



European Union Agency for the Cooperation
of Energy Regulators

Framework Guideline on Demand Response

**Unlocking aggregation in the Energy Community:
opportunities and challenges**

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Athina Tellidou – Policy Officer, Market Codes, ACER

Based on the **draft** that was put out for **public consultation** and **without prejudice** to the form/content of the **final framework guideline**.

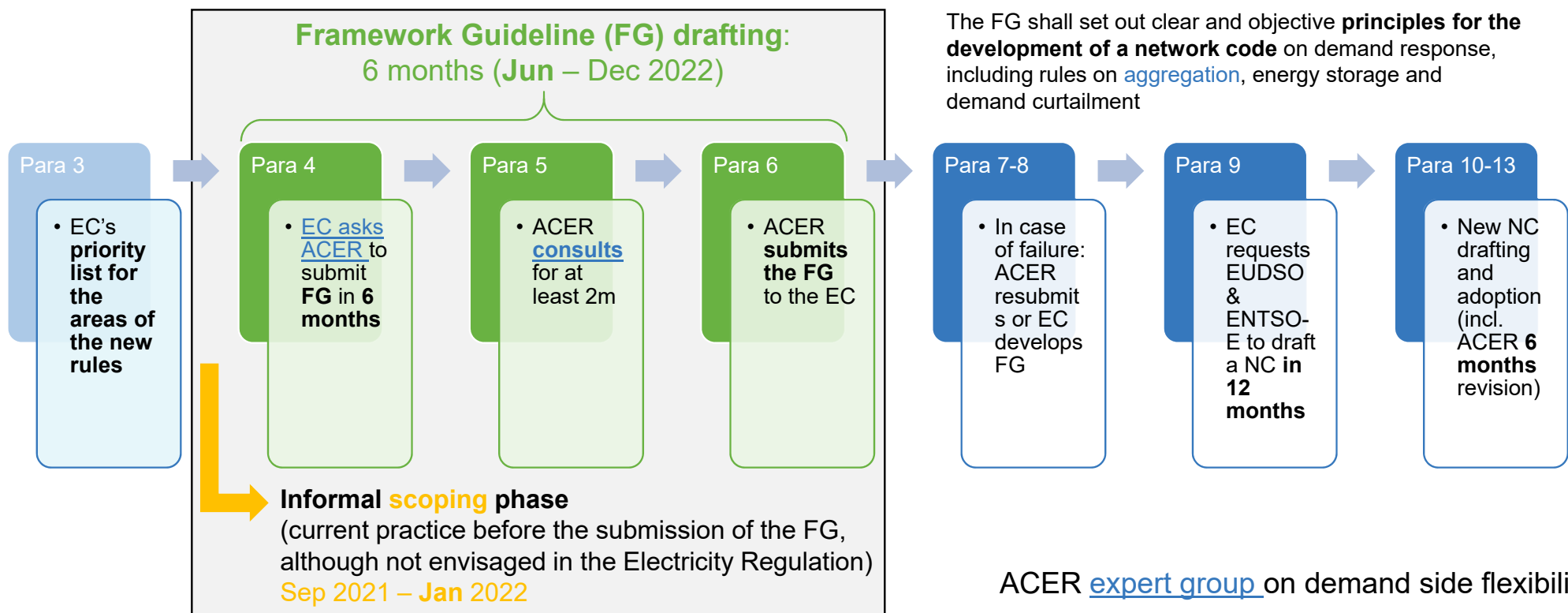
- Topics of priority for new European rules
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Topics of priority for new European rules

- Regulation (EU) 2019/943 defines the areas on which new European rules can be developed:
 - “rules implementing [Article 57 of this Regulation and Articles 17, 31, 32, 36, 40 and 54 of Directive \(EU\) 2019/944](#) in relation to **demand response**, including rules on **aggregation**, **energy storage**, and **demand curtailment** rules.”
- The EC every three years decides on the [priority areas for the development of network codes and guidelines](#); in its last decision* in 2020 the EC acknowledged the need for transparent and non-discriminatory flexibility market, so it identified as one of the priority areas for electricity for 2020-2023 the harmonised electricity rules on demand-side flexibility, namely rules regarding **demand side flexibility**, including rules on **aggregation**, **energy storage** and **demand curtailment** rules.

