

Network Code on Emergency and Restoration

CECED Comments

Summary:

Participation of households in system defence plans should be exclusively done on a voluntary basis through contractual agreement.

Voluntary participation will bring certainty that requirements and remuneration related to the provision of such services are fair and bearable by households. This principle should not be able to be overcome at national level.

I. Demand response and residential consumers

Smart appliances and demand response allow consumers to take up a larger role in the electricity market, on par with the traditional supply side of electricity. They will become more pro-active and foster a greener, more stable, and more efficient electricity network.

This historical shift towards a central role of consumers in the electricity market can only take place if they are fairly rewarded for the flexibility they provide. Additionally, residential consumers should always remain in control, deciding whether or not they want to be involved. It is thus essential to create a market structure and regulatory framework, which incentivises them to take part. Future regulatory framework should notably include simplified modalities to enable and encourage their active participation.

In that perspective, the Network Code on Emergency and Restoration (NCER) currently in preparation should ensure that the specificity of residential consumers is taken into account when elaborating system defence plans.

II. CECED comments to the draft Network Code on Emergency and Restoration transmitted to the ACER

CECED acknowledges a number of positive changes made by ENTSO-E in the last draft version:

- Excluding residential consumers participating in demand response from being characterized as significant grid users
- Including a new concept with specific regime as defence service provider
- Ensuring supervision from national regulatory authorities

However **the regime of defence service provider elaborated in the current draft NCER does not provide enough legal certainty and therefore hinders a successful and fair EU-wide development of demand side response at residential level.**

Indeed, in the current version of the NCER, the regime (scope, characterization of defence service provider¹, requirements², consent, etc) for defence service providers is ultimately set at national level. Although, a default voluntary principle has been attached to the new concept of defence service provider, the NCER clearly states that such principle can be overcome, and that the provision of “defence services” can be made mandatory³.

As a consequence, some households, because of their initial intention of providing flexibility to the energy system through markets, could be obliged to participate in system defence plans, with the risk of being imposed disproportionate requirements and of providing a service without being fairly remunerated.

This could have very negative impact on the development of demand response at household level as it would eventually deter residential consumers from participating in demand response programs.

Setting different regimes from one Member State to another would also fragment the internal energy market, which would notably hinder the development of equipment enabling residential demand response in the EU.

Participation of households in system defence plans should be exclusively done on a voluntary basis through contractual agreement.

Voluntary participation will bring certainty that remuneration and requirements related to the provision of such services are fair and can be fulfilled by households. This principle should not be able to be overcome at national level.

CECED remains at the disposal of the ACER and ENTSO-E to further discuss and clarify the role of residential consumers participating in demand response in this code.

¹ Article 2.1: “legal entity”

² Article 9.7 (d)

³ Article 2.1: “Defence Service Provider means a legal entity with a legal (or contractual) obligation to provide a service contributing to one or several measures of the System Defence Plan”