



European Union Agency for the Cooperation
of Energy Regulators

ACER workshop on the framework guidelines on demand response

28 June 2022

9.30 – 11.30 CET

Online workshop

Public information

Opening

9:30 – 9:40

Christophe GENCE-CREUX, Head of the Electricity Department, ACER

Context

Agenda

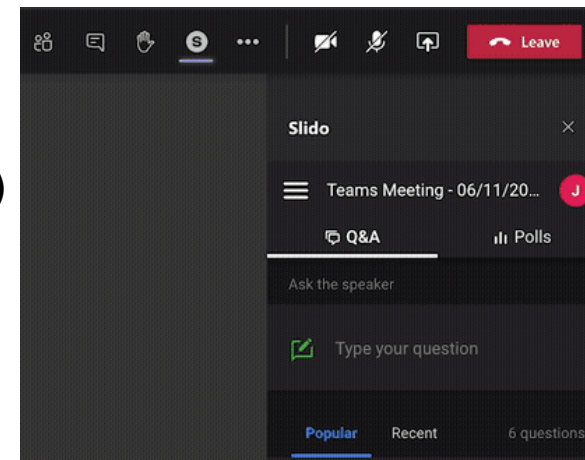
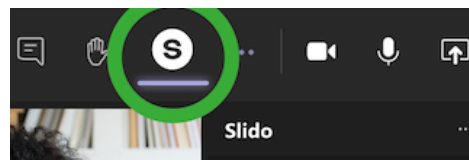
Housekeeping rules

- The framework guideline (FG) aims at the development of **new European rules** enabling **market access** for demand response, including load, storage and distributed generation (aggregated or not), as well at facilitating the **market based procurement of services** by distribution and transmission system operators.
- Although the formal process which started with the priority list is for the establishment of a **network code (NC)**, the strong links with the existing legal framework require us to use as starting point the relevant provisions, without excluding the possibility of **amendments in the existing framework**; moreover, a NC includes requirements directly applicable to all Member States, however, in the FG we also include the development of methodologies in the context of the new European rules, which points to **guidelines**.
- The FG is for European rules on demand response; although the term **flexibility** has been broadly used, ACER understands that since it is a non defined term, a lot of confusion comes from using this term in multiple different contexts instead of using the respective term which is appropriate for each of the contexts; we consciously try to address this topic in the FG.
- It is important to note that the FG is a **high-level document** and should **not** be confused with the new rules that should be developed in the next phase. The FG includes **objectives**, **principles**, **processes**, **definitions** and **high-level requirements**.

Indicative time	DRAFT AGENDA	Speakers
9:20-9:30	<i>Dial-in time</i>	
9:30-9:40	Opening	Christophe Gence-Creux, ACER
9:40-9:50	European Commission's request to acer for drafting framework guidelines	Sabine Crome, European Commission
9:50-10:30	Content of the framework guidelines on demand response submitted to public consultation <ul style="list-style-type: none"> • General provisions • General requirements for market access • Prequalification 	Athina Tellidou, ACER Cristina Vazquez Hernandez, ACER Guro Grøtterud, ACER
10:30-10:40	<i>Coffee break</i>	
10:40-11:25	Content of the framework guidelines on demand response submitted to public consultation <ul style="list-style-type: none"> • Data exchange and SOs coordination • Congestion management • Voltage control 	Athina Tellidou, ACER Cristina Vazquez Hernandez, ACER Guro Grøtterud, ACER
11:25-11:30	Closing session	Mathieu Fransen, ACER

For posing questions, use Slido

- Please be kindly reminded that your **mic is muted** throughout the webinar.
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 - ✓ “Like” other questions
 - ✓ Use labels with your question
 - ✓ Reply to/comment on other’s questions



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- At the end of the main sections we will address some questions, as time allows.
- The slide pack will be shared with you after the webinar via email and on the ACER website (including a recording of this webinar).

European Commission's request to ACER for drafting the FGs on DR

9:40 – 9:50

Sabine CROME, European Commission



Network Code on Demand Side Flexibility

Sabine Crome
European Commission – DG Energy
Internal Energy Market

28 June 2022

Legal basis and process

- Article 59(1)(e) **Electricity Regulation**

*The Commission is empowered to establish a **network code** on rules implementing Article 57 of the Regulation and Articles 17, 31, 32, 36, 40 and 54 of the Electricity Market Directive **in relation to demand response, including rules on aggregation, energy storage and demand curtailment.***

- **Priority list** for the development of network codes and guidelines – 14 October 2020
- ACER **scoping** exercise September 2021 to January 2022
- Communication “**Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design – a course for action**” – 18 May 2022

The Commission also proposes to accelerate the development and adoption of a new network code dedicated to demand response

Request for framework guidelines to ACER – 1 June 2022

Guiding principles

- *Ensure that no undue regulatory barriers hamper the participation [of demand side flexibility] in any of the existing electricity markets*
- *Enable the participation [of demand side flexibility] in market-based procurement of services needed by the system operators, where applicable*

Elements to be covered

- *Load, storage (in particular when combined with load), distributed generation*
- *Particular focus on products and services to solve physical congestions and on electricity balancing markets*
- *SO cooperation, information and data exchange, value stacking and interaction between markets, prequalification processes, baseline methodology (incl. measurement and validation), aggregation, TSO/DSO owned storage*

