

2nd Meeting of the Expert Group on the EU-wide flexibility needs assessment

Thursday 5 June 2025 | 09.30 - 12.30

Online, MS Teams

DRAF MINUTES FOR REVIEW BY EXPERTS (V1)

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1. OPENING

The second meeting of the Expert Group ('the Group') on the EU-wide flexibility needs assessment in a virtual format was opened.

ACER introduced the meeting's objective, agenda and ground rules for the meetings. The agenda was approved by the Group.

2. OVERVIEW OF THE TOPIC

A short presentation by ACER followed, introducing the topics covered in the meeting: the two-step modelling approach for simulating the European coupled market and the interactions between the day ahead (DA) and intraday (ID) timeframes. The floor was then opened for clarification questions from the experts.

A few experts asked ACER to define once more what the overall objectives of the assessment are so to better frame their interventions.

Few experts reflected on the underlying assumptions of the assessment, such as assuming perfect competition, not modelling internal network congestion, using hourly resolution, etc. Generally, it was acknowledged that some simplifications are required to limit the complexity of the analysis.

However, experts highlighted it is also important to understand their impacts on the model's outputs. It was suggested that a sensitivity analysis could be carried out to identify which assumption affects the modelling the most.

Experts also asked to clarify which markets the ID timeframe as presented by ACER is meant to capture. ACER explained it is a representative market session encompassing the trading activities taking place after the DA market up to energy delivery, namely intra-day and balancing (aFRR and mFRR) markets. A renaming of the term (ID) might be carried out to avoid confusions.

The discussion then moved onto the questions prepared by ACER.

3. VALIDATION OF THE MODELLING APPROACH

The Group was then asked to provide feedback on various aspects of ACER's proposed modelling approach for the modelling of the DA and ID timeframes

Overall approach

Firstly, ACER asked the Group to comment on the overall modelling approach and underlying assumptions. Several experts took the floor, supporting a lively discussion.

Overall, no critical concerns were raised. One expert explicitly indicated that the two-step modelling approach is an improvement in the right direction to assess flexibility, although more clarity on which revenues are captured in the ID timeframe is needed.

The Group discussed further some of the points raised in the earlier session, including the implications of not fully modelling the balancing markets, the limitations of hourly granularity of the model, the flexibility needs of system operators, and network constraints. Experts suggested once more to assess these implications and to develop a process to validate the modelling results.

Interactions between DA-ID

The conversation then moved on the interactions between the two market timeframes, starting with the **commitment of generation assets**. Once again, no fundamental concerns were raised although few points were raised.

One expert commented that the use of weather forecast corrections between DA and ID should be aligned with the specific technical characteristics of each generation assets (e.g., startup lead times) to correctly estimate flexibility needs.

Members also discussed the risks of oversimplifying the modelling of the balancing markets, which represent an important source of revenue. This could lead to misrepresenting the role that variable RES can have in providing ancillary services. ACER acknowledge the point, highlighting however the complexity of modelling a third market in this iteration of the assessment.

Comments were also made on the impacts that modelling internal congestions could have on the role interconnectors can have in providing flexibility, as well as on that of using a 15-minute time resolution instead of hourly. ACER acknowledge both points.

The next topic of discussion was the modelling of **Demand Side Response (DSR)** in the two market timeframes and its contribution to flexibility. Two slightly different views emerged.

On the one hand, one expert explained that not all sources of DSR can participate in both the DA and ID time frames due to their costs and technical characteristics. Hence, assumptions of how much and which type of DSR is available to participate in each timeframe will be required. On the other, a few other members of the Group pointed out that a significant amount of DSR, such as EVs, home appliances and industrial DSR can react close to real time. Experts provided sources of information for ACER to review.

Overall, there was general agreement that DSR will play an increasingly important role in providing flexibility.

The focus of the discussion moved then on the **modelling of battery flexibility**. No major concerns were raised. One expert noted that in the future batteries will become critical also on terms of security of supply, affecting how they will be dispatched. The expert suggested to improve modelling for long-duration storage in future iterations of the assessment.

Modelling simplification

Finally, experts were asked which simplification ACER should explore to reduce computational complexity while maintaining sufficient accuracy for the flexibility needs assessment.

There was a general agreement that aggregating generation assets by technology is a reasonable simplification to implement. Experts also stressed that ACER should not decrease further the spatial and temporal granularity assumed (bidding zones and hourly timeframe, respectively). Experts agreed that implementing a linearised version of the Unit commitment problem can be a reasonable simplification as well.

4. CLOSING SESSION

The ACER team provided experts with information on the next steps and the topic of the next meeting of the Group. Specifically, ACER will:

- share the meeting minutes for experts' review;
- share an online form for experts to provide any additional feedback on the questions asked;
- collect questions that were not answered during the meeting and provide written responses.

ACER also indicated that the indicative date for the next meeting is 8 July 2024.