

Paris, February 28th 2010

EUROPEAN ENERGY REGULATORS

POSITION PAPER ON SMART GRIDS

ERDF's ANSWER

ERDF welcomes the initiative of ERGEG to launch this public consultation on smart grids, as a first step to “initiate a dialogue with all stakeholders of the European electricity power systems and markets”, as announced in ERGEG’s position paper.

Indeed, the concept of “smart grids” covers different realities and understandings, according to the several countries, the different players, and the needs they have to fulfil.

This is why it is necessary to clarify a great number of questions to give a clear, shared and stable framework, which will allow the development of these networks.

ERDF underlines in particular the following questions:

- 1- **The concept concerns all the payers of the electrical sector** : consumers, DSO, TSO, suppliers, generators, industrialists, etc...

It is thus necessary to organize **an effective dialogue** between all those, to reach a joint definition and a balanced distribution of the responsibilities for each one, in particular with respect to the climate change policy : which actions for the DSM, with which players, how to optimize the insertion of the RES, ...

The present consultation is a first step in the implementation of this dialogue, which has to be developed.

This is why ERDF actively joins the initiative of the European Commission, known as “Task Force Smart Grids”, which associates all the players, and must discuss the whole of the questions.

The questions raised in the “position paper” of ERGEG has to be deepened there.

- 2- **The concept requires important technological innovations**, to define the necessary functions, to work out the relevant technologies, to develop and diffuse them, under the best conditions of costs. To this end, an important effort of research, experimentation and diffusion is necessary. The DSOs will play a key role in enabling the connection of large numbers of DER, facilitating active demand, bringing power to e-vehicles while maintaining power quality at a high level and limiting costs.

This is why ERDF joins, at the side of other European DSO and several players concerned, the initiative of the European Commission said EEGI, whose objective is precisely to coordinate these reflections, and organize the necessary R&D programs.

- 3- **The regulatory aspect of « smart grids » is a decisive question for its implementation and development.**

The regulation has to clarify, on one hand the respective responsibilities for the players and, on the other hand, according to the decisions which will be made, the balanced distribution of the costs compared to the awaited benefits, and the way to reach this balance.

The players gathered in the EEGI initiative provided a common answer to the « position paper » of ERGEG. ERDF joins totally to this answer.

Moreover, ERDF considers that, after this first consultation, the dialogue on the above mentioned topics must be continued and deepened within the « Task Force » installed by the European Commission.