Content of the FGs on DR – General provisions

9:50 – 10:00

Athina TELLIDOU, Electricity Department, ACER

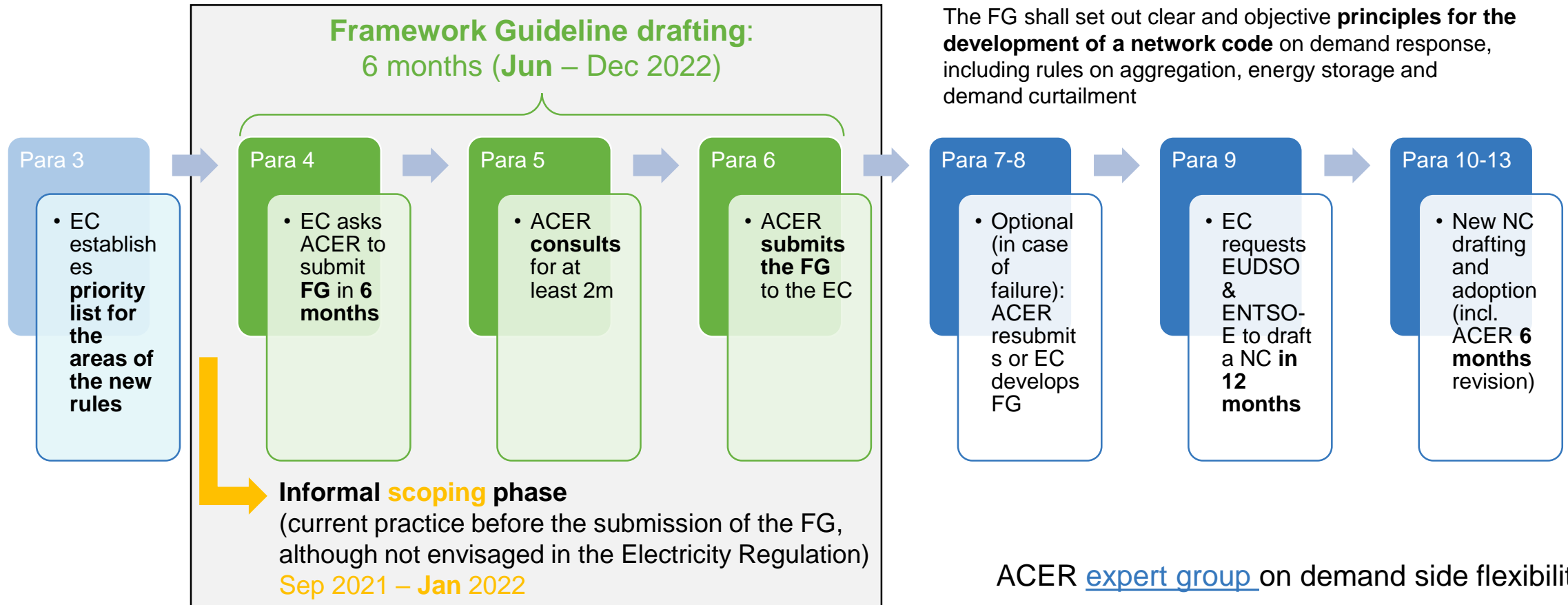
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New European rules on Demand Response

Process based on Article 59 [Electricity Regulation](#)



The EC sent a [letter](#) to ACER to initiate the **scoping** phase.
ACER submitted the [result of the scoping exercise](#) to the EC.

Scope of the Framework Guideline

Scoping criteria

Article 59 of ER lists concerned articles

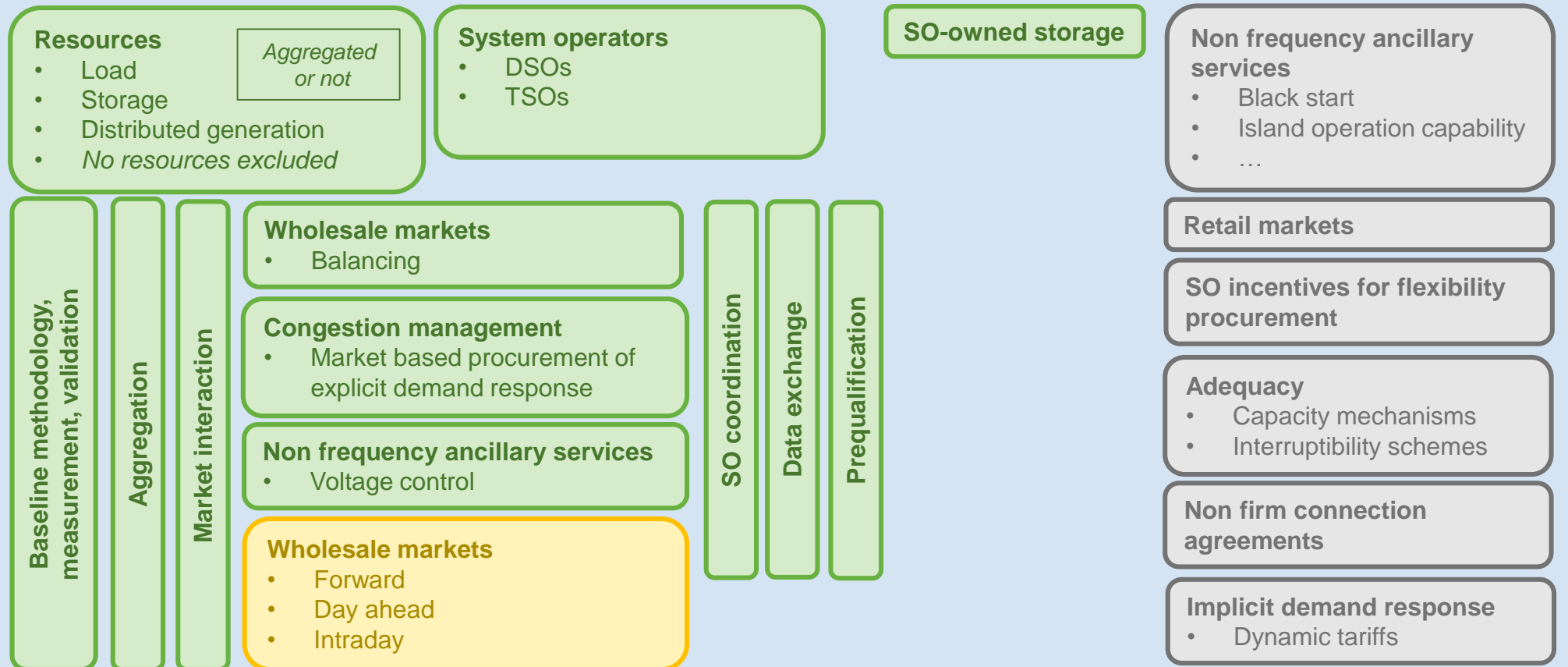
- In the Electricity Directive
- In the Electricity Regulation



Need for European harmonization

- Impact on XB markets
- Market integration/avoid fragmentation

Scoping result



Main topics for the Framework Guideline

General requirements for market access

- Requirements to be further specified and clarified at European level, to **ensure a level playing field** for the participation of all the resources in **the electricity wholesale markets**

Prequalification

- European principles for the prequalification, in order to smoothen the process and **lift any unnecessary barriers** for the participation of all the resources

SOs interactions and data exchange

- Principles for the coordination of local markets with wholesale markets, and between TSOs/DSOs, ensuring **coherence in the interaction across different markets and different time frames**

