EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY

DIRECTORATE B – Internal Energy Market
The Director

Brussels, 04 December 2015

TO THE MEMBERS OF STEERING COMMITTEE OF THE

SMART GRIDS TASK FORCE

Subject: Minutes of the 21th meeting of the Steering Committee of the Smart Grids Task Force

The 21th meeting of the Steering Committee (SC) of the Smart Grids Task Force (SGTF) took place on 4 December 2015, from 14:00 to 18:00, at the Albert Borschette Conference Centre, Rue Froissart 36, meeting room CCAB 3C, 1040 Brussels

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Main Conclusions:

- The Steering Committee welcomed the completion of EG3 work on flexibility with the refinement of recommendations identified in the Flexibility Report and asked the Commission to continue facilitating the exchange of views among all stakeholders during 2016 on the following key topics:

    – Market design for demand response and self-consumption (2nd March 2016)

    – Smart home/buildings (April 2016)

    – Incentives for innovation (June 2016)

    – Storage, incl. power to gas (June 2016 together with Incentives, or July 2016)

- The Steering Committee congratulated EG1 for the publication of its latest report entitled "Interoperability, Standards and Functionalities applied in the large scale roll out of smart metering in EU Member States" and asked the group to focus the work for 2016 on the following actions:

    – investigate the issue and challenges for "demand-response ready interfaces" in close consultation with the respective working groups in the European Standardisation Organisations (CEN-CLC-ETSI)

    – launch an ad-hoc group to prepare the ground for a Green Button initiative at EU level, similar to the as in the USA and Canada, for standardising the type of information and format required for consumer's data flow.

- The Steering Committee noted the progress under the two year's test phase for the Data Protection Impact Assessment Template and encouraged the industry to participate during the test phase.

- Commission will circulate the list of the names and their affiliation of the Energy Expert Cyber Security Platform – Expert Group.

The individual sessions of the meeting were chaired in turn by Mr Klaus-Dieter Borchardt, Director Directorate B ENER; Mr Paul Timmers, Director CNECT; Mr Jan Panek, Head of Unit of

Internal Market III: Retail market, DG ENER. A copy of the list of participants in this meeting is enclosed.

1. **Welcome and approval of the Agenda and the Minutes of the 20th SC SGTF meeting**

Mr Klaus-Dieter Borchardt and Mr. Paul Timmers welcomed the participants.

The proposed agenda that was distributed on 23 November was approved.

The Minutes of the last meeting (MoM) were distributed to the Steering Committee members on 25 June 2015. No comments were received before the meeting; however Mr John Harris (Landisgyr), Mr Willem Strabbing (ESMIG) and Mr Gert De Block (CEDEC), proposed some short changes. Mr Borchardt asked Mr Harris and Mr De Block to send their exact wording suggestions in order to incorporate them in the MoM. After a short discussion the participants accepted the suggested changes and approved the MoM.

2. **Work progress reports and work priorities for 2016**

2.1. EG3- Regulatory Recommendations. Exchange of information and regulatory experiences useful at EU level

Last September the group has delivered a refinement paper which complements the Flexibility Report concluded in January 2015. The paper was sent to Steering Committee for approval on 01/10/2015, no comments were received and the paper has been published (annexed to the Flexibility Report). Mr Borchardt congratulated the EG3 members for the completed work on the recommendations for deployment flexibility and remarked the high value of the wide consensus achieved.

Mr Borchardt gave the floor to Mr Manuel Sánchez (DG ENER) to present the proposed way-forward for EG3. Mr Sánchez proposed to consolidate EG3 as a forum at EU level for smart grid regulatory issues. In this line, he proposed to continue facilitating the exchange of views among all stakeholders through workshops during 2016 on key topics identified in a brainstorming meeting with EG3 Members last October (30/10).

Mr Sánchez presented the key topics and, after their discussion, the participants agreed on the following topics and dates:
− Market design for demand response and self-consumption (2nd March 2016)
− Smart home/buildings (April 2016)
− Incentives for innovation (June 2016)
− Storage, incl. power to gas (June 2016 together with Incentives, or July 2016)

Mr Borchardt welcomed the initiative to continue with the exchange of regulatory information on smart grids related experiences useful at EU level and encourage EG3 members to proceed with the organization of the workshops and report back during the next SGTF-SC.

