

The logo for ACER, consisting of the letters 'ACER' in a bold, white, sans-serif font.

European Union Agency for the Cooperation  
of Energy Regulators

# ACER webinar on the revised draft proposal on the Demand Response Network Code

Tuesday, 1 October 2024

14.00 – 16.00 CEST

Webinar

# Introductory remarks

14:00 – 14:10

**Mathieu FRANSEN, Team leader – Electricity Department, ACER**

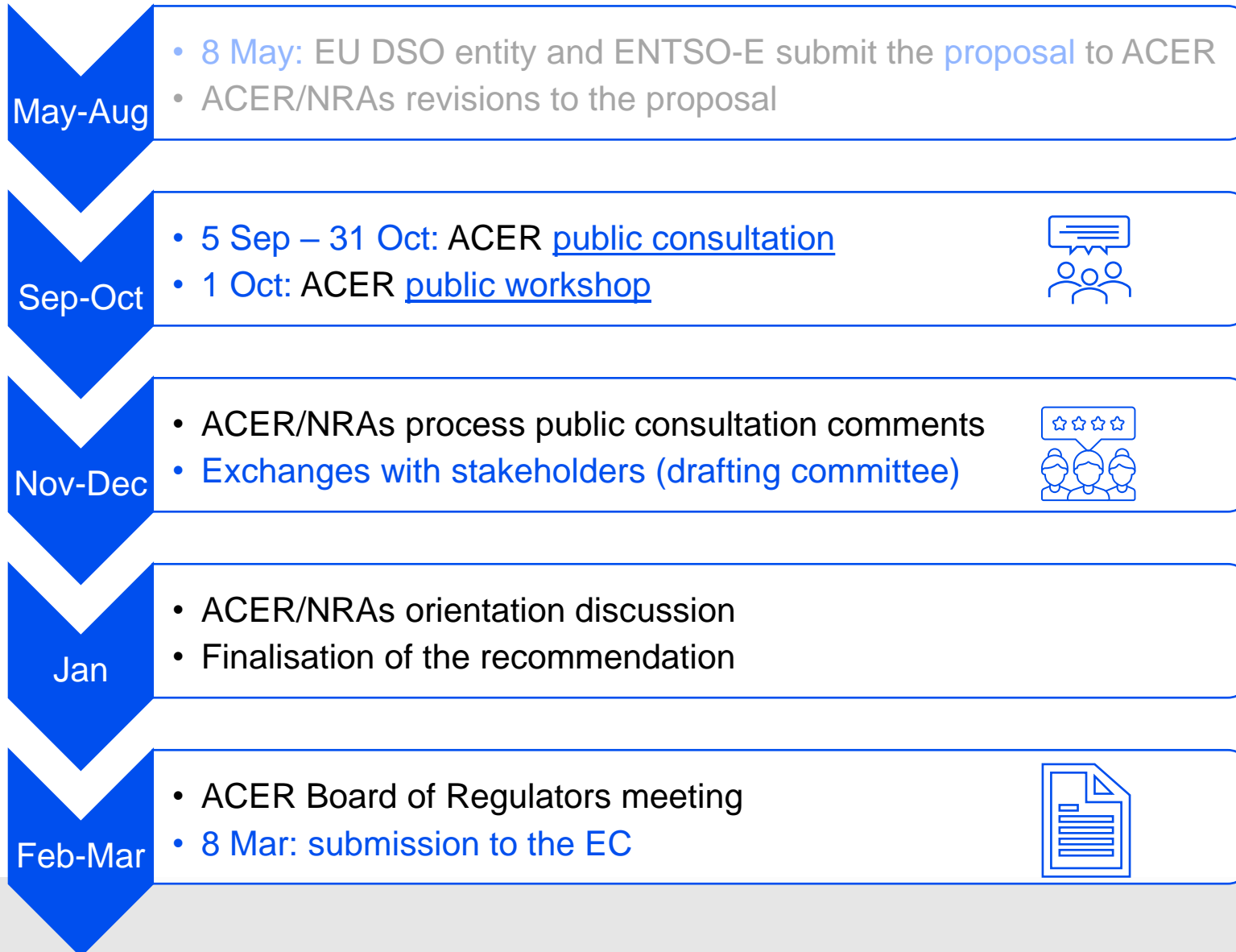
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Planning - background

Agenda

Housekeeping rules

# ACER process for revision/recommendation



# Guiding principles for the revisions

## Ensure legally consistent draft

Improve drafting quality with amendments on wording, structure and clarity of legal requirements.



## Ensure compliance with the framework guideline\*

Some of the requirements of the DR FG are not fulfilled in the formal proposal.



## Content direction

Direction in the DR NC, within the boundaries of the FG, and respecting the objectives of the Electricity Regulation.



