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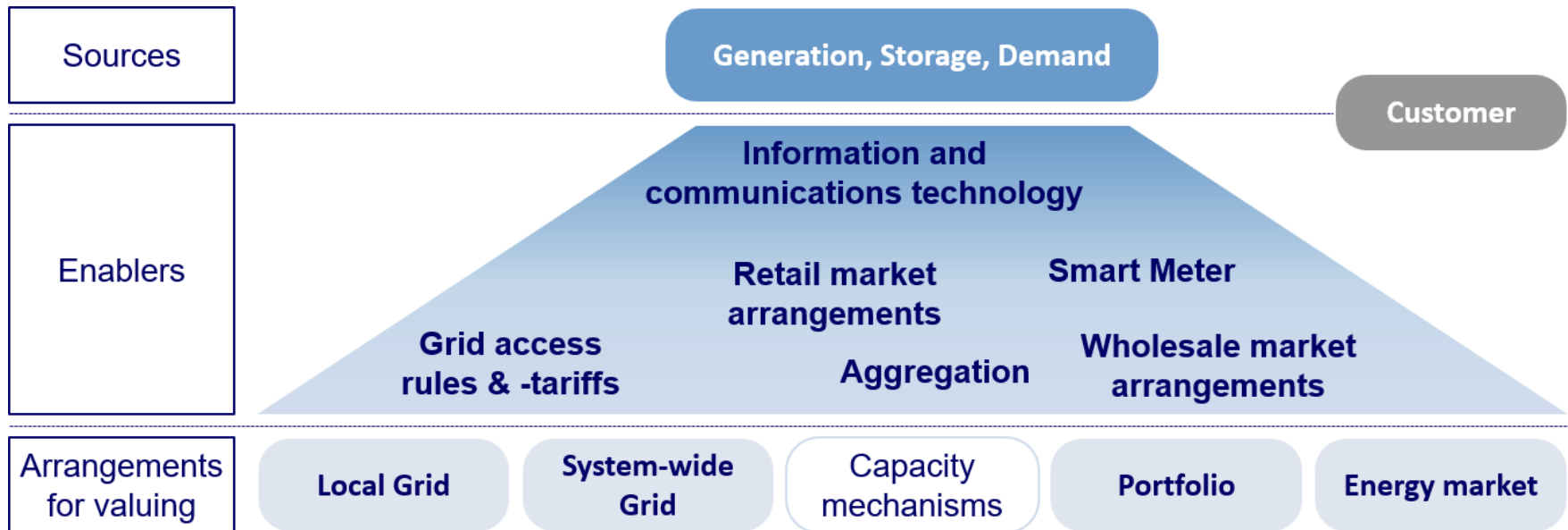


**Workshop on Flexibility Use at
DSO Level**
Consultation feedback: First findings

Fostering energy markets,
empowering **consumers**.

