

European Power Market
Summit 2016

How to guarantee access of Demand- Side Flexibility to power markets?

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SEDC Membership

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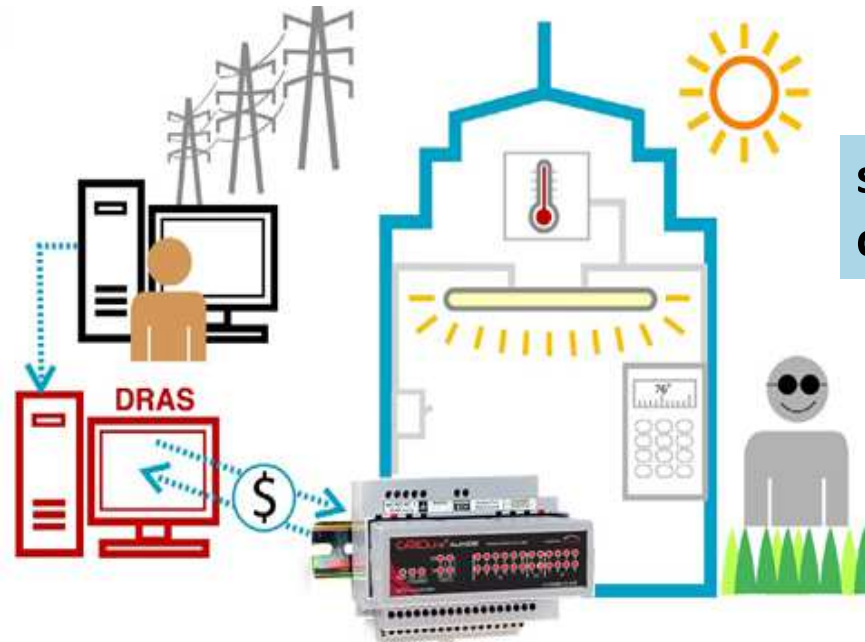
Associate Members



Value for all markets

distribution
system support

balancing
& ancillary
services



wholesale
markets

self-
consumption

hedging and
capacity products

The Potential

European Commission @Florence Forum (preview on Impact Assessment):

Theoretical Demand Response potential is about **100 GW** in Europe.

The residential potential is clearly the biggest potential in there.

For 2030, the potential could go up to **160GW**,
driven by electrification of transport and heating.

Option 1: Implicit Demand-Side Flexibility

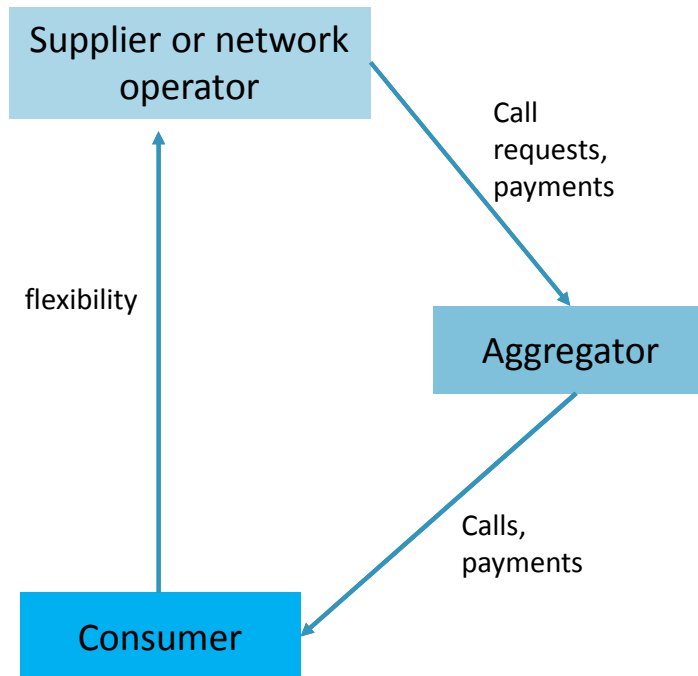
Consumer adjusts to variable market-price signals

- > saves hedging cost & supports system
- > uses power when it's cheapest



Credits: brincadeira89.wordpress.com

Option 2: Explicit Demand-Side Flexibility



Consumer sells local flexibility, directly or via an aggregator

-> income on committed flexibility (availability & activation payment)

What is needed?