2.2. EG1- Standardisation. Interoperability assessment of smart metering systems and demand response ready

Mr Borchardt congratulated EG1 members for the publication of its latest report entitled *"Interoperability, Standards and Functionalities applied in the large scale roll out of smart metering in EU Member States"* that was approved by the Steering Committee in November

2015. This report responds to the SC's instruction to assess for the smart metering systems to be rolled out in Member States:

- whether these smart metering set-ups are equipped with functionalities for the provision of energy management services, i.e. examine compliance with the EC recommended functionalities in EC Recommendation 2012/148/EU.
- their degree of interoperability with other components/operations of the energy system, meaning in practice the implementation of the M/441 standardised local interfaces (H1, H2 and H3);

Mr Sánchez presented an overview of the EG1 report and key recommendations. Mr Strabbing (Technical Director of ESMIG), presented ESMIG's assessment linked to this report that many installed smart metering systems lack of interoperability and that EG1 shall continuing steering this analysis during 2016, particularly towards the demand-response ready concept, in collaboration with the CEN/CENELEC smart meter coordination group. T&D presented an overview of Green Button activities in France and proposed to launch similar actions that should help to facilitate data access and thereby help to create new energy services at European level.

Those recommendations were backed by Mr Timmers, who stressed the links to the Digitial Single Market, and Mr Borchardt, who also stressed how this initiative can benefit consumers and suggested to include the topic at the London Forum on 23rd and 24th March 2016.

On the basis of the discussion, the participants agreed to focus the work within EG1 on the following:

- investigate the issue and challenges for "demand-response ready interfaces" in close consultation with the respective working groups in the European Standardisation Organisations (CEN-CLC-ETSI)
- launch an ad-hoc group to prepare the ground for a Green Button initiative at EU level, similar to the as in the USA and Canada, for standardising the type of information and format required for consumer's data flow

2.3. DSO-TSO Cooperation Platform

Mr Borchardt recalled that the cooperation between ENTSO-E and the four DSO associations was initiated early this year in a joint meeting with the Commission (26 January 2015). A second joint meeting (ENTSO-E, DSOs, Commission) followed on the 7th of July. Mr Borchardt stressed the importance of such cooperation and the fact that up to now has been proved to be very successful.

Mr Borchardt gave the floor to Mr Gert De Block (CEDEC) who presented an update of the DSO-TSO cooperation platform. Mr De Block focused on the setup structure of the platform, the objectives of this cooperation and the work-plan. Mr Burges (CEER) welcomed this initiative and expressed the willingness of CEER to be involved in the process. Mr Borchardt stressed that the work is still at the beginning and the plan is to involve other stakeholders at a later stage.

2.4. EG2- Privacy and Security.

2.4.1. Progress of the two years test phase for the Data Protection Impact Assessment template

Mr. Borchardt gave the floor to Mr Sanchez and Mrs Lorgé to present the progress on the DPIA Template test phase.

Mr Sanchez explained that the Commission Recommendation on the Data Protection Impact Assessment Template for Smart Grid and Smart Metering Systems, adopted in October 2014, foresees a two year test phase to gather feedback on the DPIA Template. He remarked that ENER is very much committed to support and facilitate an extensive test of the DPIA template as it is crucial to collect as much experience as possible from the industry – mainly DSOs - as well as the National Data Protection Authorities and the Energy Regulatory Authorities. Mr Sanchez asked participants to encourage their partners to participate in the test phase.

Mrs Lorgé presented the milestones achieved so far as well as the foreseen next steps:

Milestones so far:
- March 2015: Kick-off Meeting by DG ENER to inform Member States, National Data Protection Authorities, National Energy Regulators, the industry and civil society representatives about the importance of the test phase.
- April 2015: Participation of Mr Ristori at the Article 29 Data Protection Working Party to express ENER commitment with the test phase.
- April 2015: Two workshops by Alliander and EDP to collectively test the template
- May 2015: Workshop by DG ENER for the industry to share experiences of the Alliander and EDP initiative and to encourage more DSOs.
- September 24: Workshop organised by EDSO to promote the DPIA test phase

Next steps:
- Organization of a workshop on 22nd January 2016 (results to be presented by the following betatesters: ENEL, Öesterreichsenergie, RWE. Furthermore, confirmation is pending from Iberdrola, Endesa, ERDF, CEZ Distribuce)
- Mid-term Assessment will then follow in February 2016
- Test-phase will end in October 2016 with a final output meeting including presentation of the recommendations found.
- By the end of the year 2016, the Commission will assess the recommendations for an improvement of the existing DPIA template.

Based on this feedback and in light of the upcoming Data Protection reform at the end of such two year testing, the Template could be further fine-tuned to enhance its efficiency and user-friendliness.

Iberdrola confirmed its active participations in the 22nd January workshop, whilst CEDEC underlined that Belgian DSOs are progressing well and working hand in hand with the Belgian Data protection Authority.