## Alignment of the proposed amendments to existing regulations

- ACER has significantly revised the proposal, but further revisions are required.
- ACER seeks the early input of the stakeholders in this process, to ensure adequate time for processing the comments and give the stakeholders the chance to really shape the final proposal.

\*DR FG: [ACER Framework Guideline on Demand Response](#)



## Effective participation of small system users in all markets

- Clearer requirements to implement aggregation models
- European registry for baselining methodologies

## Easier access to balancing and local markets

- Product verification or simpler and shorter prequalification, if applicable
- Flexibility information system

## Transparent process to ensure local markets can be set up

- Market-based procurement of local services by default; deviation to non-market-based procurement duly justified
- Clear requirements for the interactions between markets

## Ensure overall efficient operation

- TSO-DSO and DSO-DSO coordination for identifying and solving congestion and voltage control issues

| Indicative time | Webinar items   |                          |
|-----------------|---|--------------------------|
| 13:50 - 14:00   | Webinar open for log-in   | Starts promptly at 14:00 |
| 14:00 - 14:10   | <b>Introductory Remarks</b><br>Mathieu FRANSEN, ACER  |                          |
| 14:10 - 14:40   | <a href="#">General market access rules and qualification</a><br>Athina TELLIDOU, ACER<br>Cristina VAZQUEZ HERNANDEZ, ACER  |                          |
| 14:40 - 15:00   | <a href="#">Q&amp;A</a><br>Moderator: Mathieu FRANSEN, ACER   |                          |
| 15:00 - 15:30   | <a href="#">Market-based procurement of local services and SOs coordination</a><br>Cristina VAZQUEZ HERNANDEZ, ACER<br>Nikolaos KANTAS, ACER<br>Athina TELLIDOU, ACER |                          |
| 15:30 - 15:50   | <a href="#">Q&amp;A</a><br>Moderator: Mathieu FRANSEN, ACER   |                          |
| 15:50 - 16:00   | <b>Closing Remarks</b><br>Mathieu FRANSEN, ACER   |                          |

# Housekeeping rules



Please pose your questions using the Slido tool within Microsoft Teams

You can also access Slido through this direct link:  
<https://app.sli.do/event/8kmNG3pz2SV3vkSvr1J7ir>



This meeting is being recorded

Questions from other participants can be 'liked' to increase their visibility



Slides and recording of this webinar will be uploaded to ACER website



Keep your microphone muted unless the chair gives you the floor

Substance-related questions will be addressed during the relevant Q&A session; although they can be posed at any point



# General market access rules and qualification

14:10 – 14:40

Athina TELLIDOU and Cristina VAZQUEZ, Electricity Department, ACER

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Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

<https://app.sli.do/event/8kmNG3pz2SV3vkSvr1J7ir>





# National and EU processes

## National process for the approval of national terms and conditions

Establish a national process for the joint development of common proposals by SOs

Joint development of common SOs proposals for national TCs

Approval by the NRA of national TCs

## EU process for the approval of EU methodologies

Process for the development of EU proposals

Joint development of EU common proposals by ENTSO-E and EUDSO entity for methodologies

Approval by ACER of EU methodologies

## EU process for further harmonisation

EU DSO  
Entity and  
ENTSO-E  
report on  
demand  
response



ACER  
monitoring  
report on  
implementat  
ion



Needs for  
harmonisation  
and best  
practices



# Market access – areas with major amendments


Calculation of  
withdrawals and  
injections

Aggregation  
models

Baselining

Min bid quantity  
and granularity



-  **What does this bring?**
- ✓ **Clear rules** for the implementation of the aggregation models with **correct allocation** of balance **responsibility**
  - ✓ **More transparency** in the use of baselining methods
  - ✓ **Easier access** to balancing markets for small resources

# Aggregation models and balance responsibility

Article 5(1) of the Electricity Regulation:

*“**All market participants** shall be responsible for the **imbalances** they cause in the system (**balance responsibility**). To that end, market participants shall either **be balance responsible parties** or shall **contractually delegate their responsibility to a balance responsible party of their choice.**”*



DA/ID



Supplier



(Balancing)  
SP

based on  
measurements or  
profiles

$$\text{imbalance} = \text{allocated volume} - \text{final position} \pm \text{imbalance adjustment}$$

