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Date: 05/08/2022 11:37:47

Public consultation - Framework Guideline on Demand Response

Fields marked with * are mandatory.	
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Introduction

Context

In accordance with Article 59(3) of the <u>Electricity Regulation</u>, <u>Commission Implementing Decision</u> (EU) 2020 /1479 established a priority list for the development of network codes and guidelines for electricity for the period from 2020 to 2023. Article 1 of this Decision provides for the development of harmonised rules regarding demand side flexibility, including rules on aggregation, energy storage and demand curtailment rules. Subsequently to this decision, the European Commission invited ACER by <u>letter of 21 October 2021</u>, to launch a scoping exercise for the development of new rules based on Article 59(1)(e) of the Electricity Regulation. <u>ACER's results</u> of the scoping exercise were sent to the European Commission on 1 February 2022.

In accordance with Article 59(4) of the Electricity Regulation, the European Commission invited, by <u>letter of 1 June 2022</u>, ACER to draft Framework Guidelines for new rules on demand response. This draft Framework Guideline is a response to this letter.

This Framework Guideline need to be subject to a public consultation for two months pursuant to Article 59 (5) of the Electricity Regulation and subsequently submitted to the European Commission in accordance with Article 59(6) of the Electricity Regulation.

The purpose of this survey is to conduct this public consultation by inviting stakeholders to express their level of agreement (through the likert scale) with consulting on the provided draft Framework Guideline on Demand Response (FG). One response (between 'strongly agree' and 'strongly disagree') is expected for each paragraph of the document allowing also for the option of 'no opinion'.

There is room for providing comments and potential alternative draft proposals on each paragraph of the draft FG at the end. Please complete this survey by following the numbering of draft FG paragraphs.

Replies to this consultation should be submitted by Tuesday 2 August 2022 23:59 hrs (CET).

Below you may find for your convenience the draft FG and an Excel document that can facilitate your company's internal coordination to complete this survey.

Draft Framework Guideline on Demand Response:

DR-FG_for_public_consultation.pdf

Excel document for internal coordination:

PC-DR-FG Template for internal coordination.xlsx

Background documents

Legal acts

Regulation (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators.

Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity.

Relevant documents

Roadmap on the Evolution of the Regulatory Framework for Distributed Flexibility.

ASSET Study on Regulatory priorities for enabling Demand Side Flexibility

CEER Paper on DSO Procedures of Procurement of Flexibility

TSO-DSO Report – An integrated approach to active system management

Data protection and confidentiality

ACER will process personal data of the respondents in accordance with <u>Regulation (EU) 2018/1725</u>, taking into account that this processing is necessary for performing ACER's consultation tasks.

More information on data protection is available on <u>ACER's website</u>.

ACER will not publish personal data.

Following this consultation, ACER will make public:

- the number of responses received;
- company names, except those with a valid reason for not having their company name disclosed;
- all non-confidential responses; and
- ACER's evaluation of responses.

You may request that (1) the name of the company you are representing and/or (2) information provided in your response is treated as confidential. To this aim, you need to explicitly indicate whether your answers contain confidential information, and also provide a valid reason if you want that the name of your company remains confidential.

You will be asked these questions at the end of the survey.

Respondent's data

Other

	and surname
This in	formation will not be published.
P	aul Giesbertz
* Email	
This in	formation will not be published.
n	giesbertz@energie-nederland.com
P.	giossoriz @ onorgio modoriana.com
* Compa	any
Е	nergie-Nederland
* Countr	ry of the company's seat
_	Austria
	Belgium
	Bulgaria
	Croatia
	Cyprus
	Czechia
	Denmark
	Estonia
	Finland
	France
	Germany
0	Greece
0	Hungary
0	Ireland
	Italy
	Latvia
	Lithuania
	Luxembourg
	Malta
	Netherlands
	Norway
	Poland
	Portugal
	Romania
0	Slovak Republic
0	Slovenia
	Spain
0	Sweden