1 March 2018

Flexibility: a simplified framework of the integrated elements

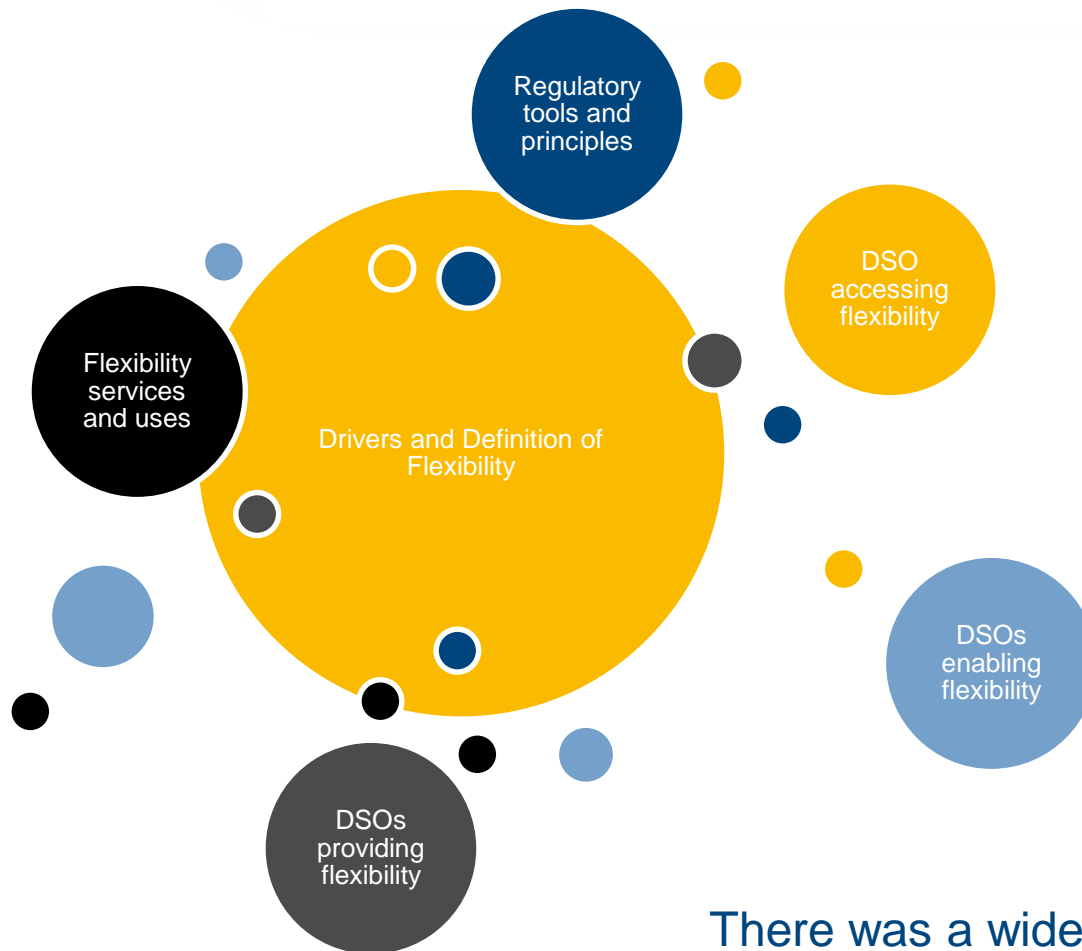


Source: ACER/CEER - European Energy Regulators' White Paper # 3, **Facilitating flexibility** (Relevant to European Commission's Clean Energy Proposals), 22 May 2017

<https://www.ceer.eu/documents/104400/5937686/ACER-CEER+White+Paper+3-European+Energy+Regulators+White+Paper+3+Facilitating+Flexibility+2017+05+22/4e03e0b4-0886-606d-b69b-ff48225e83f3>



CEER consultation focusses on “Local Grid” – Flexibility Use at DSO Level



There was a wide range of responses to the consultation

Flexibility Services and Uses for DSOs

Question	Answers
Should DSOs be encouraged to use flexibility to manage the distribution network where this is more efficient than reinforcing the network? Please provide an explanation.	Yes, if it is the most efficient option
Should all sources of flexibility be treated equally in the market and by system operators?	Yes, different sources of flexibility should be treated equally
Do you think it is important for Member States to establish standardised EU definitions of the various flexibility products, to facilitate market participation in flexibility use at distribution level?	No, most of the respondents did not consider there should be standardised EU-wide products.

DSOs Accessing Flexibility

Question	Answers
<p>Should regulators seek a regulatory framework that can accommodate a range of models that would enable DSOs to access and use flexibility, while ensuring that competition and markets are not unduly distorted?</p>	<p>Yes</p>
<p>What do you consider to be the key benefits and key risks of particular models (rules-based, network tariffs, connection agreements, and market-based)?</p>	<p>Each techniques/models for enabling DSOs to access flexibility have their benefits and risks, and they were mostly seen to complement each other</p>
<p>What are the relative merits of a contracting strategy (competitive or otherwise) versus a real-time market approach to procurement of flexibility? Is the latter approach practicable?</p>	<p>The merits of contracting strategy and real-time market approach depend on the needs (long-term/ real-time)</p>

Case Study Examples – feedback mostly generic

Question	Answers
<p>Are there case study examples of approaches to improve flexibility on the system that you think should be considered in this work? If so, please provide a summary of the key information and findings</p>	<ul style="list-style-type: none"> • Current practices of procuring balancing reserves by TSOs (FCR, aFRR, mFRR, RR) • Smart grid experiments/research projects – some topics: <ul style="list-style-type: none"> • Develop a common language and terminology set to aid mutual understanding ... Standard interoperability tests ... • Alternative connections: ... full suite of alternative connections ...customer flexibility to enable access to ... constrained networks. • Demand side response: ...cost effective solution to traditional reinforcement ...

