (CBAM), and a Social Climate Fund to address the societal distributional effects of the proposed policies and measures.

CEDEC welcomes this comprehensive package that provides the needed tools and sets the right direction to deliver the EU’s 2030 climate target on the way to climate neutrality by 2050, as laid down in the first European Climate Law.

The “Fit for 55” Package will also have very strong indirect effects on gas-related activities in heating, district heating and cooling (DHC), cogeneration and bioenergy, and will require more than proportionate efforts from the public sector, including local authorities and public companies.

As local energy companies, operating close to citizens and customers and at the centre of decentralising energy systems, CEDEC is convinced that the legal and regulatory framework should incentivise decentralised and integrated solutions, linking electricity, gas, heating and cooling, and local transport.

The energy crisis triggered by sharply rising prices and the war in Ukraine, will have an impact on the legislative process around the “Fit for 55”, which undeniably requires an adaptation to better address unforeseen and unprecedented affordability and serious security of supply issues.

Adapting existing legislation to new ambitious 2030 and 2050 targets – RED, EED, AFIR, EU ETS and ETD reloaded

In the negotiations on the “Fit for 55” Package it must be ensured that consistency with the Clean Energy Package (CEP) is maintained to guarantee planning certainty and investment security for local and regional public companies.

Certainly, the Energy Efficiency Directive and the Renewable Energy Directive have been the top priorities for CEDEC, as both revisions proposed by the Commission touch upon core activities of CEDEC members.

CEDEC welcomes the Commission proposal for a recast Energy Efficiency Directive, which will strongly support EU efforts to meet the ambitious energy and climate targets through the binding Union’s target for energy efficiency, to be applied in all economic and societal activities. Therefore, it is considered positive that the “Energy Efficiency first” principle, including overall energy system efficiency, will be the leading principle in future policy, planning and

investment decisions, including for distribution network planning and development. CEDEC also welcomes that the recast acknowledges the role of DSOs in the application of the Energy Efficiency first principle, through an integrated and incentivising grid approach. However, any formal restriction on the DSOs investment policy that goes beyond energy efficiency measures, goes beyond the scope of the Directive.

Regarding the Renewable Energy Directive, the European Commission proposes to further increase the share and the integration of renewable energy sources up to at least 40% by 2030. Special attention is given to mainstreaming renewables in heating and cooling, promoting highly efficient district heating and cooling and ensuring that public buildings at all levels fulfil an exemplary role. New provisions are introduced to promote the uptake of hydrogen in transport and industry. CEDEC is convinced that the provisions to increase renewables in the transport, industry and building sector should be supported by faster permitting procedures for renewables projects, but especially should be kept technology neutral for all renewable energies to play their role. If the decarbonisation of buildings is to be inclusive and affordable for European citizens, it is key that sustainable technologies that contribute to the GHG emissions reduction are not excluded upfront. To boost the development of renewable gases and replace fossil fuels, it is crucial to have clear and comprehensive definitions in EU legislation, while avoiding that too stringent “additionality” criteria hamper the development of renewable hydrogen.

As regards the Alternative Fuels Infrastructure Directive, the Commission proposes to transform the Directive into a Regulation, establishing clearly binding and directly applicable obligations for Member States. CEDEC welcomes the proposal which is needed to keep pace with the expected sharp rise in alternative fuels vehicles and with the required progress in the development of customer-friendly recharging infrastructure. Regional and local public energy companies, including DSOs, play a crucial role in the deployment of public charging infrastructure for electric vehicles and other alternative fuels. They will have to ensure that all electric and gaseous mobility solutions can be connected at distribution level. For a successful development of alternative fuels mobility, a coordinated approach with the energy grids is needed. In that sense, it is very positive that the proposal puts a clear focus on the role that DSOs play in the maintenance of grid stability, the provision of flexibility and in the assessment of the potential contribution of bidirectional charging as a tool for an increased integration of renewable energy sources.

Regarding the EU ETS, CEDEC advocacy is mainly focusing on the proposed new EU ETS for buildings and transport, as we believe this has the potential to boost competition for cleaner technologies and to achieve GHG emissions reduction more cost-effectively. However, given the additional costs for heating and mobility this proposal will inevitably cause, it will be key to ensure that the use of revenues from EU ETS is supporting the most impacted sectors and consumers in most affected European regions.