* Cou	* Countries where your company is active				
[All EU Member states				
	Austria				
	Belgium				
	Bulgaria				
[Croatia				
[Cyprus				
[Czechia				
[Denmark				
	Estonia				
	Finland				
[France				
[Germany				
	Greece				
[Hungary				
	Ireland				
	1 Italy				
	Latvia				
	Lithuania				
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	Malta				
	Netherlands				
[Norway				
	Poland				
	Portugal				
	Romania				
	Slovak Republic				
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Į.	Spain				
[Sweden				
	Other				
* Activ	rity				
(Aggregator (or association)				
(Generator (or association)				
	Energy supplier (or association)				
	Trader (or association)				
	Utility (or association)				
	Transmission network operator (or association)				
	Distribution network operator (or association)				
	Market operator (or association)				
	Regulatory authority				
(Fnd-user (or association)				

Other market participant

Energie-Nederland is the association of energy companies covering all merchants activities including aggregation, generation, supply and trade, in the Netherlands.

1. General Provisions

What is your general opinion on the drafted proposal of the following paragraphs?

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (2)	0	•	0	0	0	0
* (3)	0	0	•	0	0	0
* (4)	0	•	0	0	0	0
* (12)	0	•	0	0	0	0
* (15)	0	0	•	0	0	0
* (16)	0	0	0	•	0	0
* (17)	0	0	•	0	0	0

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

	Comment	Alternative draft proposal
(2)	 EU rules should be neutral and cover all resources. Therefore, as generation is concerned, the scope should not be restricted to distributed generation. Also aggregation should cover aggregation of demand response, storage and/or generation, both connected to distribution as well as to transmission levels. In other paragraphs also "demand curtailment" is mentioned. However demand curtailment normally refers to emergency measures, and these should be outside the scope of these framework guidelines. In general, it should be acknowledged that flexible capacity is valued in the market. 	
(3)		
(4)	It is crucial to strictly distinguish between two types of SO services. Balancing services are an integral part of the market as they directly aim at balancing demand and supply. But SO services for voltage control and congestion management are services aiming to allow the SO to facilitate the market with a secure grid. In addition it is crucial that "system support balancing" is well understood. This means that BRPs are always allowed to deviate from schedules with the aim to support the system balance. The distinguishment of these two types of SO services is also crucial to understand the impact of REMIT. Our understanding is that market participants are not allowed to withhold capacity from the market (in our view including the provision of balancing services) in order to obtain higher revenues from providing voltage control and congestion management services. ACER should clarify this aspect before finalizing the framework guidelines.	

(12)	"dispatch limitation": is wrongly defined. It can also be a product that is concluded after closure of the day-ahead market. In general, it must be acknowledged that the dispatch is not just done at the ay-ahead stage. Also during intraday and even during balancing, market parties are continuously dispatching (or updating its dispatch). Same comment applies to "redispatch products". "local market": the term local market should be fully abolished. It is wrong and confusing. The power market is set up per bidding zone. And it cannot go hand in hand with local markets. Obviously, SO services may need to be procured locally and they need (preferably) be procured in a market-based way. But is does not constitute a local market. "service providing unit" and "service providing groups": also storage and conversion should be mentioned (not just generating modules and demand units.	
(15)	There is no strict need for a new code. Ideally existing codes are amended and extended as far as necessary. This reduces the risk of overlap and ambiguous rules. If a new code will be developed, the title should be changed as the new code will not be on demand response. In general it is important to avoid unnecessary rules.	
(16)	We strongly support the idea to amend the RfG Regulation and the DCC Regulation in such way, that these regulations will only cover technical connection condition.	
(17)		

2. General requirements for market access

What is your general opinion on the drafted proposal of the following paragraphs?

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (18)	0	0	•	0	0	0
* (19)	0	0	•	0	0	0
* (20)	0	•	0	0	0	0
* (21)	0	•	0	0	0	0
* (22)	0	0	•	0	0	0
* (23)	0	•	0	0	0	0
* (24)	0	•	0	0	0	0
* (25)	0	•	0	0	0	0
* (26)	0	0	•	0	0	0
* (27)	0	0	•	0	0	0
* (28)	0	0	•	0	0	0
* (29)	0	0	•	0	0	0
* (30)	0	0	•	0	0	0
* (31)	0	0	•	0	0	0
* (32)	0	0	•	0	0	0
* (33)	0	0	•	0	0	0
* (34)	0	0	•	0	0	0
* (36)	0	0	•	0	0	0
* (37)	0	0	•	0	0	0
* (38)	0	0	•	0	©	0