Guiding Principles

Question

Is a principles-based approach (rather than one-size-fits-all) the correct one for national regulators developing a framework for facilitating flexibility use by DSOs at distribution level?

Answers

Almost all the respondents clearly stated that **the principles-based approach is better than 'one-size-fits-all'**, mainly due to national/regional differences



DSOs Enabling Flexibility

Question

Beyond impartial provision of data to market participants, do you consider that there are any other tasks that DSOs should carry out to enable the competitive provision of and access to flexibility by others?

Answers

Several tasks were mentioned, for example, adequate system **monitoring**, additional tasks relating to **data**, etc. Some **suggested DSOs should have oversight of flexibility sources** and do a systematic validation activity of dispatching orders of distributed resources given by TSOs, in order to ensure the respect of local operational constraints and avoid critical issues for the safe grid operation. Others suggested that DSOs should **avoid situations where the distributed energy resource (DER) interacts only with its corresponding DSO** and can only exchange bids and activations through this DSO.

Regulatory tools

Question	Answers
<p>Are there particular tools that you think would be the most effective in achieving flexibility use at distribution level? Please provide reasoning for your answer.</p>	<p>All the outlined tools from price or revenue control to contractual arrangements, as well as some other tools, were considered as practicable; the national conditions were considered to affect the choice.</p>
<p>Are there any other regulatory tools that have not been included and should be considered?</p>	<p>Respondents considered that, for example, the use of storage facilities in network operation as well as new innovation and pilot projects should be taken into account in the regulatory tools</p>

Summary of first findings | next steps

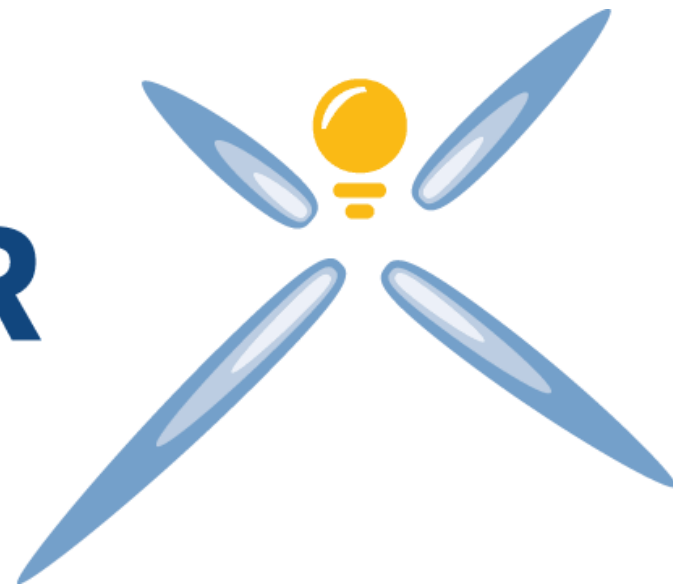
- Feedback shows wide agreement in a range of topics, eg. use of flexibility if it is the most efficient option, regulatory framework should enable DSOs to access and use flexibility etc.
- In other topics divergent views, e.g. DSOs have full oversight of flexibility sources vs. situations where the distributed energy resource (DER) interacts only with its corresponding DSO should be avoided
- Case Studies show very broad range, very different approaches, different background, different “language” – with different outcomes (e.g. current practices of procuring balancing reserves by TSOs)
- EC SGTF EG3 (Demand Side Flexibility Group) collection of “Use Cases” ongoing
- Today's workshop is an important input to finalise the conclusion paper and for further related work



Thank you for your attention!

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DSOs Providing Flexibility

Question

Do you think there are situations where DSOs should be allowed to provide flexibility beyond the distribution network component, where economically efficient to do so?

Are there other examples where the DSO could provide flexibility to help to reduce the overall costs of the system?

Answers

The majority thought that DSOs **should remain as neutral market facilitators**. Many felt DSOs should **not be allowed to provide flexibility** beyond the distribution network component. When they did, need to ensure they did not distort competition.

Two thirds answered that there are other examples where DSOs could provide flexibility to reduce the overall costs of the system, for example DSO actions to resolve transmission issues; some felt DSO should be allowed to own and operate storage for security and technical use.