With the review proposal for the Energy Taxation Directive the Commission’s objective is to align



taxes on energy products with the more ambitious EU’s climate goals, and to remove alleged barriers for massive electrification in heating and transport. CEDEC welcomes the proposal to change the system of taxation from volume-based to energy content based. In order to provide the right price signals to end-consumers and investors, the new taxation framework should reflect the potential of each energy source to contribute to energy and climate targets, while respecting sustainability criteria. CEDEC believes that the current proposal to apply always the minimum taxation level to electricity – whatever the origin – is not in line with the objective of taxing the environmental performance of different energy sources, as for electricity it does not differentiate on CO₂ intensity or other sustainability criteria. Promoting electrification makes sense only when the electricity source respects the necessary sustainability criteria.

As concerns concrete advocacy activities, CEDEC carefully selected the key priorities in close cooperation with the experts in the member companies and national associations. The 20 key priorities provided the basis for the CEDEC position paper, containing 20 recommendations on the priority legal acts. The CEDEC position was shared in November 2021 with key Members of the European Parliament involved in the legislative files most relevant for CEDEC member companies.

Making the European building stock future proof

One of the last pieces of the “Fit for 55” Package that was presented by the Commission on 15 December 2021 is the recast proposal on the Energy Performance of Buildings Directive (EPBD). The EPBD, once approved, will complement the other elements of the package proposed in July 2021, especially the EED, the RED and the AFIR proposal. The EPBD is also inter-connected with the new EU Emissions Trading System (EU ETS) for buildings and road transport.

Building on the Renovation Wave Strategy, which was presented in 2020, the revised Energy Performance of Buildings Directive aims to enable and incentivise the decarbonisation of new and existing buildings in view of achieving a zero-emission building stock by 2050.

Main changes to the Directive include the introduction of a new definition of zero-emission buildings, and

a change to the already existing definition of nearly-zero energy buildings, which will remain the standard for new buildings until the application of the zero-emission building standards (in 2027 for new public and in 2030 for all new buildings). The proposal also contains upgraded provisions on private recharging infrastructure in car parks in and adjacent to buildings, complementing the requirements on public recharging infrastructure in the AFIR proposal. Also, the Commission aims at phasing out fossil fuels in EU buildings and introduces a legal basis for national bans of boilers based on fossil fuels, by allowing Member States to set requirements for heat generators based on greenhouse gas emissions or the type of fuel used.

In 2022, the “Fit for 55” Package will remain the main focus of CEDEC advocacy activities, together with the

Renew and decarbonise the gas sector

Closely following up on the preparatory initiatives in 2020, the year 2021 has been characterized by intense work to define the implementation of the Green Deal and, as part of it, by defining the terms of the renewal and decarbonization of the gas sector in Europe. The preparation of the legislative proposal reviewing the existing gas directive and regulation has been high on the agenda, and will undoubtedly be for the coming years.

review of the gas regulatory framework namely the Hydrogen and Decarbonised Gas Package as well as the Methane Regulation proposal, as published in December 2021 together with the Energy Performance of Buildings Directive (EPBD).

CEDEC will continue to closely follow up the negotiations on the package, which are expected to last until the end of 2023. It is expected that the European Parliament will finalise its position in the second half of 2022.

As regards the overall timing the acting von der Leyen Commission will have time to deliver the European Green Deal related legislation before the end of this legislative term, and more concretely before the European elections which will take place towards the end of the first semester of 2024.

When thinking about the review of the gas regulatory framework today, we cannot not take into account the latest geopolitical developments which were unimaginable and unexpected in 2021, when the preparatory work was finalised and the Gas Package published. Therefore, at the moment we are writing this annual report, the elements of security of supply, affordability and diversification of gas supply have entered with extreme urgency into the debate around the review of the gas regulatory framework and are requiring an update of the objectives defined hereafter.

Review of the gas regulatory framework

During the first half of 2021, in preparation of the long expected “gas package”, CEDEC intensified advocacy activities to highlight the potential of renewable gases at distribution level – and notably the distributed production, transport and use of biomethane and hydrogen. This includes the role of DSOs in integrated energy system planning and the need to keep a technology neutral energy system integration approach when regulating the energy transition. The discussion at EU level has been heavily influenced by anti-molecules positions based on questionable cost assumptions about affordability of full electrification and neglecting future needs for seasonal storage and for long distance energy transport infrastructures. Challenging these has taken a prominent role in CEDEC’s advocacy initiatives and spurred on to cooperation with likeminded stakeholders.