New European rules on Demand Response

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

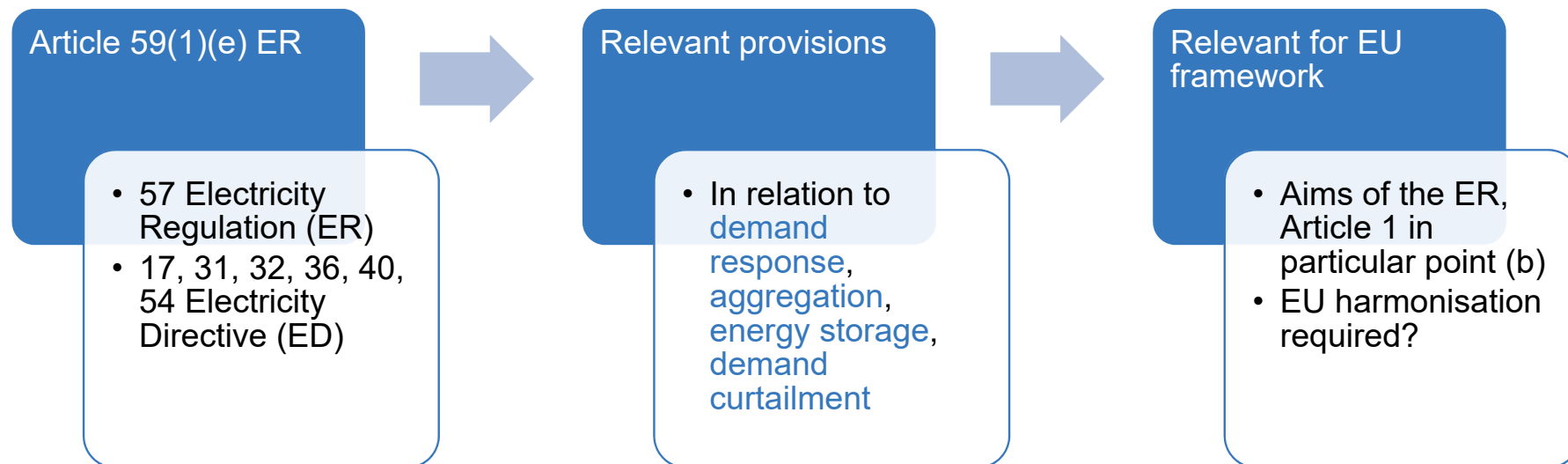


The FG shall set out clear and objective **principles** for the **development of a network code** on demand response, including rules on [aggregation](#), energy storage and demand curtailment

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

ACER [expert group](#) on demand side flexibility

Scope of the new rules



- Several documents have been issued in the past on this topic including the [ASSET Study](#) on Regulatory priorities for enabling Demand Side Flexibility, the [CEER Paper](#) on DSO Procedures of Procurement of Flexibility, the [gap analyses](#) by TSOs and DSOs, the [roadmap of the JTF](#) (jointly by ENTSO-E and the European associations representing electricity DSOs).
- To a large extent **this work was used as basis for ACER's work** on this topic (both during the scoping phase, but also now during the drafting of the framework guideline).