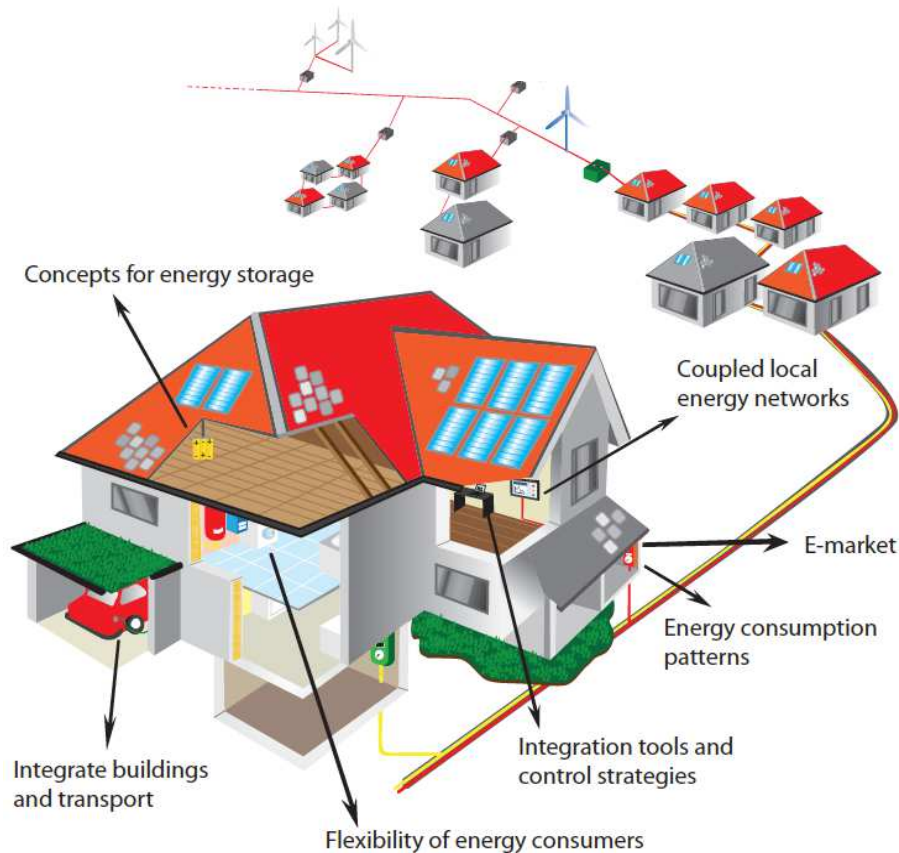
Appropriate price signals



Credits: tachlistalk.com

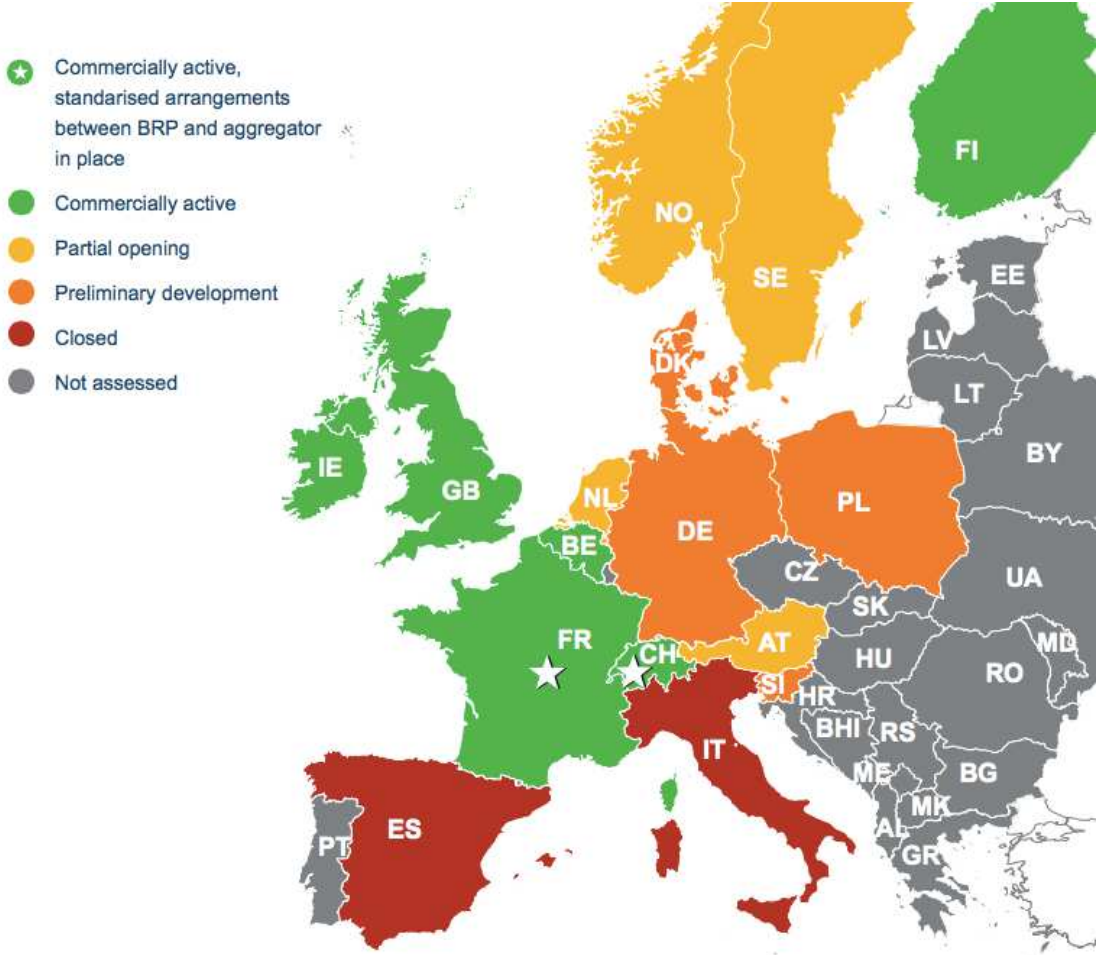
- Allow real **price signals** (incl. scarcity prices, full cost of balancing)
- Reduce **blunting effect** of taxes, charges and levies
- Enable consumers to choose **market-related dynamic pricing**
- Right-size **capacity (assessments)**, include demand-side flexibility
- Avoid **perverse incentives** (e.g. certain grid charges)