As part of this work, CEDEC has published in January 2021 a Report on “*Hydrogen - Challenge and opportunity for local energy companies*” where concrete examples about the role of DSOs in the development of the hydrogen economy were collected and policy recommendations for the Hydrogen and Decarbonised Gas Package were formulated.

While providing direct input to the European Commission and to the consultancies mandated to analyse legislative options for the Gas Package, CEDEC has also been contributing to the Commission’s related stakeholder workshops, to the roadmap



consultation in January 2021, and to the detailed public consultation running from 26th of March to 18th of June.

Moreover, CEDEC has been leading together with the TSOs and the other EU gas DSO organisations an informal Prime Movers’ group on gas quality and hydrogen handling: bringing together stakeholders from the whole gas value chain, this group explored the main challenges and potential solutions on how to handle gas quality variations related to increasing shares of renewable and low-carbon gases in the energy system.

To support the objectives on the Hydrogen Strategy published in 2020, the EC has launched

the European Clean Hydrogen Alliance, to create a network that develops an investment agenda and a concrete pipeline of projects of renewable hydrogen technologies. CEDEC has been accepted by the Commission as member of the Alliance and the CEO roundtable on “buildings”. This roundtable has been challenging the Commission’s premise to limit the use of hydrogen to hard to decarbonize industry and heavy transport, and has been bringing forward concrete examples and opportunities for the use of hydrogen in buildings and at distribution level.

After a delay of several years, the Commission has finally published the Hydrogen and Gas Decarbonisation Package on the 15th of December 2021, including a revision of the Gas Directive and



the Gas Regulation. The main objective is to pave the way for the development of the hydrogen economy and to decarbonize the natural gas market by integrating increasing amounts of renewable and low-carbon gases. The European Commission sets the basis for the creation of a hydrogen market proposing specific market rules for dedicated hydrogen infrastructure, proposes mechanisms to improve cooperation between different parts of the value chain, deepens the role of distribution system operators in view of a growing injection of renewable and low-carbon gases, and strengthens consumers rights and engagement opportunity. To ensure that integrated local energy companies can actually contribute to the decarbonization of the gas sector and that gas DSOs can successfully evolve towards grid operators of renewable and low carbon gases, there are many legislative barriers in the EC proposal

that will have to be lifted during the legislative process. While the EC positively treats all gases under the same legislative proposal, it creates inconsistencies in the definitions of natural, renewable and low-carbon gases, proposes specific provisions for dedicated hydrogen systems, and does not attribute the same rights to hydrogen consumers as to natural gas consumers. All elements that deserve to be addressed by the European Parliament and the Council.

Reduction of methane emissions

After the Commission had identified in the Methane Strategy (published October 2020) that the energy sector would be the sector where the reduction of methane emissions would be easier and more cost-effective to realize, stakeholders were invited during the first half of 2021 to provide their input to the Commission's preparatory work on a legislative proposal. Closely linked to the discussion on the Gas Package, tackling methane emissions is considered to be a prerequisite for gas system operators.

The Commission has initially been strongly encouraging a global level and business-led voluntary initiative, notably through the Oil and Gas Methane Partnership (OGMP), to improve the

measurement and reporting of emissions. Although OGMP was originally developed only for global and commercial oil & gas majors, its work has been extended during 2021 to the measurement, reporting and verification methodologies for European and regulated gas midstream and downstream sectors. The resulting OGMP2.0 model has been promoted as the "gold standard" on which to build the European methodology.

The EC proposal on a Regulation to reduce methane emissions in the energy sector has been published on the 15th of December, together with the Gas Package. From a first analysis, CEDEC has identified many negative elements that make it technically very challenging and unreasonably costly for gas DSOs, especially smaller and medium-sized companies, to comply with the proposed obligations. While CEDEC of course supports the overall objective to reduce methane emissions, one of the few reasonable elements in the initial proposal would be that compliance costs are to be recognized by national regulators, in line with taxonomy rules.