Legal basis for aggregation in DR FG

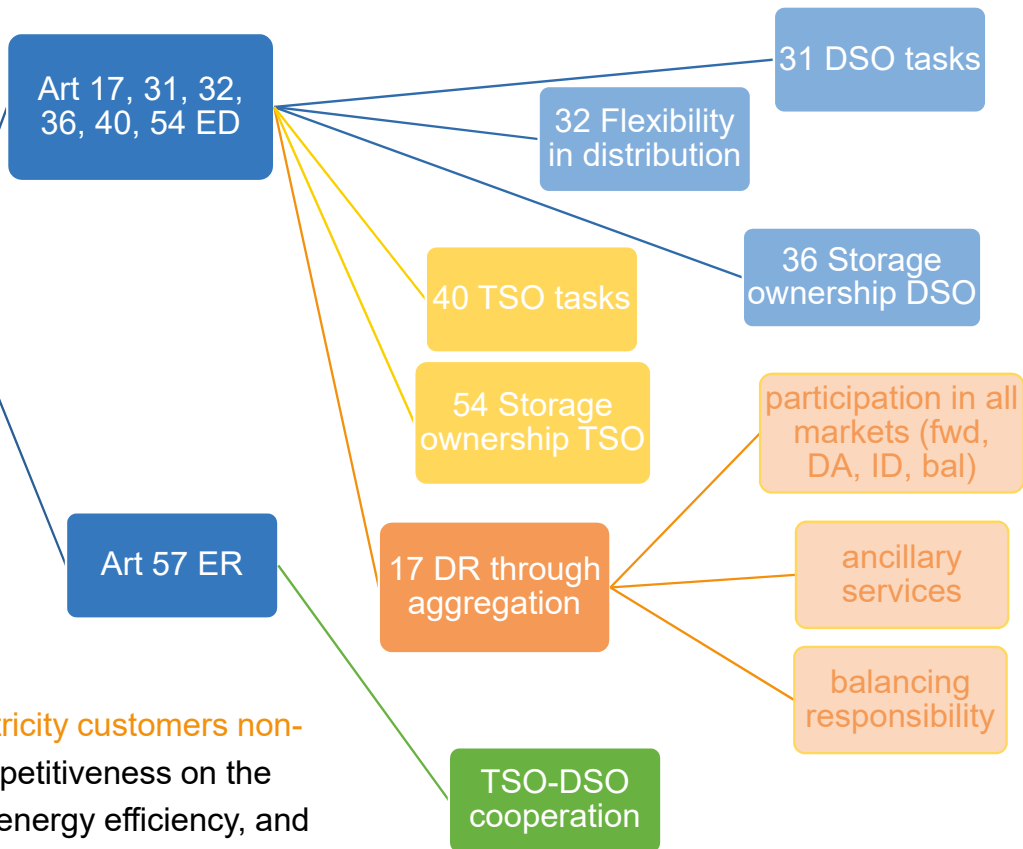


Art 59(1)(e) ER

The European framework should respect two important European principles: **subsidiarity** and **proportionality**.

The new rules should cover the part of the whole picture where cross-border aspects come in.

Aim of the ER, Art. 1(b): ... allow all resource providers and electricity customers non-discriminatory market access, empower consumers, ensure competitiveness on the global market as well as demand response, energy storage and energy efficiency, and facilitate aggregation of distributed demand and supply.



Harmonisation and target models in DR FG

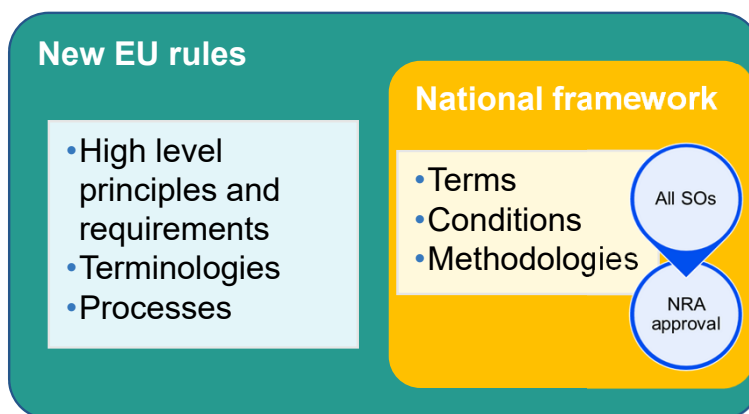


No harmonisation

National implementation may impact XB markets.

Totally different national implementation may hamper activity across MS, reducing market access / available resources.