correction



correction



Financial transfer

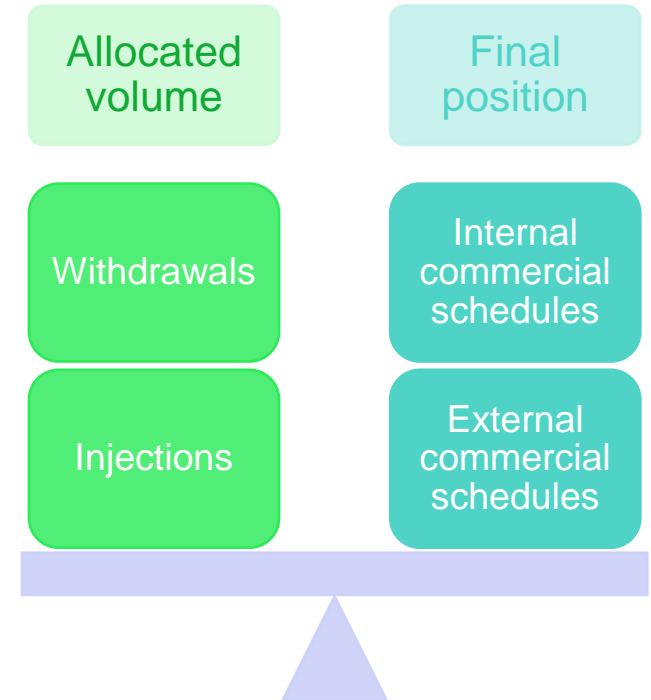


Market participants engaged in **aggregation**

Financial compensation

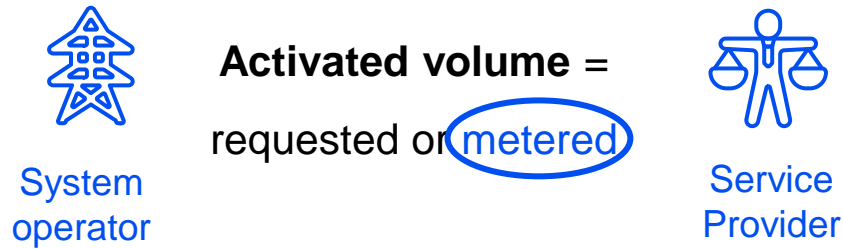



## Imbalance




**imbalance adjustment:** energy activated by the system operators for **balancing**, **local services**, **other purposes**


# Calculating injections and withdrawals



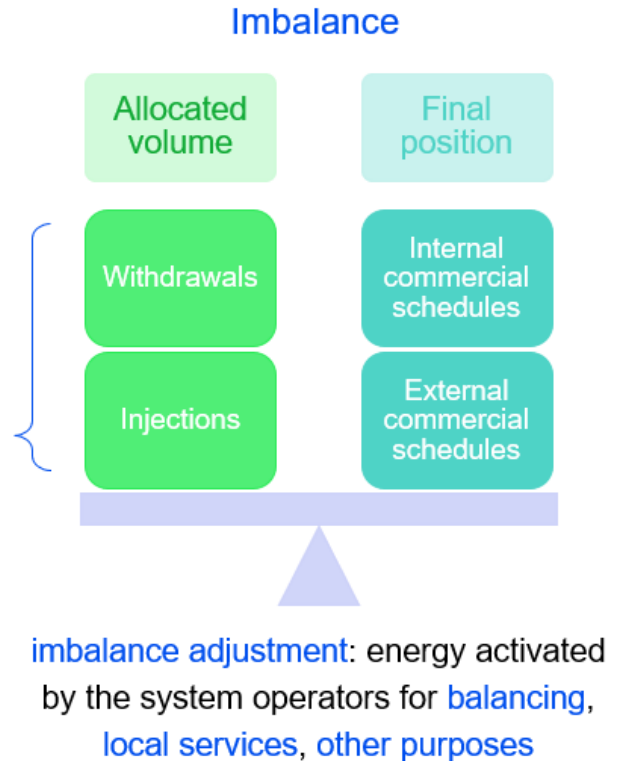
 Source of metering data: no distinction between sources, as long as they are validated metering data of the required granularity.


 **Baselining: dual role**

- provision of demand response;
- allocation of volume to multiple BRPs.

EU registry with all the baselining methods 

based on **measurements or profiles**



Given that the provisions for calculating injections and withdrawals (including baselining and measurements), are relevant both for BRPs and SPs, **where are they better placed?** 

# Minimum bid quantity and granularity



Applicable only to standard balancing products

Article 29(1) of the EU DSO Entity and ENTSO-E proposal:

“...all TSOs shall develop a proposal for a roadmap for the implementation allowing to *set the bid granularity* of all standard balancing products *at one decimal starting from the minimum bid size* of standard balancing products.”



Article 25(7) of the amended by ACER Electricity Balancing Regulation:

“...all TSOs shall set the *minimum bid quantity and granularity* of the standard product bids to *0.1 MW* ...”

We consider the reduction of bid granularity as an important step for facilitating the participation of aggregators.