Congestion management

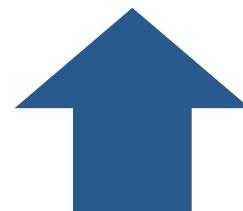
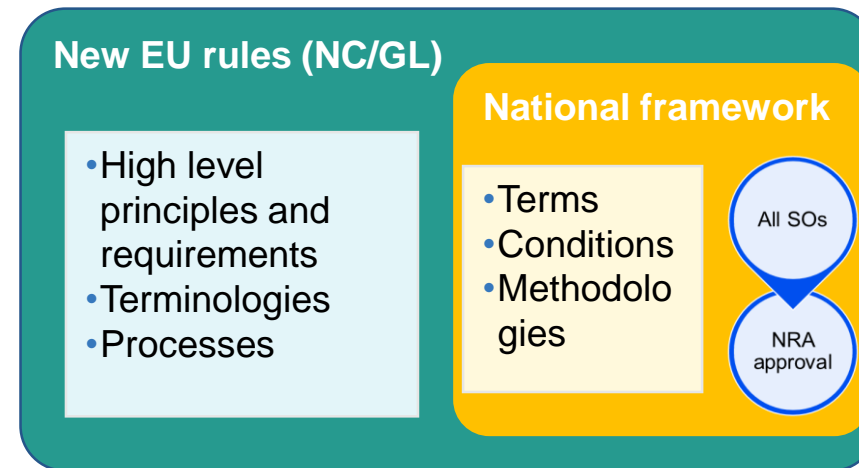
- Requirements for the **market-based procurement of products used for congestion management**

Voltage control

- Requirements for the **market-based procurement of products used for voltage control**

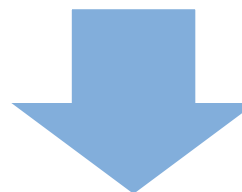
New rules on a topic in progress

- Demand response and other relevant resources **do not participate** to a large extent in European electricity markets.
- A future European framework should
 - Ensure that **no undue regulatory barriers hamper participation** in existing markets
 - Enable participation in market based procurement of **services needed by the system operators**
- **Uncertain benefits** of defining **Europe-wide target models** today
- **Further harmonisation** may be needed on a later stage



European harmonisation

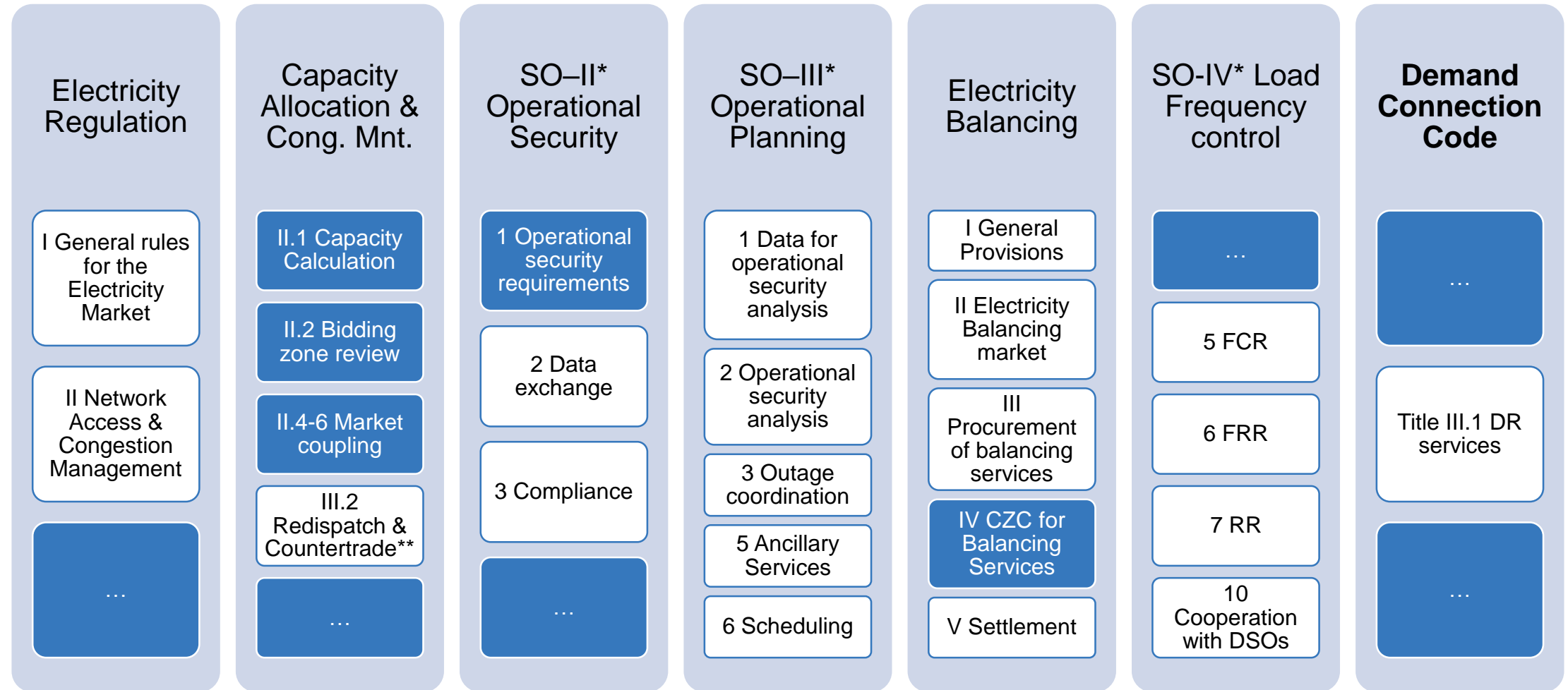
- XB relevance, especially through balancing
- Enhanced competition
- Lower prices/higher volumes



National network codes which do not affect cross-zonal trade

- Local/regional specificities
- Costs of harmonisation

Interlinks with existing legal framework



The blue boxes indicate other Chapters of the respective Regulations, which were assessed with respect to their relevance to the new rules, but at this point they are excluded from the scope of the new rules

* = due to the size of the SO regulation it was split into the three main parts II, II and IV in this overview

** = The ACER recommendation on CACM 2.0 proposes to move this chapter and the provisions on CGM and GLDP to the SO part III on Operational planning

