

Citizens' Q&A

CEER Conclusions Paper on Flexibility Use at Distribution Level

1 What is flexibility and why is it important?

Significant changes in the European energy system over the last decade have been driven by increasing deployment of intermittent renewable generation, decarbonisation, and digitalisation. One way of managing these changes and ensuring secure system operation is through improving system 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. This definition refers to a wide range of potential sources and uses of flexibility in the electricity system, i.e. both in the market and in the network.

Flexibility is not an end in itself, but a means to deliver a more affordable, secure and efficient whole power system. At distribution level, the need for the use of flexibility to benefit the grid will increase as a result of the ongoing energy and electricity system transition.

2 What are main findings from the Consultation?

One of the main messages arising from the [CEER Public Consultation on Flexibility Use at Distribution Level](#) responses is that the national and even regional differences in the conditions of distribution network operation should be taken into account in the regulatory framework. Therefore, the efficient use of flexibility resources may change in accordance with these national or regional differences. Against this backdrop, CEER recommends that the details of roles and responsibilities of DSOs are defined at the national level, because there is no one-size-fits-all solution. However, CEER considers that the guiding principles included in the document should be respected, even though the details are left to national consideration. Annex 2 of the Conclusions Paper has a detailed evaluation of responses.

European Energy Regulators advocate that DSOs must act as neutral market facilitators in the flexibility market performing regulated core activities and not activities that can efficiently and practicably be left to a competitive market. The role of the DSOs would be as a user of flexibility that benefits the grids, i.e. the DSO purchases flexibility from third parties, but does not provide it. A level playing field for flexibility is vital.

3 What are CEER's guiding principles for flexibility?

CEER has taken into consideration that a balance must be kept between creating common principles and allowing for enough leeway to address potential specificities in Member States and existing European legislation. Following broad support from stakeholders, CEER recommends to NRAs the national frameworks should take into account the following high-level principles:

- The regulatory framework for DSOs should be non-discriminatory and not hinder or unduly disincentivise DSOs from facilitating the development of flexibility.
- The regulatory framework should enable the development of a full range of possible flexibility services, while also ensuring that it is robust enough to deliver the best outcomes for consumers and the system as a whole.
- All sources of flexibility that benefit the grid should be treated in a non-discriminatory manner when procured by network operators. Regulatory incentives should avoid any bias towards specific technologies that deliver flexibility.
- DSOs should be able, under the relevant regulatory frameworks, to access and use flexibility services provided by grid users for managing the distribution network, where the use of this flexibility is considered to be the most economical solution and avoids undue distortion to markets and competition.
- Within the framework set by the relevant European legislation, the details on the roles and responsibilities of DSOs should be determined at national level.
- It is vital to differentiate between the use of flexibility by market actors and the use of flexibility that benefits the grid by the DSO.
- Intensify the discussion on principles and roles and responsibilities regarding DSO-TSO coordination in the field of flexibility.

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.