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

	Comment	Alternative draft proposal
(18)		
(19)	 The use of submeters can contribute to reducing the workload of SOs and contribute to the development of smart services. The use of submeters, particularly in combination with smart meters, should not be discouraged by setting unnecessarily restrictive requirements. Not only the deployment of smart meters is important. Even more important is also that settlement and reconciliation processes are based on smart meter values. 	
(20)	It is important to acknowledge that balancing is not the sole responsibility of TSOs. Market parties (BRPs) continuously balance their positions and/or support the system balance. They look at the energy balance per 15 minutes TSOs at the same time balance the system continuously while looking at the power balance. This process of balancing by the market and by the TSOs is taking place at the same time. The role of the DSOs is restricted to the secure operation of its distribution grid. It provides firm and unrestricted access to its grid. And market parties have freedom of dispatch, also for balancing. DSOs may (have to) procure services to ensure a secure operation of the grid, but may not restrict the market at least not without compensation.	
(21)	The crucial role of the BRP should be acknowledged. If a service providing unit is using different entities/companies to fulfill the BRP role and to fulfill other roles, then such constructions can only be allowed under agreement of the BRP. In other words, a BRP for a service providing unit, may not be forced to accept that the service providing unit (directly or indirectly) becomes active in offering different SO services, without the possibility for the BRP to renegotiate the commercial terms of the BRP agreement.	
(22)		

(23)	Compensation models should be applied for compensation of SO services. But financial arrangements between grid users or service providers and other market parties involved (like supplier, aggregator etc) should be left for contractual arrangements concluded in free negotiations. Such arrangements should not be regulated in an EU network code.	
(24)	It is mentioned that "the new rules shall ensure that the financial compensation is not creating a barrier for market participants engaged in aggregation". However, financial compensations should be the result of free commercial negotiations. It is competition (between suppliers, aggregators and other market entities) that ensures proper market outcomes. Such arrangements for compensation should not be regulated in an EU network code.	
(25)		
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)	Possible amendment of procurement of FCR should be discussed separately when amending the SO network code or balancing network code.	
(34)		
(36)		

(37)	It should be acknowledged that storage fully belongs to the competitive domain. SO should procure "services" and should not test whether the market wants to develop storage. Instead SOs should tender for services. The procurement of services should allow market participants to offer such services with new or existing assets, with or without storage. Energie-Nederland believes that if this procurement/tendering process is well defined and well run, there should never be any need for a SO to invest in or own and operate storage.	
(38)		

3. Prequalification

What is your general opinion on the drafted proposal of the following paragraphs?

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (39)	0	0	0	0	0	0
* (40)	0	0	•	0	0	0
* (41)	0	0	•	0	0	0
* (42)	0	0	•	0	0	0
* (43)	0	0	•	0	0	0
* (44)	0	0	•	0	0	0
* (45)	0	0	•	0	0	0
* (46)	0	0	•	0	0	0
* (47)	0	0	•	0	0	0
* (48)	0	0	•	0	0	0
* (49)	0	0	•	0	0	0
* (50)	0	0	•	0	0	0

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

	Comment	Alternative draft proposal
(39)		
(40)		
(41)		
(42)		
(43)		
(44)		
(45)		
(46)		
(47)		
(48)		
(49)		
(50)		

4. Data exchange and SOs coordination

What is your general opinion on the drafted proposal of the following paragraphs?