Mr Sanchez stressed that the UK DECC would be a welcome participant.

Mr. Borchardt welcomed the progress and encouraged the industry to active participates in the test phase.

2.4.2. Cybersecurity strategy for the energy sector

Mr Borchardt reminded that both the Energy Union and the Digital Single Market agendas fully recognize the need for measures to ensure cyber-security in energy systems (gas, electricity, oil and nuclear). He remarked that the Energy Expert Cyber Security Platform – Expert Group was created to advice the Commission on this issue and asked Mr Manuel Sánchez and Ms Michaela Kollau to present this initiative.

Mr Sánchez presented the purpose of the EECSP-Expert Group and explained the structure. Ms Kollau presented the 15 selected experts and gave a short overview of the initial roadmap and

the planned EECSP-Forum Meetings. She explained that the experts were selected due to their knowledge and background in cyber security and energy and that the call was not restricted to EU countries only.

Mr Duncan Botting (EUTC) asked the Commission to provide the affiliation of the selected experts. Mr Borchardt agreed to circulate a list of the experts including their affiliation.

3. Cyber Security strategy for the EU

Mr Timmers presented an update on the Cyber Security Strategy for the EU. The Strategy aims at achieving cyber resilience, drastically reducing cybercrime, developing cyber defence policy and capabilities related to the Common Security and Defence Policy, developing the industrial and technological resources for cybersecurity and establishing a coherent international cyberspace policy for the EU and promote core EU values.

He announced that the proposal for Directive on Network and Information Security (NIS) is in the very late stages of the EU-legislative process, with informal trialogues on-going between the European Parliament, Council and Commission.

The NIS Directive will establish a common, minimum level of network and information security across the EU; require Member States to have national NIS Strategies and Computer Security Incident Response Teams (CSIRTs) and to enhance their cross-border cooperation; operators in the sectors of energy, transport, finance, health, and Internet enablers would be required to take appropriate risk management measures and report significant incidents to their national authorities.

Mr Timmers explained that the NIS Platform also plays a very important role. The aim of the Platform is to identify good cybersecurity practices that are applicable to the whole ICT value chain and in particular to SMEs. It is providing valuable input into future research and innovation in cybersecurity, privacy and trust. It proposes new ways to promote truly multidisciplinary research.

The NIS Platform is finalising guidance documents on cybersecurity risk management approaches and voluntary information-sharing by the end of the year. It has also published the final version of its Cybersecurity Strategic Research Agenda (SRA).

Mr Timmers stressed that the contractual Private-Public-Partnership (cPPP) on cybersecurity in the area of technologies and solutions for online network security will be launched first half of 2016. This initiative should be instrumental in structuring digital security research and innovation in Europe, ensuring that there will be a sustained supply of innovative cybersecurity products and services in Europe. It should ensure that European citizens, enterprises (including SMEs) have access to the latest digital security technology developments, secured infrastructures and best practices, which are trustworthy and based on European rules and values. The establishment of this cPPP is important and necessary for four reasons:
i) the need for a degree of technological autonomy in securing digital technologies used in Europe;
ii) economies of scale through engagement with users/demand side industries and bringing together a critical mass of innovation capacities;
iii) the development of European champions in cybersecurity (large actors and SMEs) that can compete globally;
iv) the overcoming of trust barriers among institutional and industrial actors, to create a single European market for cybersecurity products and services.

4. Data protection

Mr. Timmers presented the key challenges for the smart grid industry to comply with the future data protection rules, and then briefly introduced the changes brought by the future General Data Protection Regulation reform and its goals, while giving an update on the state of play of the negotiations: final text soon to be ready (18th/12) with an adoption still foreseen by the end of the year.

Mr Maher Chebbo (chairman of ESMIG) discussed the implications of minimum functionalities and KPIs and underlined the importance of trust in IT systems.

5. Digital Single Market (DSM)

Mr Timmers then updated participants on the progress of the DSM agenda on the ongoing consultations. The Juncker Commission has proposed the completion of the Digital Single Market (DSM) as a key initiative for the Commission Work Programme 2015, on the basis of the Agenda for Jobs, Growth, Fairness and Democratic Change. As the first step, the Commission adopted A Digital Single Market Strategy in May 2015 (COM (2015) 192 final), which set out the major challenges and key actions to address them.

Achieving a Digital Single Market will ensure that Europe maintains its position as a world leader in the digital economy, helping European companies to grow globally. The potential contribution to European GDP from achieving such a fully functioning DSM has been estimated at EUR 415 billion. The long-run impact on GDP growth of the already observed digital reform efforts has been estimated at above 1%, while further efforts in line with the Digital Agenda for Europe targets would lead to an additional 2.1% of growth.