Content of the FGs on DR – General requirements for market access

10:00 – 10:10

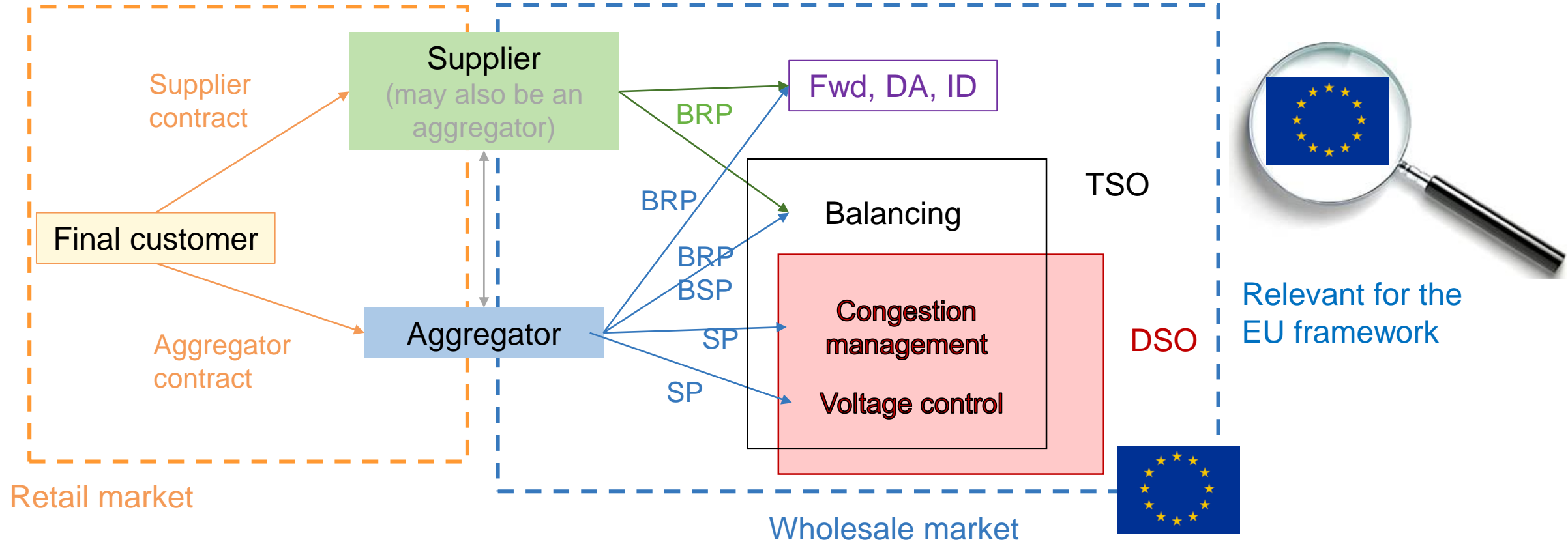
Athina TELLIDOU and Guro GRØTTERUD, Electricity Department, ACER

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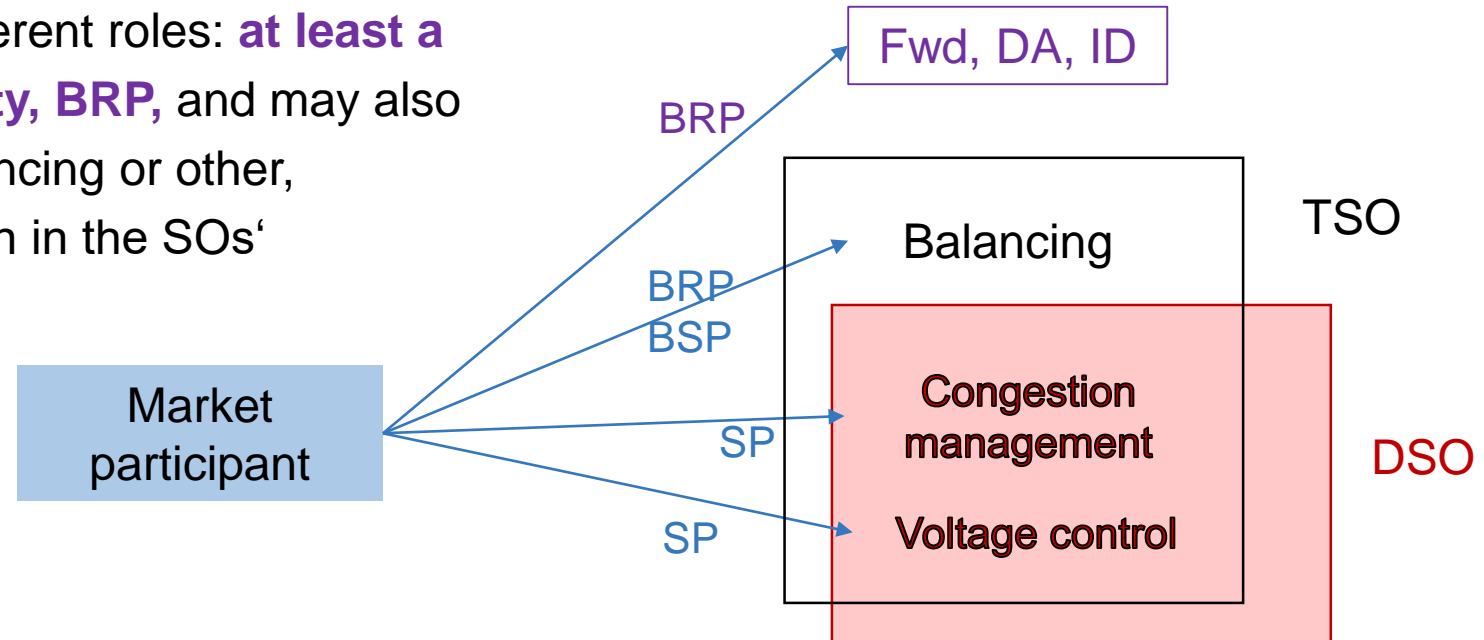
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European focus: wholesale electricity markets



A market participant has different roles: **at least a balancing responsible party, BRP**, and may also be a **service provider** (balancing or other, depending on its participation in the SOs' procurement of services).