Enablers at distribution level



Source: Laborelec

- CAPEX -> TOTEX basis for price control
- Market-based procurement of DSF
- Appropriate metering
- Standardised and good quality data access
- Network tariffs support, and don't hamper, DSF



Ensure market access

Key Barrier: Obligation for an independent aggregator to have prior consent of its potential competitor (BRP/Supplier)

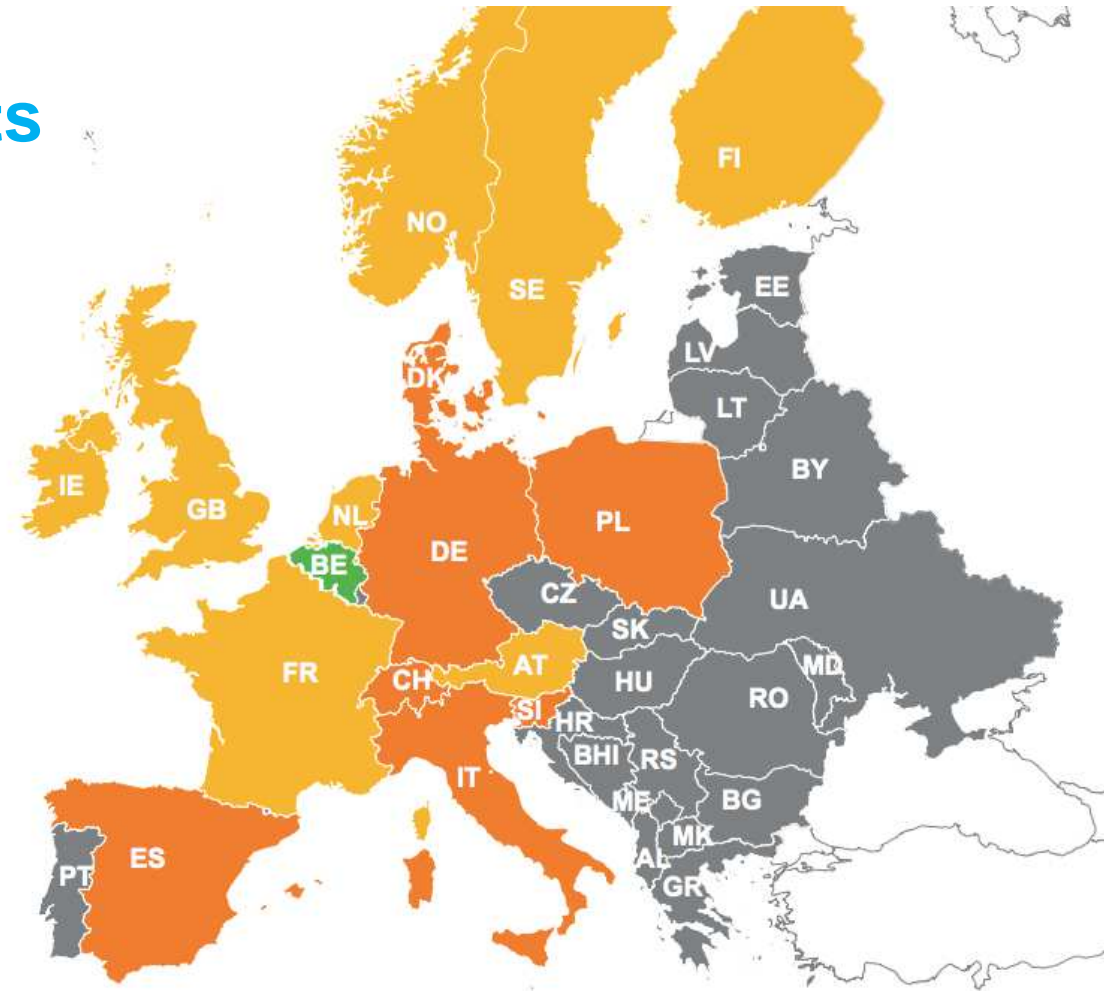
--> need for a legal framework, including detailed rules on roles and responsibilities concerning information flows, financial and volume settlements

Adjust product requirements

Historically designed around the specificities of generators

- Symmetric bidding
- Minimum bid size
- Duration
- Activation limits
- ...

Progress on Balancing (FR, BE, AT...) and Capacity Markets (FR, BE)



A win-win-win-win





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