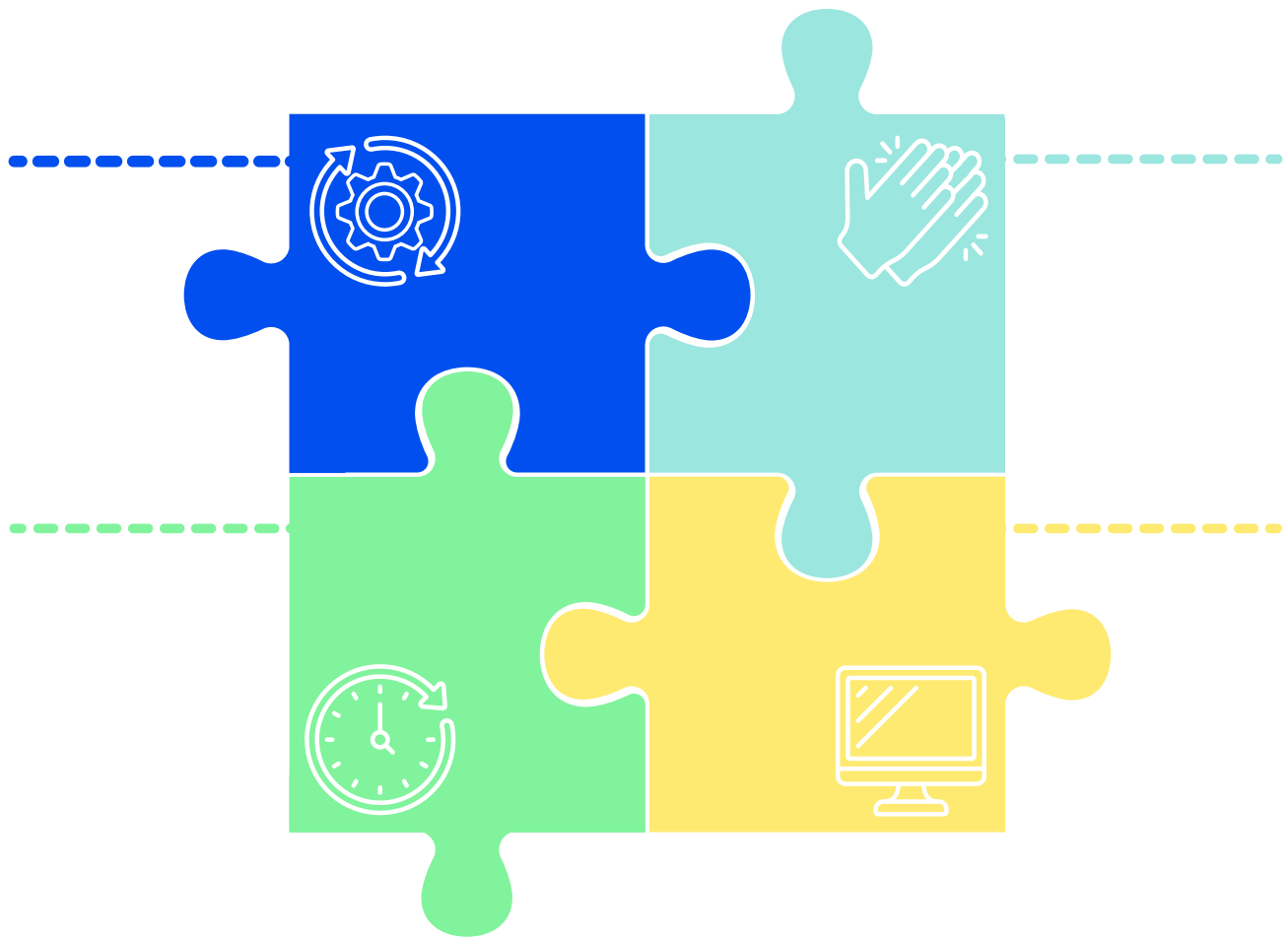
**How important** is for you to also have the **min bid quantity** reduced to 0.1 MW?



# Qualification – areas with major amendments

Default process,  
deviation and  
repetition

Duration

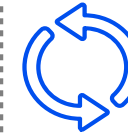
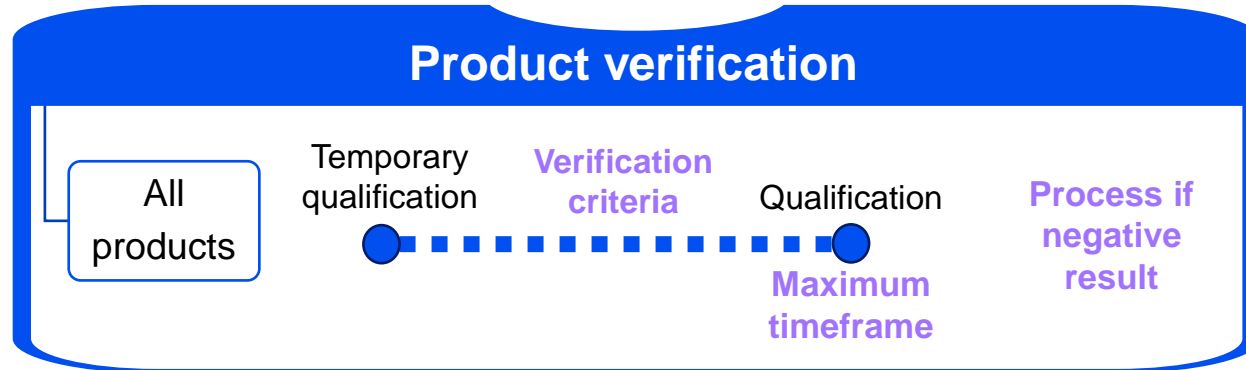