Middle way: *path* towards harmonisation *where necessary*



European harmonisation process

Target model 2022

Not enough experience to

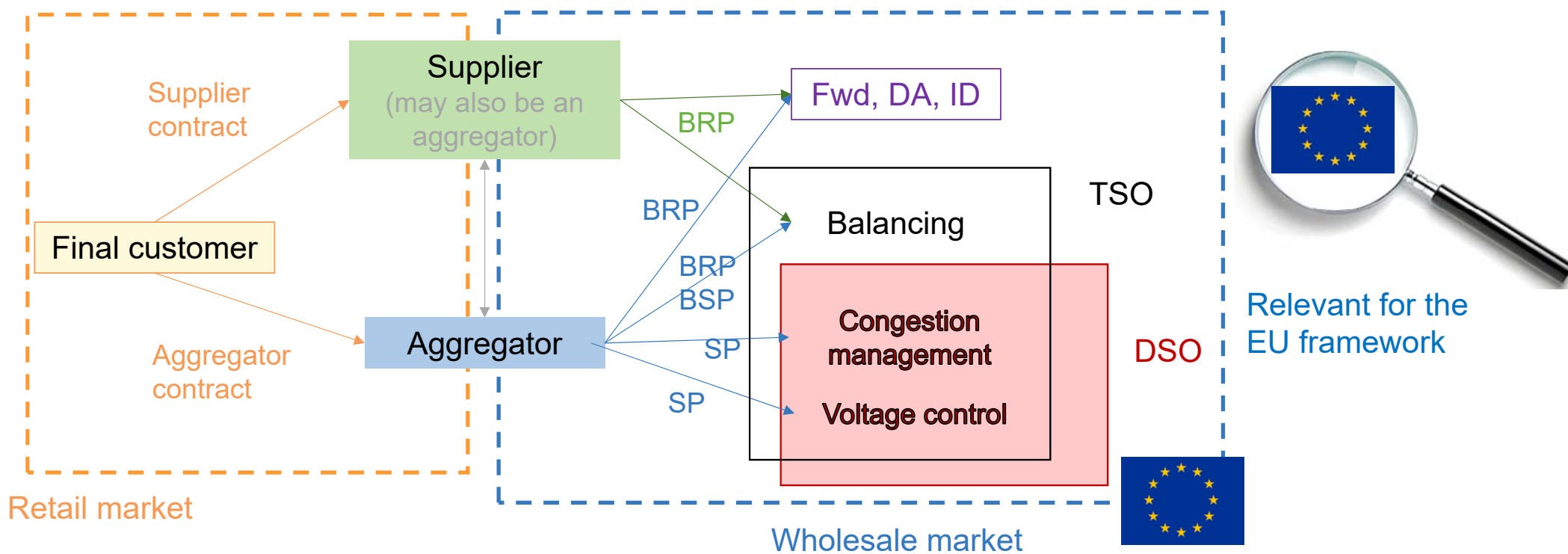
- select the right model
- establish the right balance between European harmonisation and adaptability to national context

All SOs: proposals to be developed and submitted by all system operators (SOs), both TSOs and DSOs, at national level
NRA approval: each NRA to approve at national level the all SOs proposals