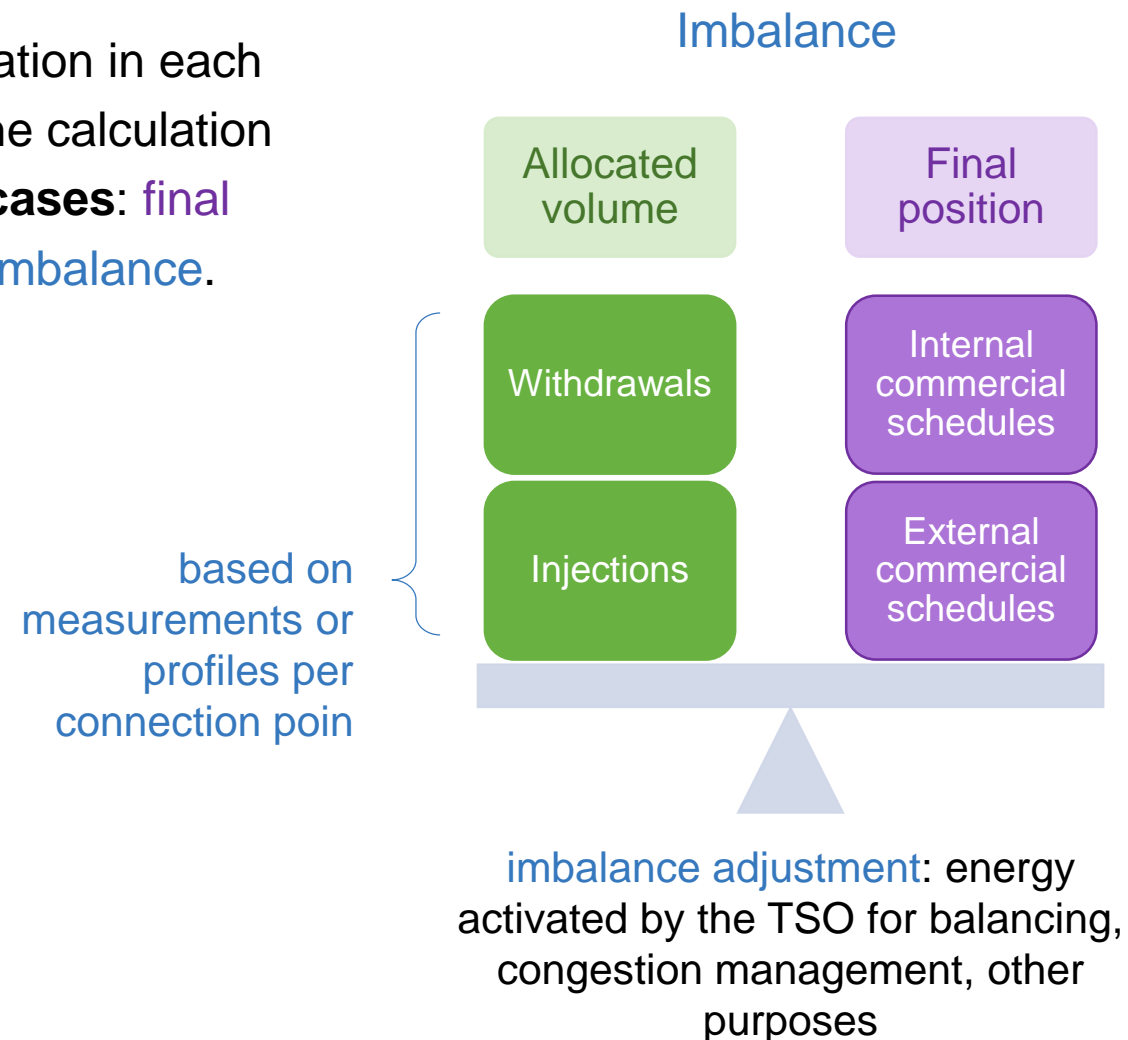


The new rules will define the **service providing unit/group** and **service provider (SP)** for **any market participant providing any system operator (SO) services** (for any or both the TSO and the DSO), in particular for congestion management and voltage control – in addition to balancing services which already exist.

No matter which models are selected for aggregation in each MS, it should be **clear** in the European rules how the calculation of the following values is conducted in each of the **cases**: **final position**, **allocated volume**, **imbalance adjustment**, **imbalance**.

In order for this to be achieved, the different **cases** should be **exhaustively described** in the new rules as a grouping of the different aggregation models based on specific parameters:

- the **number of BRPs per connection point** and **per metering point**, as well as
- the **type** of the applied **compensation mechanism**.



Provision of the service

No obligation for applying a **baseline**, nor to be restrictive when setting the requirements for the establishment of a baseline.

When the baseline is assumed as reference for checking the delivery, SOs to follow **common general principles for its establishment**.

Process for achieving **further standardization**, subject to an **assessment** to evaluate the benefit in achieving the aims of the Electricity Regulation.

If the control of the provision of an SO service is based on measurement:

- the **granularity** of the meter needs to be at least **equal to 15 min** (ISP);
- the new rules will describe the **conditions** for the use of sub-metering for the measurement of the provision of the service.

Third party owned storage facilities

By default, storage facilities are owned and operated by a third party

SO-owned storage facilities – subject to derogation

Derogation conditions: a tendering procedure concludes that the service may not be provided by a third party

New EU rules

- Principles for the tender, including transparency, technology neutrality
- Principles for the NRA approval of the tendering process, including maximisation of social welfare compared to an SO-owned storage

New EU rules

The storage facility may be owned and operated partly by an SO, partly by a third party. Derogation conditions apply only to the SO-operated part.

The storage facility may be owned and operated by an SO alone

SO-owned storage facilities – outgoing conditions

CEP: regular public consultation to assess the interest of third parties

New EU rules

- A third party can provide the necessary service
- CBA gives preference to phasing out of SO-owned storage facility