Under the third pillar of the DSM Strategy entitled "Maximising the growth potential of the Digital Economy" the Commission committed to propose in 2016 a European 'Free flow of data' initiative that tackles restrictions on the free movement of data for reasons other than the protection of personal data within the EU and unjustified restrictions on the location of data for storage or processing purposes. In addition, the initiative will address the emerging issues of ownership, interoperability, usability and access to data in situations such as business-to-business, business to consumer, machine generated and machine-to-machine data. It will encourage access to public data to help drive innovation.

Mr. Timmers gave details on the public consultations launched in September:

- On the needs for Internet speed and quality beyond 2020, open from 11 September until 7 December 2015. To be noted here that smart grid is one of the areas in which applications and services highly depend on connectivity
- On ICT Standards, covering smart grids and smart cities among other relevant topics for the DSM, open from 23 September until 4 January 2016.
- On Online platforms, cloud & data, liability of intermediaries, collaborative economy, open from 24 September until 30 December 2015.

The Task Force Steering Committee members were invited and encouraged to respond to those consultations.

The EUTC representative highlighted the discrepancy between the high number of consultations and the short timeframe provided.

6. Best Available Techniques for security and privacy in electricity smart metering

Mr Jan Panek opened this last session of the agenda and gave an introduction on the activities for the Best Available Techniques for smart metering. He gave the floor to Mr Nai Fovino to provide further details.

Mr Nai Fovino provided a detailed update on the BREF (BAT Reference) developments so far, namely the finalisation phase of work package 1 (Selection Criteria) and the progresses of phase of work package 2 (Technique Inventory and Clustering). The project accumulated 3 months of delay till now.

Mr Panek underlined the need for a proactive engagement of the stakeholder associations in the information gathering phase, highlighting the possibility of the inclusion of references to BATs/BREFs in future legislation.

7. Industrial Policy on Smart Grids

Mr Gordon Buhagiar briefed delegates on the call for tenders for the study on Smart Grids Lighthouse Projects and the Study "Smart Grids: barriers to deployment and opportunities", noting that both studies have a budget of €300,000 and attracted significant interest from bidders with 9 applicants for each study. The contract for the first study should be signed by the end of this year for completion of the study by December 2016 whereas that for the second study should be signed by end-January/beginning of February 2016 for completion of the work by January 2017.

8. A new standard for smart appliances in smart homes

Mr Svetoslav Mihaylov updated participants on the new ETSI standard for smart appliances in smart homes.

After broad consultation with stakeholders in the smart appliances area, DG CNECT spearheaded the creation of a reference ontology (language) called SAREF (Smart Appliances Reference Ontology) that allows appliances of any type, make and manufacturer to exchange energy related information with any energy management system (at home or in the cloud) for energy management and keeping the user informed. This will open up the market for smart appliances thus contributing to creating value for the makers and their customers, creating jobs and opportunities and allowing the smart grid demand response mechanism, which will lead to energy and cost savings for citizens, utilities and companies. In November 2015 the SAREF ontology was standardised by ETSI as an OneM2M technical specification thus incorporating the standard into the broader IoT ecosystem. SAREF is broadly supported by the appliances industry and the first commercial products are expected on the market in some months from now on.

9. Update on infrastructure synergies and the Cost reduction Directive

Ms Erika Busechian updated participants on the transposition process of the Cost reduction Directive 2014/61/EU enabling cross sector cooperation and synergies between broadband and smart grid deployment. Developments on the market confirm the potential of new business models and that security can be ensured, as testified by some recent cooperation cases like the Irish EBS – Vodafone agreement and other projects of fibre deployment based on electricity infrastructure (poles,ducts) where fibre will be used for smart grid functionalities and

broadband. Measures in the Directive also ensure co-deployment and coordination of civil works whenever there are publicly financed works, therefore DG CNECT works closely with DG REGIO and EIB Jaspers to ensure synergies where possible between electricity and broadband networks and smart grids infrastructure in projects financed by EU resources.

In line with the Recommendation 11 of the EG3 Report from February 201, DG CONNECT is also launching a study that aims at identifying favourable business, regulatory and technological environment for utility-telco synergies and will further analyse how it is possible to facilitate the process of conclusion of commercial agreements by TSOs, DSOs and telecommunication operators in view of possible efficiency gains for both sectors and will analyse to what extent energy regulatory solutions incentivise or disincentive synergies for broadband and smart grid deployment.

The meeting was adjourned at 18:00 pm.