Simplifications  
and exceptions

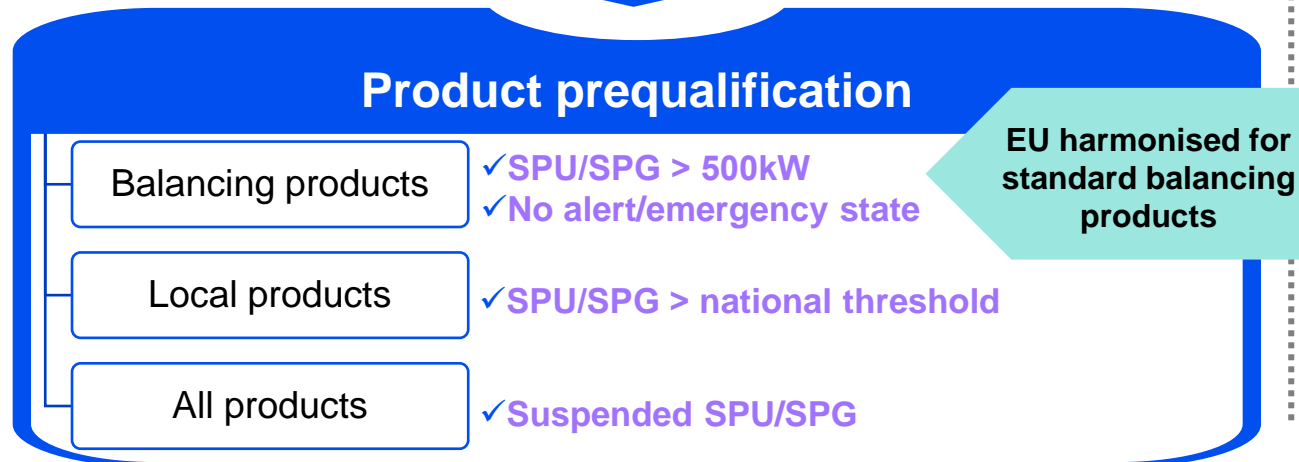
Flexibility  
information  
system


Applicable to [balancing and local services](#) procured in accordance with a [market-based mechanism](#)


# Qualification of SPU/SPGs and when repetition is required...



- Additions, removals, increase/ decrease of capacity > 10%/3MW of SPU/SPG prequalified/verified capacity
- If SP changes the communication system for SPU/SPG control



 Subject to NRA approval

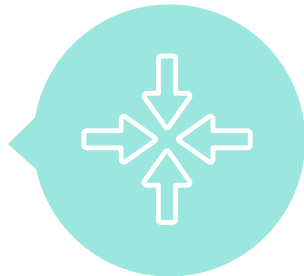
 **What does this bring?**

- ✓ Less restrictive market access for smaller units
- ✓ Benefits of product prequalification subject to NRA approval
- ✓ Harmonised product prequalification for standard balancing products ASAP

# Simplifications and exceptions when product prequalification applies...



- SPU/SPG consisting of only **small** CUs, CUs **identical** to other prequalified SPU/SPG by **any** **SP** or a **combination**
- Simplified **evaluation** and **activation test**, if required
- Also applicable in **first-time** product prequalification or after **switching of CUs**, if applicable