Content of the FGs on DR – Prequalification

10:10 – 10:20

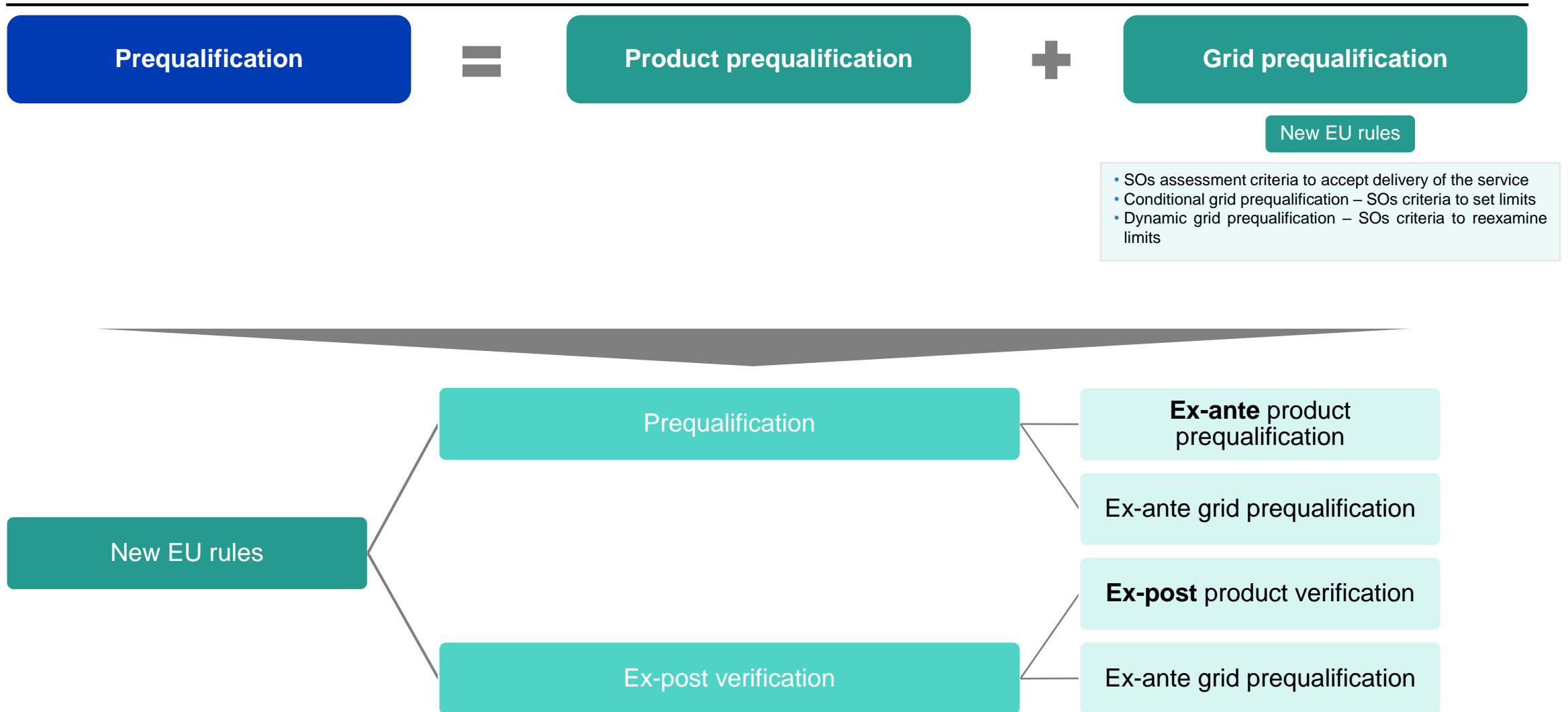
Cristina VAZQUEZ, Electricity Department, ACER

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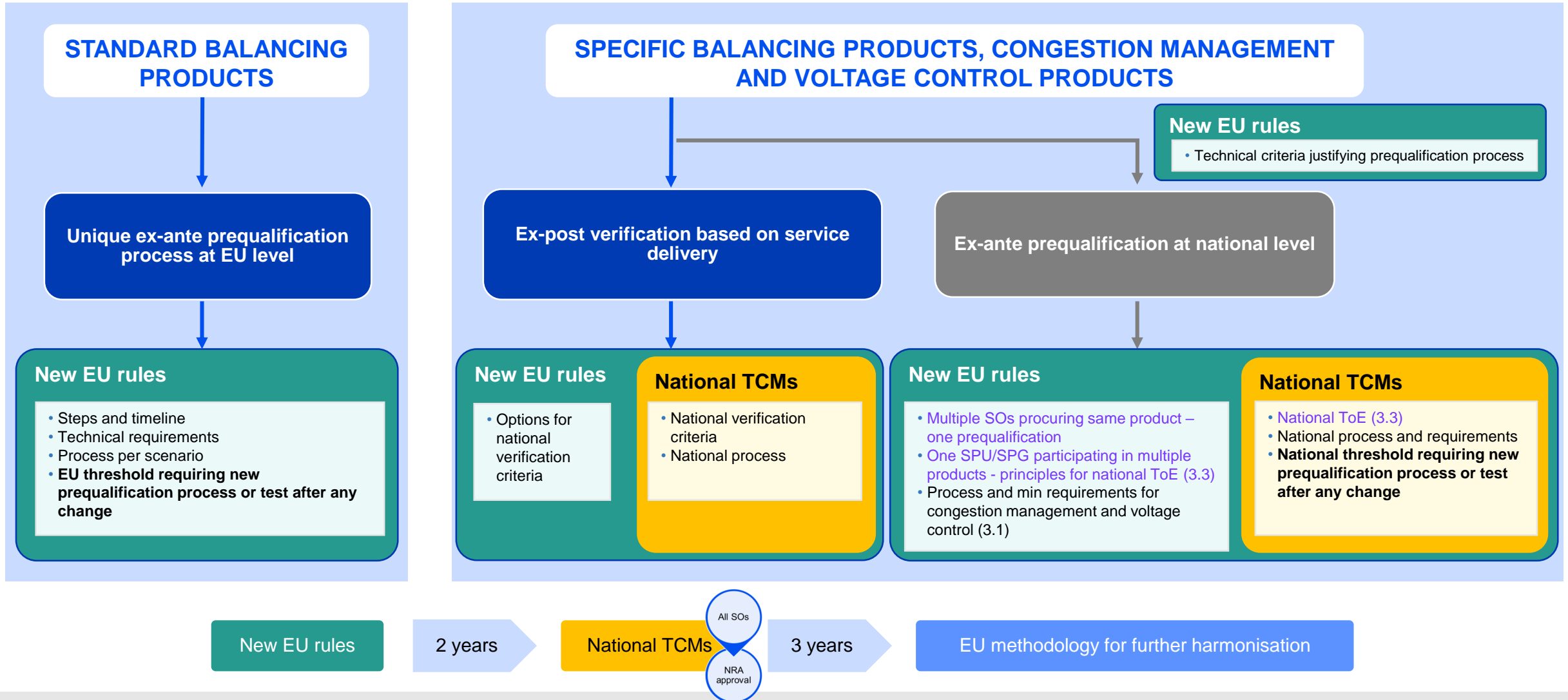
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Prequalification: scope



