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**Council of European
Energy Regulators**



Outcome of Public Consultation on Regulatory and Market Aspects of Demand-Side Flexibility

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Fostering energy markets,
empowering **consumers**.

The status quo of DSF has been assessed as follows..

Summary of stakeholder responses:

- **Current market rules** (“regulation”) are seen as providing **few incentives** to market participants
- In some MS **demand is still prohibited from participating** actively in wholesale markets
- DSF is so far mainly offered **by large industrial consumers** and mainly in the **balancing markets**
- For smaller consumers, DSF is so far **not a real option** although some countries enable them to participate either independently or through an aggregation service provider
- Energy markets are **today managed from the supply side** – in **future need to manage them also from the demand side.**

Benefits – First results

Summary of stakeholder responses:

- DSF delays and/or avoids need for **costly investment in grid reinforcements** and peaking generation plant, helps with **energy system stability** and **adequacy**
- Important tool to **handle rising and larger shares of intermittent generation**
- Potential to **decrease consumer energy bills** through reducing **peak prices** if flexibility is able to participate in price formulation – but need to consider dynamic impact on investment. Should reduce consumer bills if more efficient use of generation fleet and networks.
- For some industrial customers, they can **reduce energy costs** when making their flexibility available to the market

Emerging CEER thinking on principles governing DSF

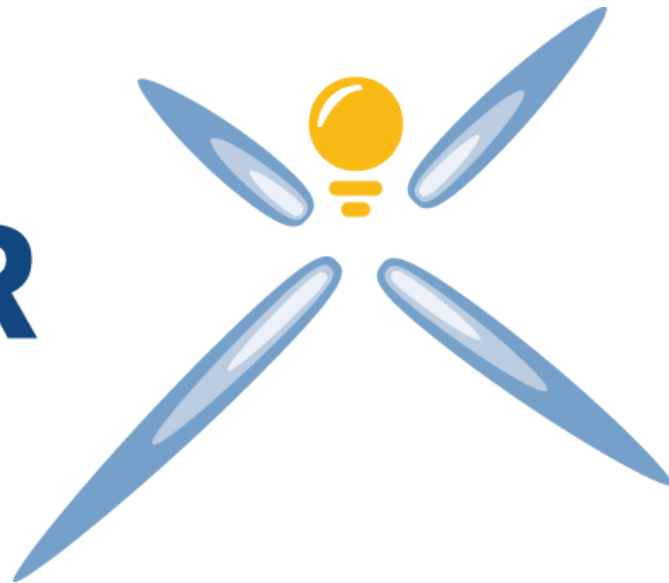
- As an outcome we want to unlock **value of demand-side flexibility for the provider/customer**. This requires:
 - ▶ That consumers and market participants have the necessary information and tools to adequately and effectively engage in the market
 - ▶ A market free from barriers that promotes equal access for all parties and new entrants, through interoperable standards and arrangements
 - ▶ A regulatory framework that is flexible enough to adapt in an evolving market
- **More concretely:**
 - ▶ Ensure consumers are fairly rewarded and can opt in/out of DSF services/products. System-wide benefits of DSF should filter back to consumers
 - ▶ Remove legal barriers
 - ▶ Clarify roles and responsibilities of all involved actors (market participants, DSOs, TSOs etc), consistent with a level playing field
 - ▶ Ensure prices/incentives reflect market value
 - ▶ Standards (e.g. for smart meters, white goods etc.) and methodologies (such as the baseline) should be compatible so as to avoid a lack of interoperability across the EU or market distortions
 - ▶ The future role of DSOs in an evolving market needs to be examined



Thank you for your attention

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