Europe's twin green and digital transitions

Following the year 2020, during which the Commission launched its first concrete plans in the digital field by unveiling its strategies for Europe's digital transformation, called 'Shaping Europe's digital future' and 'A European strategy for data', the year 2021 was equally and significantly marked by a strong European focus on Europe's twin green and digital transitions.

In Spring 2021, the European Commission presented its communication '2030 Digital Compass: the European way for the Digital Decade'. By 2030 all European households should be covered by a Gigabit network, with all populated areas covered by 5G (see p. 24 for more information on EU level developments in the broadband field).

When it comes to concrete new legislative initiatives on the European digital horizon, the European Commission presented its proposal on the Artificial Intelligence Act (AI Act) in Spring 2021. In addition, the Commission is preparing an Action Plan on the digitalisation of the energy sector, which aims at accelerating the implementation of digital solutions and digital integration of energy systems through concrete sectoral actions.



The first ever European rules for Artificial Intelligence

On 21 April 2021 the Commission put forward its first-ever legal framework on Artificial Intelligence (AI), building on the White Paper presented by the Commission in February 2020.

CEDEC welcomes the proposal, which aims to address the risks generated by specific uses of AI through a dedicated set of rules. CEDEC believes that a clear legal framework will provide developers and users of AI systems with the needed clarity.

The Regulation defines specific fields of application, in which the use of the AI systems is considered to be high-risk. Areas of application are for example critical infrastructures. High-risk AI systems have to meet strict requirements before they are placed on the market. The Regulation also applies to users of relevant artificial intelligence systems, who will have to comply with supervision obligations.

It is highly welcomed that the Commission is taking a risk-based approach in its proposal, which leaves the majority of AI systems untouched, as they do not pose any risk. It is now important that only high-risk systems should fall under the scope of the proposed regulation.

As the energy sector is also likely to fall under the scope of the Regulation within the framework of critical infrastructures, for example for network control and load management, CEDEC will closely follow the further negotiations in the European

Parliament and Council. These actions will ensure that energy companies, which could qualify as either providers or users of artificial intelligence systems, are not overburdened by the provisions of the new Regulation, and will equally ensure that local public companies can continue to develop or modify artificial intelligence systems, encouraging innovation and independence from third-party providers.

In the European Parliament, a conflict of competence between two committees which both claimed equal responsibility, has considerably postponed the work in the Parliament. The earliest entry into force could therefore be in the second half of 2022, while the Regulation would become applicable to operators as from the second half of 2024. However, more realistically the adoption of the Artificial Intelligence Act may not take place before 2023.

Digitalising the energy sector

With the aim to prepare an Action Plan on digitalisation of the energy sector, the Commission has launched a public consultation in late 2021.

The purpose of the Action Plan is to propose concrete steps for the development of a common European energy data space, support further cooperation between the ICT sector and the energy system as well as to support the implementation of the Clean Energy Package. Finally, the Action Plan will identify possible complementary actions to ensure synergies, for example in data sharing for smart grids, smart buildings and smart cities.



The 2019 Clean Energy Package – 2 years later

The EU DSO Entity is born – looking back at 6 months existence

The 8 June 2021 marked the day of the official launch of the EU DSO Entity – the new EU institution to represent the European electricity Distribution System Operators. It has been created following the adoption of the European Electricity Regulation (EU) 2019/943, with the aim to increase efficiencies in the electricity distribution networks in the Union through the development of European Network Codes, and to ensure close cooperation with Transmission System Operators (TSOs) in ENTSO for Electricity.

After more than two years of intensive preparations by the four EU associations representing electricity DSOs, during which CEDEC defended the interests of the small and medium sized electricity DSO's, the operational activities of the Entity were launched with the first General Assembly in June 2021. More than 700 new members participated in this Assembly meeting – the majority being CEDEC affiliated members, thus giving small and medium-sized DSOs a strong voice in the Entity. The General Assembly was followed the same day by the first meeting of the first ever elected Board of Directors.

While the primary focus is on electricity, other energy carriers such as hydrogen and natural gas are also addressed from an energy system integration perspective. As an example, the Commission seeks to know whether it should consider establishing a Network Code for the cybersecurity of gas operations (see p. 23 for more information on the current Network Code on Cybersecurity currently under development). The publication of the Action Plan is foreseen in the 2nd half of 2022.