Simplifying and avoiding duplications in product prequalification



Q&A for Session 1

10:20 – 10:30



Mathieu FRANSEN, Team leader – Electricity Department, ACER

Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

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Coffee break

10:30 – 10:40

Content of the FGs on DR – Local SO services and market interaction

10:40 – 11:00

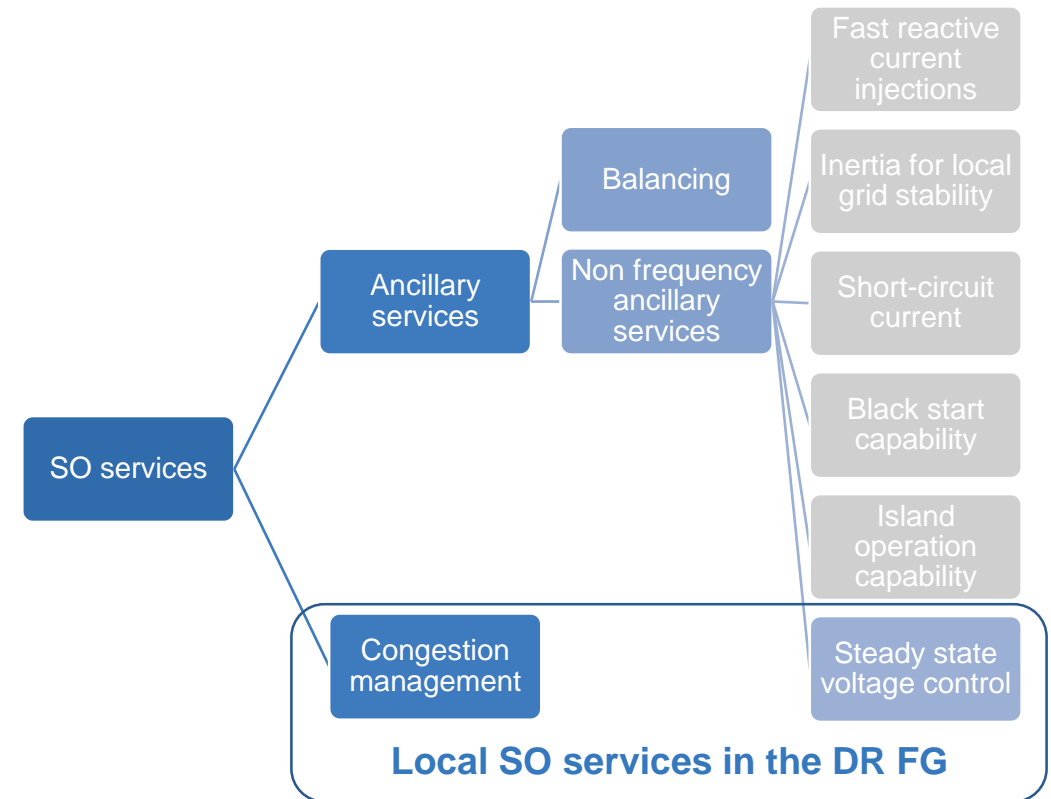
Guro GRØTTERUD, Electricity Department, ACER

Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

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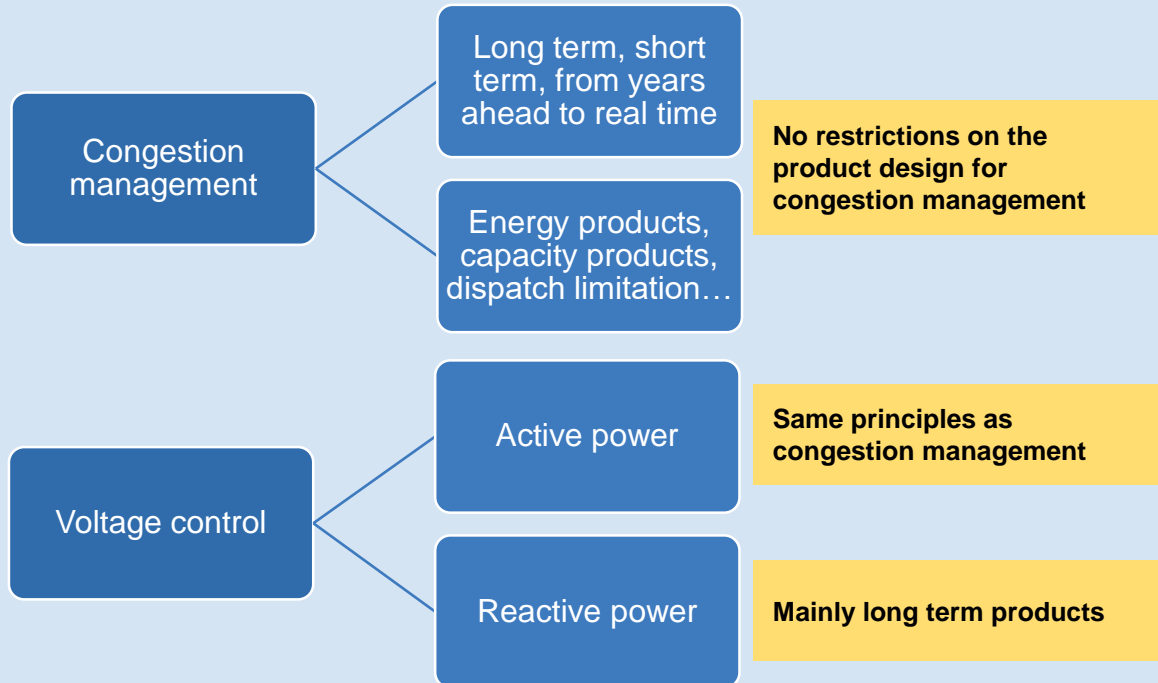
- The Clean Energy Package provides the legal basis for **market based procurement of local SO services**, with **explicit emphasis on demand response** and other relevant resources.
- Only **market based** local SO services **relevant for European rules** have been included in the scope of the Framework Guideline



In grey: out of scope of the DR FG

Local SO services: products and pricing

Local SO services



Products and pricing of local SO services

New European rules

- Attributes for product description
- Procurement principles

National framework

- Standardised products
- Pricing mechanism

All SOs

NRA approval

Non market based procurement

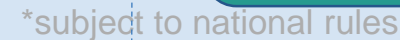
CEP: NRA derogation to market based procurement if economically not efficient