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (51)	0	0	•	0	0	0
* (52)	0	•	0	0	0	0
* (53)	0	•	0	0	0	0
* (54)	0	0	•	0	0	0
* (55)	0	•	0	0	0	0
* (56)	0	•	0	0	0	0
* (57)	0	•	0	0	0	0
* (58)	0	0	•	0	0	0
* (59)	0	•	0	0	0	0
* (60)	0	0	•	0	0	0
* (61)	0	0	•	0	0	0
* (62)	0	0	•	0	0	0
* (63)	0	0	•	0	0	0
* (64)	0	0	•	0	0	0
* (65)	0	0	0	0	0	0
* (66)	0	0	•	0	0	0
* (67)	0	0	•	0	0	0
* (68)	0	0	0	0	0	0
* (69)	0	0	0	•	0	0
* (70)	0	0	•	0	0	0
* (71)	0	0	•	0	0	0
* (72)	0	0	•	0	0	0
* (73)	0	0	•	0	0	0
* (74)	0	0	•	0	0	0

* (75)	0	0	•	0	0	©
* (76)	0	0	•	0	0	0
* (77)	0	0	•	0	0	0
* (78)	0	0	•	0	0	0
* (79)	0	•	0	0	0	0
* (80)	0	0	•	0	0	0
* (81)	0	0	•	0	0	0
* (82)	0	0	•	0	0	0
* (83)	0	0	•	0	0	0

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

	Comment	Alternative draft proposal
(51)	Avoid the term "local markets"	SO services may be procured as specific services as described in section 4.2 or through locationally tagged bids in wholesale markets
(52)	 Avoid term "local markets". "Maximisation of liquidity" within the frame of providing congestion management services or voltage support services is a misleading notion, as provision of such services is not a market. The aim is to manage congestions / control voltage efficiently, at reasonable compensation, but it is not an aim in itself to do so with as much as possible participants. Market abuse is regulated by existing regulations including REMIT. The relevance of these existing rules for the provision of SO services should be clarified by NRAs and ACER. However, there is no need to design the procurement of services to minimise possibilities for withholding / market abuse. Such practices are already forbidden. 	
(53)	It is highly questionable why different pricing mechanisms should apply depending on whether a locationally tagged wholesale bid is activated in the market or activated by a SO.	
(54)		
(55)	Avoid term "local market". It is obvious that DSOs procure services locally for their distribution grid. And these services should preferably be procured in a market-based way. But it does not mean that there is an operator of a "local market".	
(56)	Avoid term "local market operator". It sufficient to cover the procurement of SO services.	

(57)	There is no need for rules on third party operation of local markets, as the concept of "local market" is superfluous.	
(58)		
(59)	Avoid terms "local market" and "local market operator".	
(60)		
(61)		
(62)		
(63)		
(64)		
(65)	It is mentioned that "the connection SO may refuse an activation if the activation endangers operational security". It is also mentioned that a "SO may withhold resources". These statements are extremely worrying. It must be acknowledged that a grid user (service provider) has freedom of dispatch (within contractually arranged firm capacity). Any restriction of this freedom by a SO entails a service to that SO, and thus requires a compensation. If, for example, a service provider is providing a balancing service to the TSO, and if activation of that service would cause problems for the connection DSO, then this DSO may be allowed to limit the dispatch of the service provider but should compensate the service provider. This concept applies generally, it does not matter that the grid user did decide to offer a balancing service to the TSO. Also without offering a balancing service to the TSO, this grid user has the right to change its planned dispatch in order to balance its portfolio or to support the system balance. If this causes issues for the connecting DSO, then this DSO should procure a service from this grid user. This view is in line with the definition of redispatch (article 2.26) of Regulation 2019/943 and with article 13.7 of the Regulation.	
(66)		

	It is mentioned that "it shall ensure that the TSO's balancing actions do not aggravate congestion or voltage control issues on the distribution grid". This is wrongly formulated. Grid users always have the right to change their planned dispatch, also for balancing their own position or for system support balancing. If such actions would endanger operational security of the local distribution grid, then the relevant DSO should take actions and limit or restrict or amend the planned dispatch, but such action results in a service provided to that DSO that needs to be compensated. The same, logically, also applies if a grid user has made its flexible capacity available as a balancing service to the TSO.	
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)		
	Bullet i) suggests that SOs have to determine the size and location of congestions solely based on input of SGUs. This is wrong. Input of SGUs can be one source of information. However, SOs also have to use other data and (weather) forecasts to forecast use of the grid and thus possible congestions. Input by SGUs is by definition not accurate and non-binding. Grid users also should always have the right to deviate from their expected grid usage. Also the aggregated impact of small grid users (not SGUs) will have a a significant impact on the expected use of the grid.	
)		

(81)	
(82)	
(83)	

5. Congestion management

What is your general opinion on the drafted proposal of the following paragraphs?