- No exceptions for **central dispatching models**



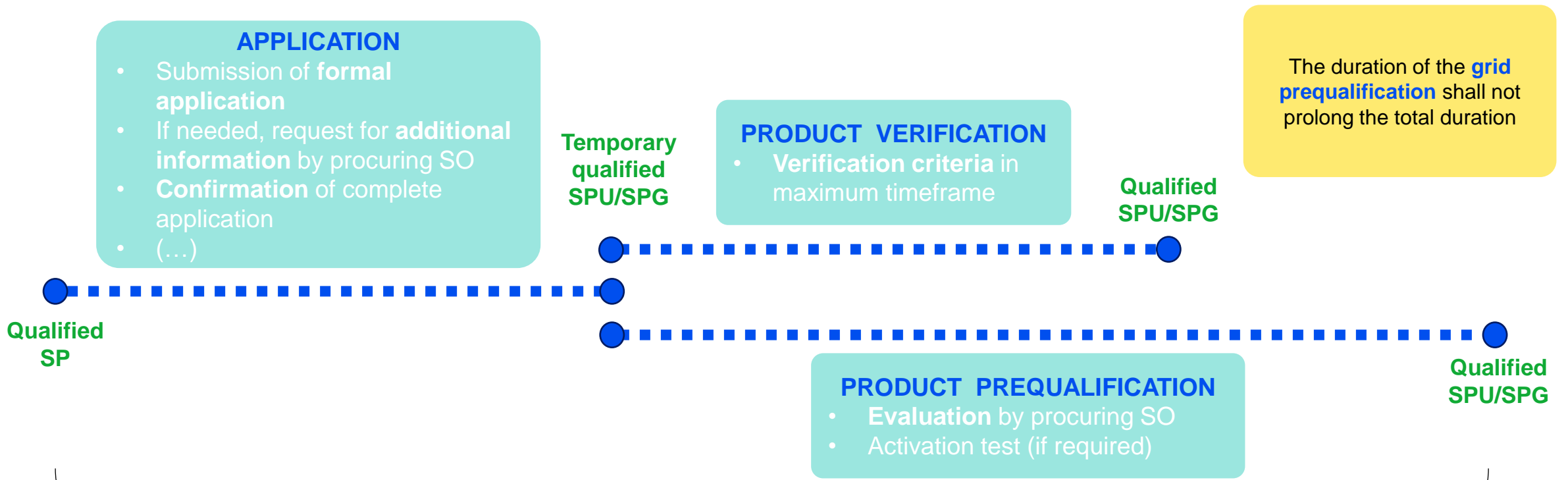
## What does this bring?

- ✓ Less **burdensome and costly processes** for small and/or identical CUs
- ✓ Finding other measures to encourage **service delivery** while ensuring **level-playing field in market access**


... as well as **system security and market functioning**



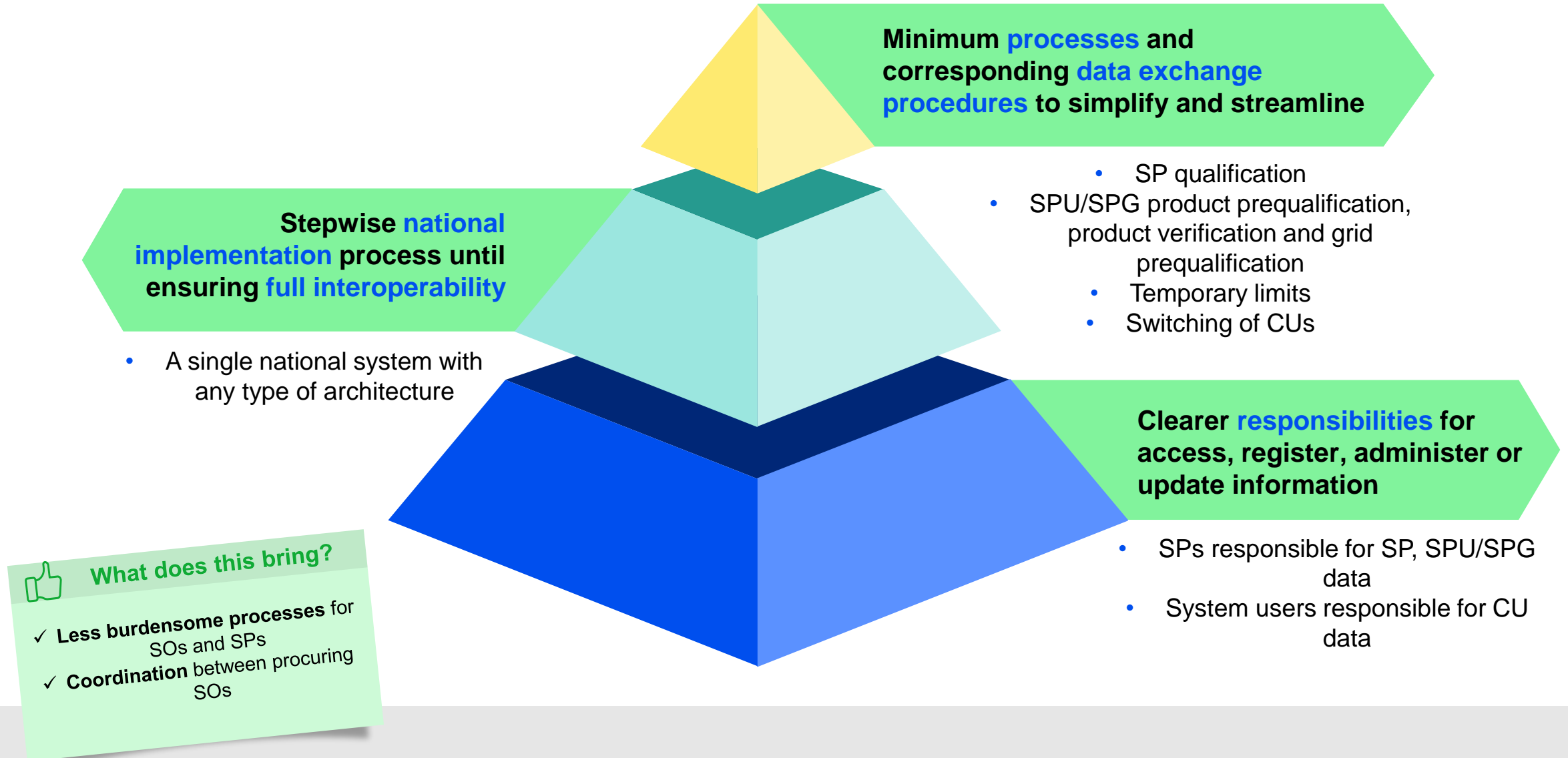
# Total duration when product prequalification applies...



