

Citizens' Q&A

CEER Consultation Paper on Guidelines of Good Practice for Flexibility Use at Distribution Level

1 What does the paper mean by 'flexibility'?

Flexibility is the capacity of the electricity system to respond to changes that may affect the balance of supply and demand at all times.

For Distribution System Operators (DSOs), accessing and using services that would improve system flexibility at the distribution level could support more efficient network use and system operation. Such actions by DSOs should not cause distortion to competition and should deliver security and quality of supply at efficient costs.

2 Why is flexibility important at the distribution level of electricity networks?

With the progression of the low carbon transition, variable types of generation, such as wind and solar, are connecting at distribution level. That in addition to changes in energy consumption are pushing existing electricity distribution networks beyond their traditional design limits. This can cause issues at the distribution level such as network congestion and overloading of equipment. Issues such as these would typically be addressed with costly grid reinforcement. However, with the significant changes to energy systems, there are opportunities for new, alternative and economically efficient approaches to network use and system operation. One such approach is improving flexibility at the distribution level.

Improving flexibility at the distribution level could optimise system performance and efficiency, while helping to reduce the overall costs of the system; and ultimately the costs borne by consumers.

3 What is the purpose of this work?

This work aims to establish high-level guiding principles for regulatory authorities on improving flexibility at the distribution level of the electricity network, where it is deemed economically viable, does not unduly distort markets and competition and delivers benefits to consumers.

The consultation paper, and ultimately the resulting guidelines of good practice, will contribute to an inter-related approach to maximising the significant potential of flexibility across the entire energy chain of production, transmission, distribution, and consumption. It intends to do this by providing greater detail on the distribution network and DSO components, in the light of the significant changes that distribution systems have seen over the last decade.

The responses to the consultation paper will be used as input when developing those high-level guideline principles.

4 Why is this important for energy customers?

The changes that European energy systems have seen over the last decade create opportunities for new approaches to more efficient network use and system operation. Taking measures to improve system flexibility, in particular at the distribution level, is one such opportunity that can bring about consumer benefits, such as:

- Lower current and future network costs;
- Avoiding the need to curtail renewable energy for system reasons, thereby, allowing lower cost energy onto the system;
- Enabling demand side participation, giving consumers opportunities to sell their flexibility and save on their electricity bills;
- Increasing transparency as a result of DSOs sharing information gathered on the status/needs of the network; and
- Improving the quality and reliability of supply by offering DSOs alternative solutions for operating and developing the distribution network.

Therefore, CEER think it important, in the interests of energy customers, to have an efficient electricity system that facilitates flexibility use.