

Directive (EU) 2019/944 of the European Parliament and of the Council
of 5 June 2019 on common rules for the internal market for electricity
and amending Directive 2012/27/EU (recast) (Text with EEA relevance)

CHAPTER IV

DISTRIBUTION SYSTEM OPERATION

Article 38

Closed distribution systems

1 Member States may provide for regulatory authorities or other competent authorities to classify a system which distributes electricity within a geographically confined industrial, commercial or shared services site and does not, without prejudice to paragraph 4, supply household customers, as a closed distribution system if:

- a for specific technical or safety reasons, the operations or the production process of the users of that system are integrated; or
- b that system distributes electricity primarily to the owner or operator of the system or their related undertakings.

2 Closed distribution systems shall be considered to be distribution systems for the purposes of this Directive. Member States may provide for regulatory authorities to exempt the operator of a closed distribution system from:

- a the requirement under Article 31(5) and (7) to procure the energy it uses to cover energy losses and the non-frequency ancillary services in its system in accordance with transparent, non-discriminatory and market-based procedures;
- b the requirement under Article 6(1) that tariffs, or the methodologies underlying their calculation, are approved in accordance with Article 59(1) prior to their entry into force;
- c the requirements under Article 32(1) to procure flexibility services and under Article 32(3) to develop the operator's system on the basis of network development plans;
- d the requirement under Article 33(2) not to own, develop, manage or operate recharging points for electric vehicles; and
- e the requirement under Article 36(1) not to own, develop, manage or operate energy storage facilities.

3 Where an exemption is granted under paragraph 2, the applicable tariffs, or the methodologies underlying their calculation, shall be reviewed and approved in accordance with Article 59(1) upon request by a user of the closed distribution system.

4 Incidental use by a small number of households with employment or similar associations with the owner of the distribution system and located within the area served by a closed distribution system shall not preclude an exemption under paragraph 2 being granted.