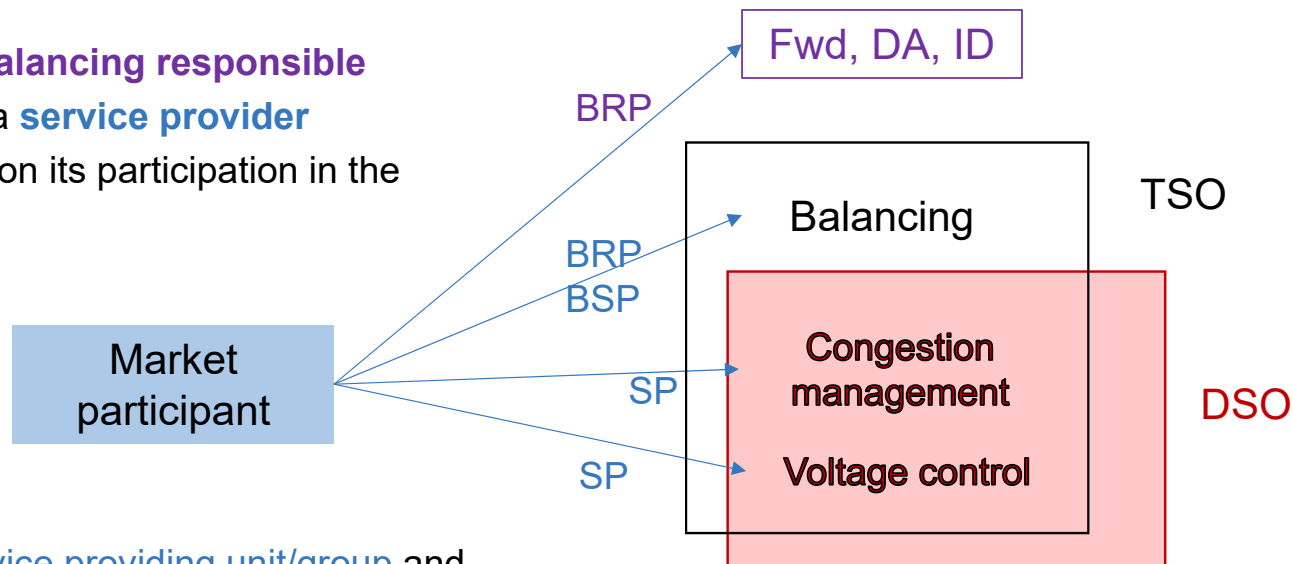
Main topics for the Framework Guideline

General requirements for market access	Prequalification	SOs interactions and data exchange	Congestion management	Voltage control
<ul style="list-style-type: none"> 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 Aggregation models Baseline & measurement Imbalance settlement Frequency containment reserve SO-owned storage facilities 	<ul style="list-style-type: none"> European principles for the prequalification, in order to smoothen the process and lift any unnecessary entry barriers for the participation of all the resources Avoid duplications in the prequalification processes Simplification of the prequalification processes 	<ul style="list-style-type: none"> 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 Market interaction Operation of local markets SOs coordination Data exchange 	<ul style="list-style-type: none"> Requirements for the market-based procurement of products used for congestion management Products Procurement and pricing Transparency and information provision Network development plans Harmonisation process 	<ul style="list-style-type: none"> Requirements for the market-based procurement of products used for voltage control Products Procurement NRA assessment Reporting
<p>In the context of this presentation the focus is on the aggregation models but other topics addressed in the FG are also relevant for unlocking aggregation, such as prequalification, SOs coordination and data exchange.</p>				

European focus: wholesale electricity markets



Market participant: **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.

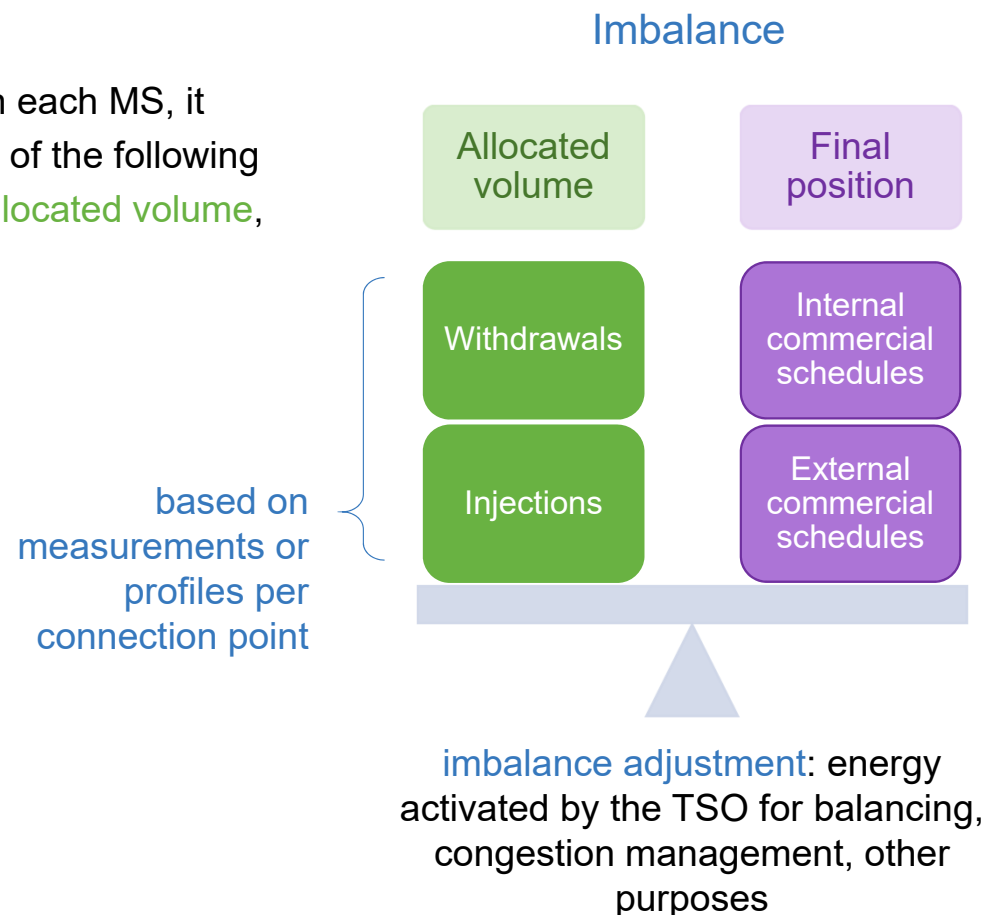
The **aggregator** as a market participant should be (or have) a **BRP** and as a **SP** should be qualified by SO(s) to be able to offer then system services.