New European rules

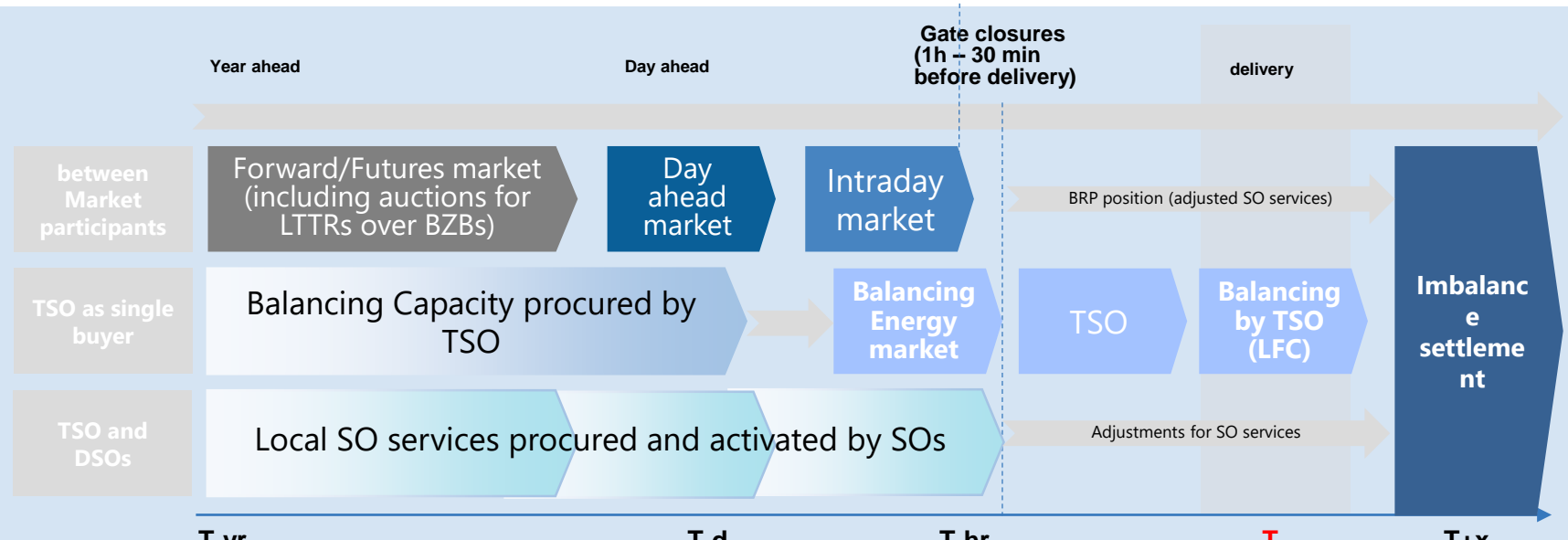
- NRA assessment
- Principles
 - Frequency

- Non market based procurement
- Principles/guidance

The new rules shall define common principles for such local markets



- **Market fragmentation**
- **Loss of liquidity**
- **Possibilities for gaming/market abuse**



The new European rules shall provide high level principles for purchase of local products in

- wholesale markets
- local markets for SO services

They shall also provide principles for interaction of these activities with wholesale markets.

New European rules

- Minimise possibilities for withholding of capacities and for market abuse
- Maximise liquidity in each market
- Possibility to propose bids that are not procured in one market in another (if qualified)
- SOs shall not unduly distort electricity wholesale markets by procuring SO services
- Data exchanges between platforms to enable SPs to be active in several markets

National framework

- Overall market design

All SOs

NRA approval

Harmonisation and experience sharing

Although the FG provides that most features of the market design are set on MS level today, **further harmonisation** may be relevant in the future, once further knowledge is reached.

The **process for harmonisation** aims at detecting and discussing **if, how, when and for which features** further harmonisation is required.



European harmonisation

- XB relevance, especially through BAL
- Enhanced competition
- Lower prices/higher volumes



National network codes which do **not affect cross-zonal** trade

- Local/regional specificities
- Costs of harmonisation

Congestion management

Joint ENTSO-E/EU
DSO Entity report



ACER approval



Harmonisation
made
mandatory

Voltage control

Joint ENTSO-E/EU
DSO Entity report



ACER approval

Content of the FGs on DR – SO coordination and data exchange

11:00– 11:10

Guro GRØTTERUD and Cristina VAZQUEZ, Electricity Department, ACER

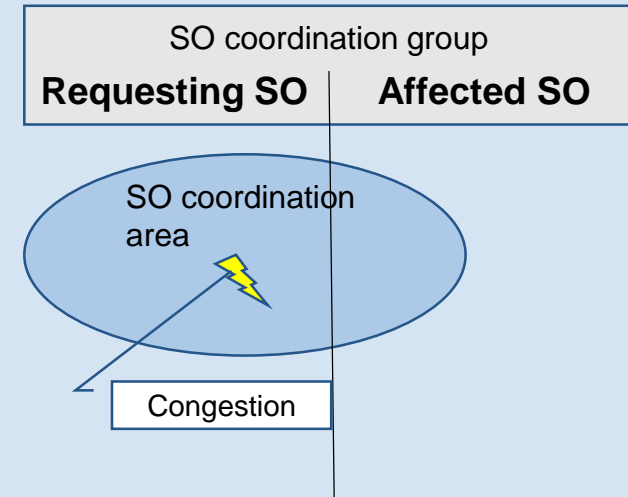
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Overall aim of coordination: optimal use of available resources

- SOs may activate resources in the grid of another SO
- Each SO responsible with solving congestion in its own grid, including covering the related costs
- An SO may refuse activation of a resource if this aggravates congestion/voltage issues. Guidance on remuneration of concerned SP, including mitigating risk of gaming.



New European rules

- Common terminology
- Principles for SO coordination and data exchange
- Principles for forecasting and solving congestion and voltage issues

National framework

- Terms
- Conditions
- Methodologies



Preparation phase

from long to shorter before real time

Operation phase

shorter before real time till real time

Settlement phase

after real time

SO service provision tool

New EU rules

- Centralise all applications for all SO products (prequalification and ex-post verification processes)
- Avoid duplications in applications, simplify access, etc.
- Data governance including data quality, responsibilities, data privacy and confidentiality and interoperability

New EU rules

- TSO&DSO process to determine and exchange:
 - ✓ Physical congestions
 - ✓ Available volumes of SPU/SPGs that may be affected by physical congestions and SO activations
 - ✓ Contracted capacities of SPU/SPGs for each product.
 - ✓ Selected energy volumes

New EU rules

- Data exchange for SO-related services including validation, baseline related data, when required, at least for each aggregation model.
- Data (at least activated energy volumes per SPU/SPG per product)
- Data aggregation where possible, single point of contact receiving data, transparency and traceability and error detection and correction

New EU rules

National framework

Q&A for Session 2

11:10 – 11:20



Mathieu FRANSEN, Team leader – Electricity Department, ACER

Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

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Closing

11:20 – 11:30

Mathieu FRANSEN, Team leader – Electricity Department, ACER

The FG as a deliverable and the public consultation

- For the **public consultation draft**: we would very much welcome your comments and concrete proposals
 - you have the possibility to comment to each **separate paragraph**, expressing your **opinion** on a likert scale, but also adding your **specific comment** or even a **wording suggestion** for amending the draft;
 - all the responses will be published after the end of the public consultation, and the ACER reply to the (summarised) responses will follow (together with the publication of the FG).

-
1. Is the draft framework guideline fit for its purpose?
 2. Are there chapters/sections that would need further clarification? (max. 2 answers)
 3. Are there any topics that are not covered in the current draft framework guideline, which you would consider should be included? (Open text question)

Thank you for your attention



European Union Agency for the Cooperation
of Energy Regulators

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