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## INNOGRID 2020+ "DIGITAL ENERGY"

### Bente Hagem - Opening Speech

Dear Mr Vice-President,

Dear Joao,

Ladies and Gentlemen,

- On behalf of EDSO and ENTSOE, welcome to the fifth InnoGrid conference.
- Innovation and digitalisation of the energy sector will be at the heart of this conference.
- Energy innovation is Europe's best chance to solve the energy trilemma of a cleaner, more affordable and stable power supply.
- In the last decades, we have been supporting innovation in renewable technologies, and achieved significant results.
- Now we also need to support innovation in system solutions and customer behavior in order to integrate renewables and develop flexibility and demand-side response.
- Businesses that understand customer behavior always win the competitive race. The customer should be moved Center Stage
- We must integrate retail and wholesale markets to ensure that the price signal and volatility reaches the customer.
- Prices must reflect the actual state of the system. When the system is under stress, electricity should cost more.
- Customers should be fully informed and able to choose dynamic prices, and the flexibility they can offer should be properly rewarded.

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- TSO and DSOs are working together on proposals for new legislation.
  - The future will be electric. The consumption of electricity will increase substantially and the production will be more decentralized.
  - Smart meters in households and neutral data hubs are needed to bring the price signal to the customer.
  - In short, we need to digitalize our power sector.
  
  - We ask the Vice President Sefcovic to anchor innovation in the upcoming legislation. This will push national legislators to value innovation in grids.
  
  - Today, few regulatory schemes in Europe consider innovation.
  
  - At the same time, we know that in order to address the flexibility and digital agenda, in the next decade at least one billion Euros must be used for R&D in transmission alone.
  
  - We must ensure that the national economic regulation of system operators incentivize innovation. Solutions exists in Europe and the Commission and ACER should ensure that best practice is shared:

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- In Norway for example, TSOs and DSOs receive full<sup>1</sup> cost recovery for pre-approved<sup>2</sup> R&D projects. This implies that they can recover their R&D costs through the tariff the same year they occur.
  - The limit is 0,6% of the asset base
  - Furthermore, costs related to the pre-approved R&D projects are excluded from the cost base in the efficiency benchmarking and therefore do not negatively impact allowed revenue cap.
  - These types of models gives TSO and DSOs positive incentives to innovate.
- Grid operators need to be innovation leaders. We must take a "system view" and find solutions together with manufacturers, researchers, regulators to enable a faster and affordable energy transition.
  - The 25 projects presented at this conference demonstrate that this is possible and that innovation is happening.

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<sup>1</sup> Cannot exceed 0,6 percent of the company's asset base (avkastningsgrunnlag)

<sup>2</sup> Approved by regulatory authority (NVE)

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- The future is electric, and businesses that take customer behavior seriously will win the competition
  - Thank you for the attention.
  - I will now pass the word on to Joao.