The shortest possible time while respecting Article 12(1) of the Electricity Directive (switching of CUs between SPs)

 **What does this bring?**

- ✓ Prequalification process never prolongs beyond 3 weeks, also when switching CUs between SPs
- ✓ SOs can set intermediate deadlines at their convenience while respecting this total duration



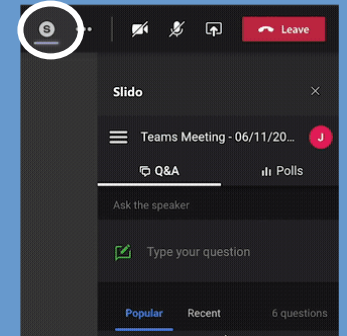
# Q&A session

14:40 – 15:00

## Connect to Slido

- Directly in MS Teams
- Through [www.slido.com](https://www.slido.com) #ACER\_DR
- Scan QR code
- Use direct link:

<https://app.sli.do/event/8kmNG3pz2SV3vkSvr1J7ir>



Mathieu FRANSEN, Team leader – Electricity Department, ACER



# Market-based procurement of local services and operational coordination

15:00 – 15:30

**Cristina VAZQUEZ, Nikolaos KANTAS and Athina TELLIDOU**, Electricity Department, ACER

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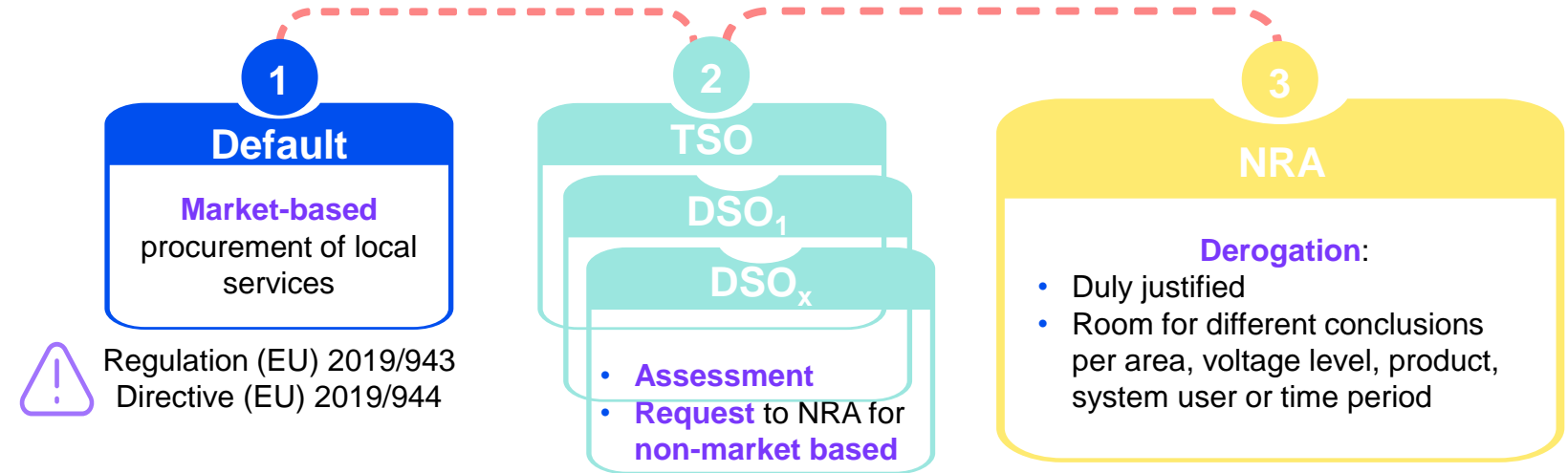


