

# ACER Draft Amendments to the Network Code on Demand Connection

## EHI Response to the Public Consultation

### Introduction

The European Heating Industry (EHI) would like to thank ACER for the opportunity to reply to the survey on the ACER amendments to the network code on demand connection. At EHI we work on various legislative files, such as the Electricity Market Design and the Code of Conduct for the Interoperability of Energy Smart Appliances, to ensure that our smart appliances are interoperable and able to connect to the grid, while meeting all product and design requirements as per the relevant product regulations setting out ecodesign requirements for space and water heaters. Hence, we welcome the initiative to create a harmonized network code. However, we have some concerns about the introduction among the amendments of substantial requirements for heat pumps, which we would like to share with you.

While in principle as EHI we do support requirements improving the interaction between heat pumps and the electricity grid, we believe that the current proposal needs some clarification for us to be able to assess it further and support it. We elaborate on our questions for clarification and related concerns in the section below.

During a time where the industry needs to massively roll out heat pumps to decarbonise the building sector and reduce the carbon intensity of heating, additional technical requirements must contribute to the deployment of heat pumps rather than create additional barriers.

We remain available to discuss these issues in more detail and work together to identify meaningful requirements to improve the interconnection of heat pumps with the grid.

### EHI Feedback on Main Issues

- 1) The Scope of the Network Code on Demand Connection in view of the requirements for heat pumps

Having consulted both the Regulation establishing a Network Code on Demand Connection ((EU) 2016/1388) and the Regulation on the Internal Market for Electricity ((EU) 2019/943), it is not clear whether setting requirements for heat pumps falls within the scope. Specifically, Article 59, paragraph 2, point a) of Regulation (EU) 2019/943 only indicates “connection of demand units used to provide demand response”, and transmission-connected demand facilities, and not heat pumps per se connected to the distribution level. We therefore ask ACER – and the European Commission – to clarify what is the legal basis of this initiative as well as whether it is in line with the requirements set forth in the Better Regulation agenda.

- 2) The Process of Developing the Amendments to the Network Code on Demand Connection

EHI's members represent more than 70% of the European market for heat pumps, however, up until now, we have not been directly involved in network code's amendment process. In previous publications (i.e. ACER Policy Paper on the revision of the Network Code on Requirements for Grid Connection of Generators and the Network Code on Demand Connection), heat pumps were only barely mentioned, contrary to the current suggested amendments. For an effective implementation, a proper assessment of the suggested technical requirements by the European heat pump sector is essential: their impact on the technical abilities of the appliances, the implementation costs and the weight on the final consumer price risk to be counterproductive (see also point 4 of this paper). We therefore ask ACER to clarify the origin and the intention of the proposed requirements for heat pumps and work closely together with the heat pump sector to improve them.

### 3) Enforceability and proportionality of the requirements for heat pumps

The elements included in the ACER amendments are typical product requirements for heat pumps equivalent to those set by the Ecodesign regulations. EHI believes that a Regulation under the CE Marking is a better suited place for these requirements, given that it confirms that the product in question meets the safety, health, and environmental protection requirements of the extended single market. Furthermore, as CE Marking regulations are specifically designed for regulating products, and as such, they include rules on market surveillance of products, ensuring the enforceability of the requirements, and a thorough assessment of the technical feasibility and impact of new requirements, ensuring their proportionality. This is not the case for network codes. Therefore, we request ACER – together with the European Commission – to assess whether the Ecodesign framework would be the better location for such requirements.

### 4) The technical feasibility, the precise purpose and effectiveness of the requirements for heat pumps

Given that EHI was not involved in the process of drafting these provisions on heat pumps, we were not able to conduct a detailed analysis on whether they are technically feasible and cost-effective. Furthermore, the purpose of the requirements and the interrelation to market-based procurement of ancillary services is unclear. From a technical standpoint, requirements linked to e.g. frequency or voltages changes will have an impact at product level in terms of i.a. design, engineering, sourcing of components, manufacturing, among others. As an example, the suggested obligations for heat pumps to reach their target temperature within 300 milliseconds, monitor the frequency of the electricity grid, and shut off autonomously if needed, are not taking into account what a heat pump is actually technically capable of and designed to do. Moreover, ACER have identified heat pumps in scope as those with a capacity greater than 0.8 kW at any voltage level, stating publicly that such a decision follows the Requirements for Generation Network Code's determination of significance rules; however, such a decision is not grounded in any specific technical analyses of heat pumps, nor of the market for heat pumps. Furthermore, the precise purpose/functionality of the requirements is unclear. The purpose/functionality of technical requirements for heat pumps, if any, should be strictly limited to Automatic under-frequency control, as covered by the network code on electricity emergency and restoration (Commission Regulation 2017/2196). The technical specifications should be adapted accordingly. We therefore request ACER to work together with the heat pump sector to further develop these requirements and ensure that we achieve the goals set out by the European Commission in an effective way.

### 5) Interaction with similar national initiatives

It is currently unclear how the revised Network Code on Demand Connection will interact with similar national initiatives. We are of the opinion that provisions in view of the Network Codes on Demand Connection cover cross-border issues, such as potential black-outs, and should therefore be applicable EU-wide. As such, to avoid double-regulation and ensure free movement of goods, the interaction between European initiatives and similar national legislations (e.g. as discussed by Forum Netztechnik/Netzbetrieb in Germany) currently in the pipeline should be carefully assessed and synchronised.

6) The timing of the process and alignment with other product specific requirements

EHI understands that the European Commission expects ACER to send a proposal for amendment to the network codes by the end of 2023, with a view of adopting them in the course of 2024. However, we are unclear as to what the further timeline and potential application date will be, although we reiterate our long-standing position that any change in technical requirements forced on products requires a sufficiently long lead-time (e.g. 2-3 years) before becoming applicable.

Furthermore, for a smooth heat pump roll-out, it would be beneficial to align the application date for all requirements which ask for the re-designing of a product. Therefore, we request ACER and the European Commission to ensure full alignment of the timing of applicability of any new requirements with the application date for the Ecodesign regulations for space and water heaters.

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**About EHI, the Association of the European Heating Industry**

*EHI represents 90 % of the European market for heat and hot water generation, heating controls and heat emitters, 75 % of the hydronic heat pump market, 80 % of the biomass central heating market (pellets, wood) and 70 % of the solar thermal market. EHI Members produce advanced technologies for heating in buildings, including: heating systems, burners, boilers, heat pumps, components and system integrators, radiators, surface heating & cooling and renewable Energy systems. In doing so, they employ about 125,000 people in Europe and invest over a billion Euros per year in Energy efficiency. [www.ehi.eu](http://www.ehi.eu)*