Whereas the Artificial Intelligence Act will remain the main file for CEDEC in this field, the new European initiative with rules on horizontal data sharing, the so-called Data Act, is also expected to have impacts on the business of local and regional public energy companies, for example when it concerns data stemming from the Internet of Things (IoT) and the question who will be the (responsible) owner of such data.

Through excellent cooperation between CEDEC, its member associations and its member companies, CEDEC member companies have secured a considerable number of seats in the Entity Board, which has resulted in a strategically decisive position in two of the three categories of the Board, and with two CEDEC representatives successfully being elected as Vice-Chairs of the Entity. CEDEC members were also elected for important mandates in Board Committees, giving them crucial decision-making power.

CEDEC has been closely following up the work of the Entity in 2021 through coordination and participation in the Entity bodies, such as in Board meetings (as Observer), in the General Assembly and in the Strategic Advisory Group.

In late 2021 the Board decided on the establishment of the first Expert Groups, namely on Cybersecurity and Distributed Flexibility. The first calls for experts' candidates were launched towards the end of 2021.

As a concrete consequence of the Clean Energy Package, the four European associations representing electricity DSOs, among which CEDEC, had proactively been preparing since 2019 the development of Network Codes on DSO related topics. This preparatory work will now be relayed to the EU DSO Entity, its main task being the technical experts' work on Network Codes and Guidelines.

Network Codes and Guidelines

- ▶ European network codes (NCs) and guidelines (GLs) for gas and electricity are detailed technical Regulations applicable in all Member States. A number of codes leave room for country-specific implementation, therefore the level of harmonisation at EU-level highly depends on Member States' choices.
- ▶ As from 2019 (cf. Electricity Regulation) the process for development of electricity NCs and GLs changed. These changes concern the development of NCs through the EU DSO Entity, with Drafting Committees that involve all relevant stakeholders; ACER can revise a NC submitted by ENTSO-E or the EU DSO Entity; the Commission can still develop guidelines but now through more binding implementing or delegated acts. The same changes have been proposed in the decarbonised gas and hydrogen package for the development process of gas network codes.
- ▶ Involvement of the DSOs is crucial, mainly for grid connection and market integration issues. Within CEDEC this is organised through dedicated working groups, because the existing and new NCs and GLs impact DSOs on financial, technical and organisational level. Due to the new institutional process DSOs should be better involved in the early stages of development of new network codes.
- ▶ The implementation of original NCs and GLs is mostly finished, with only minor amendments so far. For electricity, Expert Groups under the European Stakeholder Committee Grid Connection

are studying possible more important amendments of the NC RfG, NC DCC and NC HVDC, such as integration of storage, additional requirements for small generators, and harmonisation of certification schemes. Early 2022 the Commission announced to open the NCs for revision this year, but amended versions of connection NCs should not be expected before end of 2024.

New codes and regulations under development in 2021

- ▶ Network Code on Cybersecurity
 - ▶ Early 2020, the Commission started the elaboration of a NC on Cybersecurity oriented on electricity grids through an informal process. DSOs and TSOs lead the drafting process through a Drafting Team, followed-up by the Commission. CEDEC experts contributed actively to the drafting process. In 2021 the process continued from DSO-side in the EU DSO Entity together with ENTSO-E. In line with the formal process, ACER delivered its Framework Guideline (FWGL), following which the grid operators submitted the NC Cybersecurity to ACER for review in January 2022.
- ▶ Network Code on Demand Side Flexibility
 - ▶ End 2020, the EU DSO associations and ENTSO-E, supported by the Commission, started the development of a regulatory framework for distributed flexibility through a Joint Taskforce

(JTF), with several CEDEC experts involved. The JTF handed a report to the Commission in July 2021. An ACER expert group was established in September 2021 to work on the scoping of a FWGL, and the outcome was sent to the Commission on 1 February 2022. Based on the draft scoping, flexibility for balancing and congestion management will definitely be covered by the NC, whereas implicit flexibility and the market products for BRPs not. A formal drafting committee for this Network Code will probably start in October 2022.