**If not a BRP itself, then it should delegate its balancing responsibility to another BRP*

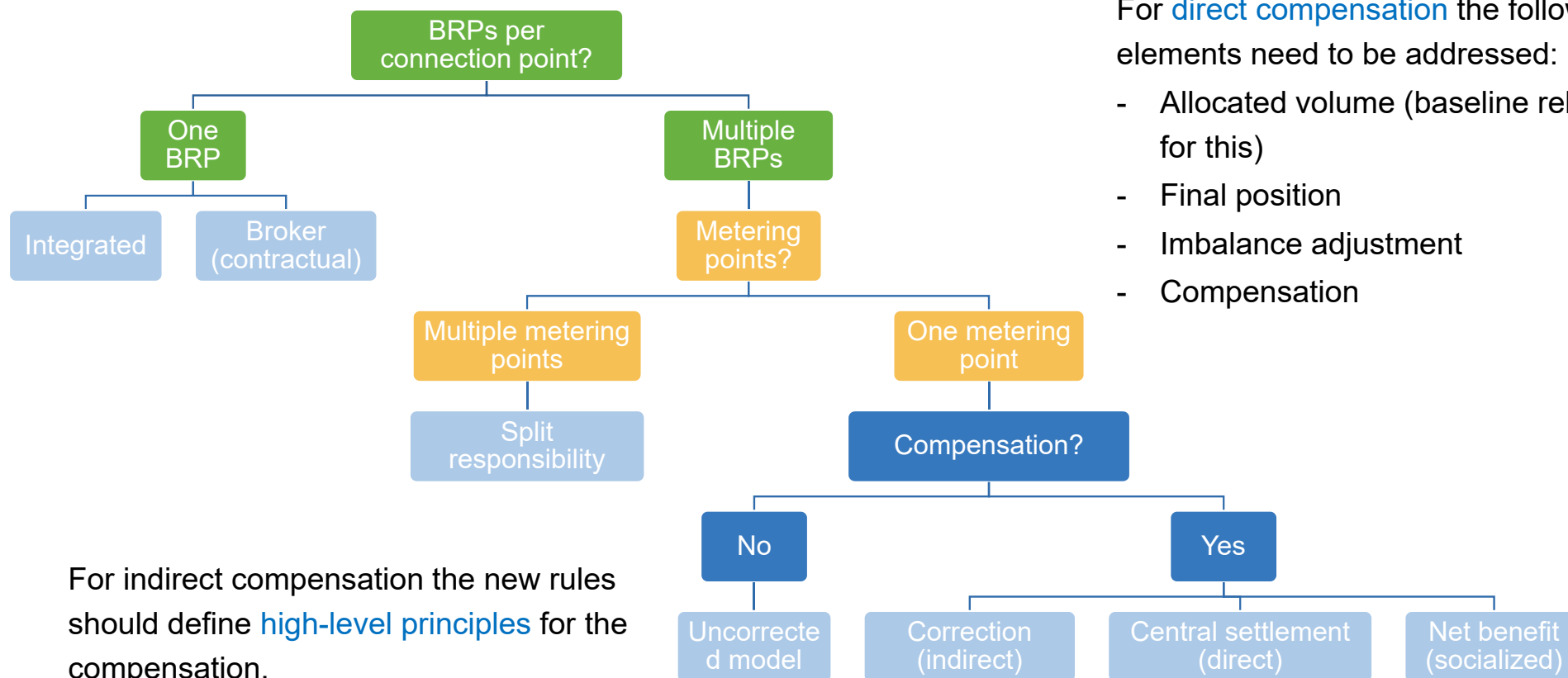
No matter which models are selected for aggregation in each MS, it should be **clear** in the European rules how the calculation of the following values is conducted in each of the **cases**: **final position**, **allocated volume**, **imbalance adjustment**, **imbalance**.

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.



Aggregation models



For **direct compensation** the following elements need to be addressed:

- Allocated volume (baseline relevant for this)
- Final position
- Imbalance adjustment
- Compensation

For indirect compensation the new rules should define **high-level principles** for the compensation.

Benefits for **not having a baseline** (target model when allocation based on smart meters, and final position clarified), but **harmonisation if continued to be used**.

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.

Thank you for your attention



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✉ info@acer.europa.eu
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