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (84)	0	0	0	•	0	0
* (85)	0	0	•	0	0	0
* (86)	0	0	0	•	0	0
* (87)	0	0	•	0	0	0
* (88)	0	0	0	•	0	0
* (89)	0	•	0	0	0	0
* (90)	0	©	•	0	0	0
* (91)	0	0	•	0	0	0
* (92)	©	0	•	0	0	0
* (93)	0	0	•	0	0	0
* (94)	0	0	•	0	0	0
* (95)	©	0	•	0	0	0
* (96)	©	0	•	0	0	0
* (97)	©	0	•	0	0	0
* (98)	©	0	•	0	0	0
* (99)	©	0	•	0	©	0
* (100)	0	0	•	0	0	0
* (101)	©	0	•	0	0	0
* (103)	0	0	•	0	0	0
* (104)	0	0	•	0	0	0

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

	Comment	Alternative draft proposal
(84)		
(85)		
(86)		
(87)		
(88)	Full support to concept that also dispatch limitations (like restrictions or must-runs) entail a service to the SO that needs to be compensated.	
(89)	 The reference to a bidding zone review is irrelevant. The process of BZ review is already regulated. There is no point to add in new rules that SOs should choose between the most efficient options including a possible BZ review. Full support to the concept that also a dispatch limitation entails a service to the SO that needs to be compensated. 	
(90)		
(91)		
(92)		
(93)		
(94)		
(95)		
(96)		
(97)		
(98)		
(99)		
(100)		
(101)		
(103)		

(104)

6. Voltage control

What is your general opinion on the drafted proposal of the following paragraphs?

In case of disagreement on proposed paragraphs, please write alternative draft proposals and reasonings in the table below (optional).

Please note that you won't be able to see the full size of your response in the Survey Tool but once you download the PDF of your response, a full table with your input will be shown.

Opinion table

Please note that the survey does not cover all paragraphs, we have excluded those that we considered trivial and not relevant to the consultation.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* (105)	0	0	0	•	0	0
* (106)	0	0	•	0	0	0
* (107)	0	0	•	0	0	0
* (108)	0	0	•	0	0	0
* (109)	0	0	0	•	0	0
* (110)	•	0	0	0	0	0
* (111)	0	0	•	0	0	0
* (112)	0	0	0	•	0	0

	Comment	Alternative draft proposal
(105)		
(106)		
(107)		
(108)		
(109)		
(110)	It is written that the rules may allow for no compensation of services. This is not acceptable. Any service provided to the SO, has an impact on the freedom of dispatch of the service provider / grid user and thus it requires a compensation to avoid distortion of price formation and the level playing field. Market-based compensation is the preferred option, but if not possible non-market-based compensation should apply.	
(111)		
(112)		

Questions on confidentiality

* Do your answers contain confidential information?

Yes
No
* Do you want the name of your company to remain confidential?
In the evaluation of responses, ACER will not link responses to specific respondents or groups of respondents unless this is
appropriate.
Yes
No

Useful links

Roadmap on the Evolution of the Regulatory Framework for Distributed Flexibility (https://www.edsoforsmartgrids.eu/wp-content/uploads/210722_TSO-DSO-Task-Force-on-Distributed-Flexibility_proofread-FINAL-2.pdf)

ASSET Study on Regulatory priorities for enabling Demand Side Flexibility (https://asset-ec.eu/wp-content/uploads/2020/12/ASSET-EC-Regulatory-priorities-for-enabling-Demand-Side-Flexibility.Final_-1.pdf)

CEER Paper on DSO Procedures of Procurement of Flexibility (https://www.ceer.eu/documents/104400/-/-/f65ef568-dd7b-4f8c-d182-b04fc1656e58)

TSODSO Report An integrated approach to active system management (https://eepublicdownloads.entsoe.eu/clean-documents/Publications/Position papers and reports/TSO-DSO ASM 2019 190416.pdf)

Background Documents

ACER scoping letter of 1 February 2022

European Commission letter of 1 June 2022

Contact

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