- Implementing acts on Data Access & Interoperability
 - The Commission launched a process for the development of Implementing Act (IAs) on data access and data interoperability in April 2020. The process is led by the Commission, supported by an Editorial Team consisting of experts from DSOs, TSOs and ESMIG. CEDEC experts are involved in the Editorial Team. The work of the Editorial Team is linked with Expert Group 1 of the Smart Grids Task Force of the Commission. End of February 2022 a final draft for Part 1 on general principles and for Part 2 on interoperability and access to metering and consumption data was submitted to the Commission. The Commission will probably adopt the IAs in Q3 2022. Further work will follow on demand response and customer switching.

Local Broadband – preparing the ground for local high-quality networks

The recent experiences with COVID measures that restricted our freedom to move and to meet, have proven more convincingly than ever that local broadband is an essential infrastructure that may require public investors like local authorities to ensure high-quality digital access for all citizens and businesses to education, healthcare, work and communication.

Building on its new activity on local broadband on which CEDEC embarked in 2020 – through the creation of a Task Force on Local Broadband that aligned positions of CEDEC members and defined common policy objectives – CEDEC actively engaged in 2021 in the review process of two key European initiatives.

Revised state aid rules for the deployment of broadband networks

In January 2021, CEDEC heralded the year by providing a CEDEC reply to both the European Commission’s targeted and public stakeholder consultation on the evaluation of the State aid rules for the deployment of broadband networks (the “Broadband Guidelines”). The currently existing Broadband Guidelines as adopted in 2013 aim at facilitating the deployment and take-up of broadband networks in areas suffering from insufficient connectivity services, especially sparsely populated EU regions.

Although the Commission concluded in its evaluation that in principle the current guidelines are broadly fit for purpose, a revision seems nonetheless inevitable. Since the publication in 2013, the market environment but even more importantly the technological developments and the EU political objectives have progressed significantly, calling for targeted adjustments of the existing rules.

Following the evaluation, the Commission launched a formal review of the existing guidelines and presented its draft Broadband Guidelines in Autumn 2021. The Commission’s proposed targeted changes include new speed thresholds for public support to Gigabit fixed networks, a new category of possible aid in the form of demand-side measures (vouchers) and the clarification of certain concepts, such as on mapping and public consultations.

In 2022, CEDEC will prepare its position on the draft Broadband Guidelines together with its members. In this context, it will be important to highlight that local and regional public companies are the driving force in broadband deployment, especially in less populated regions. Where local utilities had the possibility in the past to actively invest, they intend to continue offering state-of-the-art infrastructure and services to their citizens. Therefore, it will be crucial to ensure that local and regional public companies continue to be eligible for state aid, including through in-house

initiatives, to reduce their investment risk and to drive the deployment of local broadband networks.

It is also important to ensure that the Broadband Guidelines are consistent with other EU legislation on electronic communications and broadband network deployment, providing a coherent legal framework. This applies in particular to the European Electronic Communication Code (Directive (EU) 2018/1972 – EECC) and the revision of the Broadband

Cost Reduction Directive (Directive 2014/61/EU – BCRD). The guidelines must take into account that the reviewed BCRD will lay the new foundations for the deployment of broadband networks in the EU. Consistency as regards the definitions, in particular in line with the terminology used by the Body of European Regulators for Electronic Communications (BEREC) must be ensured, to provide legal certainty for operators and for their long-term investments in broadband infrastructure.

A new push to decrease deployment costs for broadband networks

In parallel to the revision of the Broadband Guidelines, the Commission is working on the revision of the Broadband Cost Reduction Directive. This Directive, which was adopted in 2014 and applied since 2016, has the objective to incentivise the roll-out of high-speed electronic communications by decreasing deployment costs for broadband networks.

A study consortium commissioned by the Commission presented the first set of preliminary results of the evaluation of the existing Broadband Cost Reduction Directive in Summer 2021 during a stakeholder workshop, which was attended by CEDEC. A more comprehensive overview of the interim results, presented early 2022, indicates that the Directive is ripe for review notably in view of market developments, the European Gigabit society targets and recently revised legislation like the European Electronic Communication Code .

CEDEC will closely follow the final publication of the study, which is expected to be presented by summer 2022, together with the Commission's review proposal of the Directive. Special attention will be given to the provisions on physical infrastructure access, civil works co-ordination and the issue of unviable overbuild.



Sustainable finance: a new strategy and the “Taxonomy” delegated acts

Like in 2020, the discussion on the Sustainable Finance framework and notably the taxonomy criteria classifying what can be considered as sustainable investments, were on the top of the mind of European policy-makers and stakeholders during 2021.

