

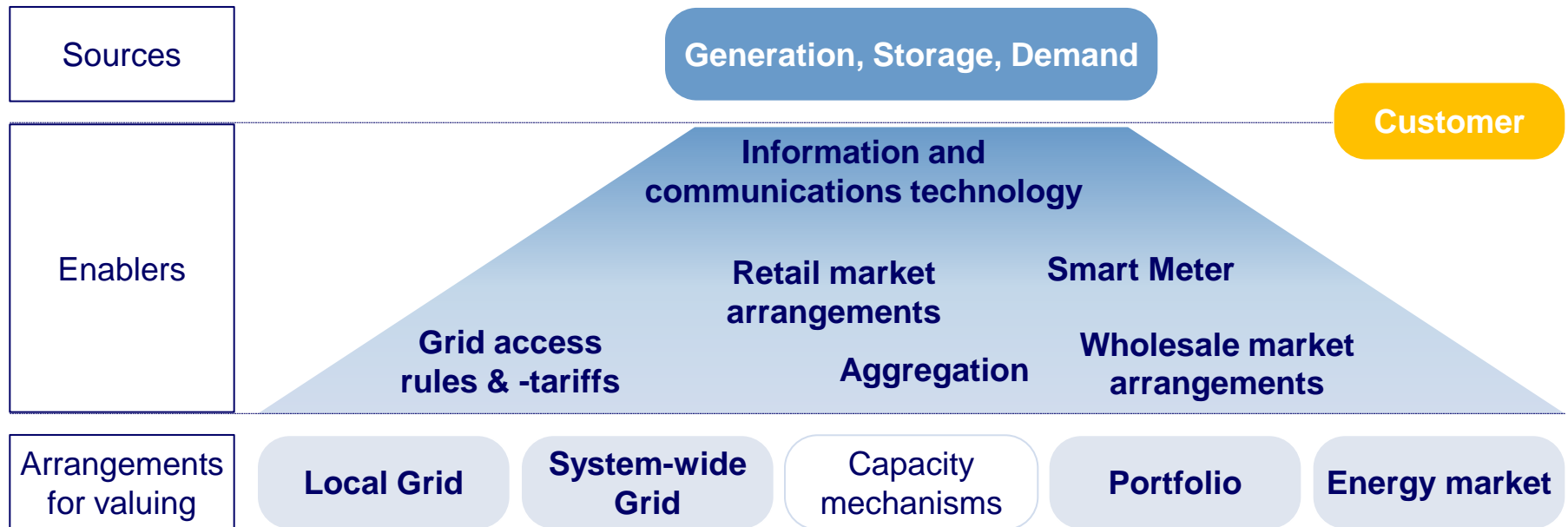
2.6 Upgrading Retail Markets

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Regulatory framework should allow DSOs to facilitate the development of flexibility

Regulators should ensure DSOs incentives are not distorted between build and non-build solutions

Flexibility providers should be able to access a range of revenue streams

Deadline for responses: **25 May 2017**

ACER/CEER support the following aspects of the EC proposals:

- The use of **flexibility by DSOs** to manage the distribution system and minimise costs
- The requirement for **DSOs to report on the use of alternatives** to system expansion in managing the network, e.g. in their network development plans
- Establishment of a single **EU DSO entity**

ACER/CEER see scope for improvement in the following areas to the effect that:

- **DSOs should be neutral market facilitators** including in procuring and accessing flexibility. In particular, they should treat all resources on a level playing field, minimise undue distortion of wholesale or retail markets, and maximise opportunities for flexibility providers to access value
- **There is better network planning and coordination** - DSOs and TSOs to consult stakeholders on their network plans and take responsibility for their quality, with NRAs having discretion in defining plan requirements for a small or integrated utility DSO
- **TSOs and DSOs are required to coordinate with each other**
- **DSOs are adequately unbundled** in order to perform new tasks in a neutral manner

ACER/CEER support the following aspects of the European Commission's proposals:

- The principle of addressing barriers to flexibility
- The possibility for consumers to bring their flexibility –individually or aggregated – to the market for valuing flexibility
- That requirements or participation of demand side response in markets should be on the basis of the needs of markets
- That all market participants (including independent aggregators) shall be subject to balance responsibility and shall be financially responsible for imbalances they cause

ACER/CEER see scope for improvement in the following areas of the European Commission's proposals, and:

- Recommend a holistic approach, where all consumers have the opportunity to participate in all relevant markets for valuing flexibility, incl. through aggregation
- Recognise benefits of independent aggregation in less competitive retail markets
- MSs ensure that market access for aggregators is not foreclosed by suppliers and arrangements provide for payments for resold energy ('compensation')