As regards the “taxonomy” criteria, following the publication of the first proposed “delegated act” in November 2020, the unprecedented criticism rising from all sides, pushed the European Commission in revising its initial proposal and postpone the adoption of the delegated act. The criticism turned mainly around the inclusion – or not – of transitional gas activities and nuclear plants in the taxonomy framework. A revised proposal of this delegated act was first circulated in March 2021, and then a final version was adopted on 21 April 2021. The official entry into force was on 1 January 2022.

Despite the positive outcomes related to the distribution grids for electricity and the distribution grids for renewable and low-carbon gases, the

final version of the taxonomy did not recognise the transitional role of natural gas, and all activities based on gaseous fuels that are not “renewable non-fossil gaseous fuels”. Thus, gas and nuclear related activities were kept out of the first delegated act, with the promise of a complementary delegated act by mid-2021. The complementary delegated act was delayed several times and finally published on 31 December raising once more harsh criticism from stakeholders, European Parliament and Member States. The application of the complementary delegated act is pending decisions from the European Parliament and Council to adopt or reject – decisions expected before summer 2022. During the whole process, CEDEC has advocated for a clearer and technology neutral taxonomy that recognises the transitional role of molecules and that supports solutions contributing to GHG emissions reduction.

On 6 July the European Commission has published the New Sustainable Finance Strategy as part of the Green Deal, which aims at upgrading the sustainable

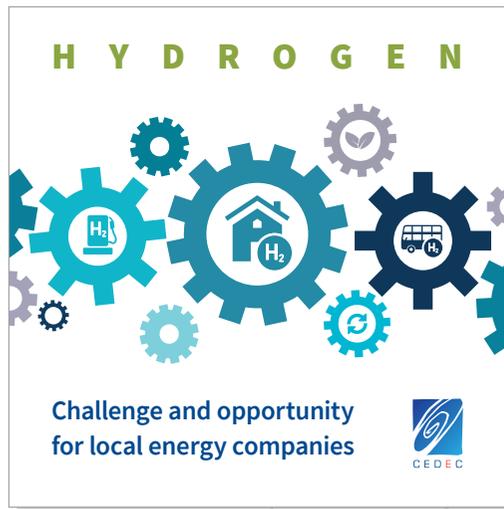
finance framework. Particularly relevant for the energy sector is the intention to support the necessary intermediate steps that may contribute to mitigating climate change while avoiding lock-in of carbon intensive technologies.

In August 2021, the Platform of Experts on Sustainable Finance has published a draft report with preliminary recommendations on a second delegated act treating the remaining environmental objectives as listed in the Taxonomy Regulation, namely support circular economy, protect water and biodiversity and prevent air pollution. CEDEC has been providing input to the request for stakeholders’ feedback, mainly focusing on the need to include waste-to-energy as a technology positively contributing to circular economy objectives. In a last phase, this second “taxonomy” is drafted by the European Commission based on the technical advice of the Platform of Experts.

SOME COMMUNICATION HIGHLIGHTS

JANUARY 2021

CEDEC published its **report on “Hydrogen: challenge and opportunity for local energy companies”** and met on 12 January with Jens Geier (DE, S&D), Member of the European Parliament (MEP) and Rapporteur on the European Hydrogen Strategy.



MARCH 2021

The **European Net Zero Alliance** is created and gathers 17 associations all advocating for cross-sectoral and cross-vectoral solutions towards climate neutrality. The members of all these organisations are committed to climate neutrality following the “we can – we want – we will” approach.



MAY 2021

These signatories of a statement supporting the promotion of **renewable and decarbonised gases** are committed to achieving the objectives of the Paris Agreement and support the EU's ambition to reach carbon neutrality by 2050. They advocated for an energy transition that delivers a diversified, economically and environmentally sustainable energy mix that guarantees security of supply.

The signatories called for an EU policy framework that promotes the production, market uptake and system integration of renewable and decarbonised gases.



JULY 2021

A joint report by ENTSO-E and the European Associations representing electricity DSOs (CEDEC, E.DSO, Eurelectric, Geode) was published in July 2021. The recommendations of the report are the outcome of 5 months of analysis and discussion between TSO and DSO experts involved in a Joint Task Force on Distributed Flexibility, which was set up in the framework of the Distribution & Transmission Cooperation Platform.



OCTOBER 2021

On 11 October 2021, CEDEC expressed its support for the creation of the European **Affordable Housing Consortium**, whose activities are to be financed under the Single Market Programme, coordinated by Housing Europe.

The main objective of European Affordable Housing Consortium is to support SMEs, including social enterprises, to collaborate with public authorities and (social) housing providers, in order to implement housing and district renovation projects targeting social and affordable housing, to upskill and reskill workers and to integrate the latest digital, environmental and social innovations.



NOVEMBER 2021

The 4 EU associations representing gas DSOs (CEDEC, Eurogas, GD4S, Geode) and Entsog created a **prime movers' group on gas quality and hydrogen handling**. To share and discuss the final results of their research and consultations, they organised a workshop with all stakeholders to provide examples of the latest practices, tools and R&D developments on gas quality and hydrogen handling.



DECEMBER 2021

CEDEC is happy to welcome a new Swedish member - Swedish Local Fibre Alliance (SSNF) – which intensifies the CEDEC activities on Broadband topics



CEDEC ANNUAL CONGRESS on 10 November 2021

The annual CEDEC Congress was organised for the first time in a hybrid format, allowing attendants to take part in the congress live (in “3D”) in Brussels or to participate virtually on their screens. The Congress attracted more than 150 participants from all over Europe, including high-level speakers and representatives of local energy companies, European institutions and Member States.

This year’s edition provided a timely occasion for a first evaluation of the Fit for 55 Package that was published in July.



THE COUNCIL IN 2021 - PRESIDENCIES



Portugal

On 1 January 2021, Portugal has assumed the six-month rotating presidency of the Council of the EU. The Presidency has worked on attaining a greener Europe and on speeding up a fair and inclusive digital transition. Under the priority Green Europe, the Portuguese Presidency has promoted the European Green Deal, making sustainability an integral part of all European Union policies, implemented the European Climate Law and laws on the decarbonisation of the EU, promoted the European Climate Pact and developed European Union transport and energy strategies that support environmental sustainability.

To achieve a Digital Europe the Presidency has worked on promoting European leadership in the digital economy and on implementing digital best practices in public administration. The Presidency has organised a Social Summit to debate the social dimension of the regeneration and development of the European economy, as well as the digital and climate transition.

At the end of its Presidency, the Portuguese Presidency achieved to strike an important deal among EU energy ministers on the revision of the Trans-European Energy Networks Regulation (TEN-E) on 11 June 2021, confirming the principle that support for new natural gas and oil projects should end.



Slovenia

Slovenia took over the six-month Presidency on 1 July 2021.

The Slovenian Presidency has started negotiations on both the Renewable Energy Directive and the Energy Efficiency Directive and has prepared progress reports with the aim of reaching an agreement as soon as possible. The Slovenian Presidency has also started discussions on the proposal to update the Energy Performance of Buildings Directive.

The Slovenian Presidency has prioritised making maximum progress in dealing with the TEN-E Regulation and has reached a provisional political agreement on the new rules for cross-border energy projects with the European Parliament on 15 December 2021. The new rules will ensure that the TEN-E Regulation is fully in line with the European Green Deal and the EU's long-term decarbonisation targets, while contributing to sectoral and market integration, security of supply and competition.

With a view to integrating renewable energy sources into the gas pipeline network, consideration has been given to the decarbonisation package in the field of gas legislation. In the context of the EU's ambitious climate goals, work started on a proposal for methane legislation covering also efforts to reduce methane emissions in the energy sector.

On the use, processing and exchange of data and in regards to bringing forward the EU data economy, the Slovenian Presidency has continued legislative procedures for the Data Governance Act, in respect of which it positively concluded trilogue negotiations with the European Parliament to boost data sharing and support European data spaces on 30 November 2021.

This report provides highlights of CEDEC's activities for the period 1 January to 31 December 2021.
CEDEC is legally constituted as a non-profit international organisation (AISBL) under Belgian law.



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 [@CEDEC_EU](https://twitter.com/CEDEC_EU)

 [CEDEC - European Federation of Local Energy Companies](https://www.linkedin.com/company/CEDEC-Europe)

info@cedec.com

Galerie Ravenstein, 4 B 2 – 1000 Bruxelles