# Areas with major amendments

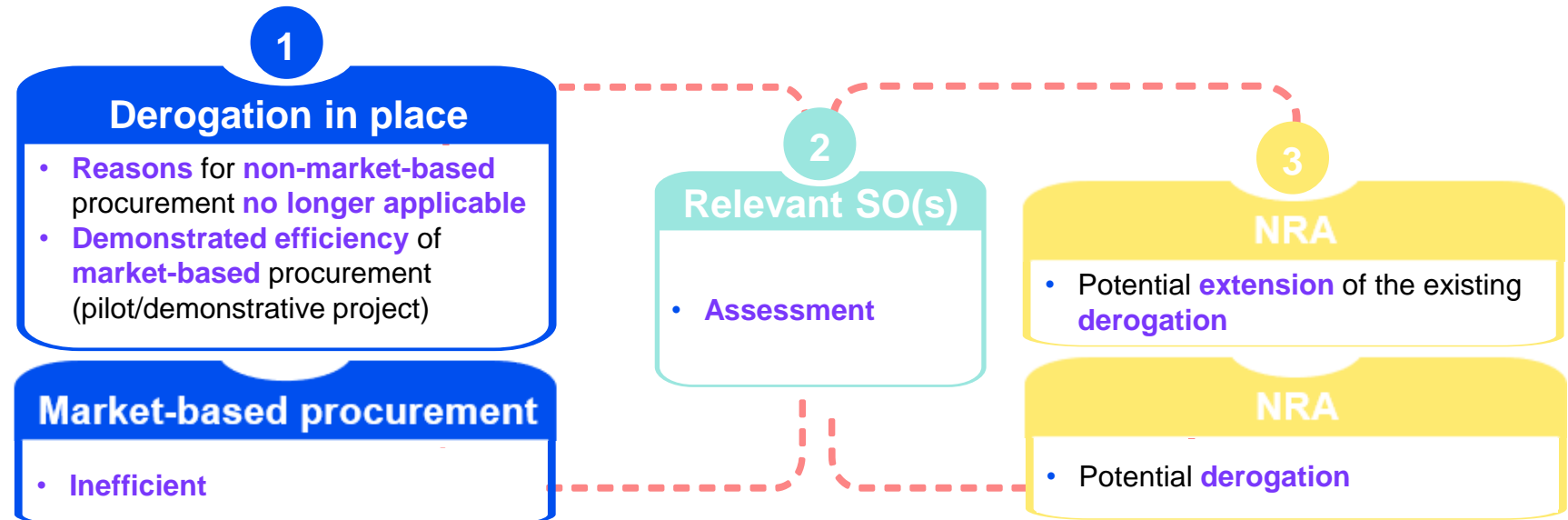



# Market-based procurement of local services

General process for  
 existing and future  
 local services...



Other situations  
 triggering this  
 process...



 **What does this bring?**

- ✓ Transparent process in line with the Clean Energy Package
- ✓ Easier set-up of local markets
- ✓ Demand response can really have a role solving congestion/voltage issues

## National Terms and Conditions for Service Providers

Rules for market-based procurement of local services

Requirements  
for procuring  
SOs



Coordination  
and I/O with  
other markets



Procurement,  
pricing,  
settlement



I/O: interoperability

**No separate appointment/ designation** of local market operator (*delegation/assignment in Article 16*)

The procuring system operator shall **forward bids** – combined or not – *to other markets*.

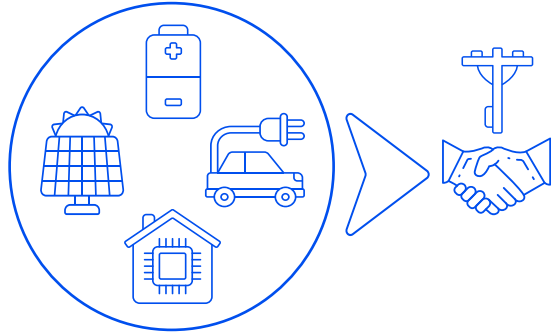
All SOs in MS **common** information, standardised definitions and use of *locational information*.

If *3rd parties*, additional provisions (technical, operational), and **regulatory oversight**.

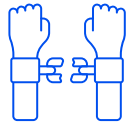
 **What does this bring?**

- ✓ **Clear allocation of responsibilities** for the set up of local markets
- ✓ **Value stacking** via the coordination with other markets

# Flexible connection agreements and local markets



- Procurement of local services **considered** for addressing grid constraints that **restrict** SOs' capabilities to offer **firm connection capacity** (when flexible connection agreements are established)
  - ✗ exception: flexible connection agreements as permanent solutions (grid development inefficient)



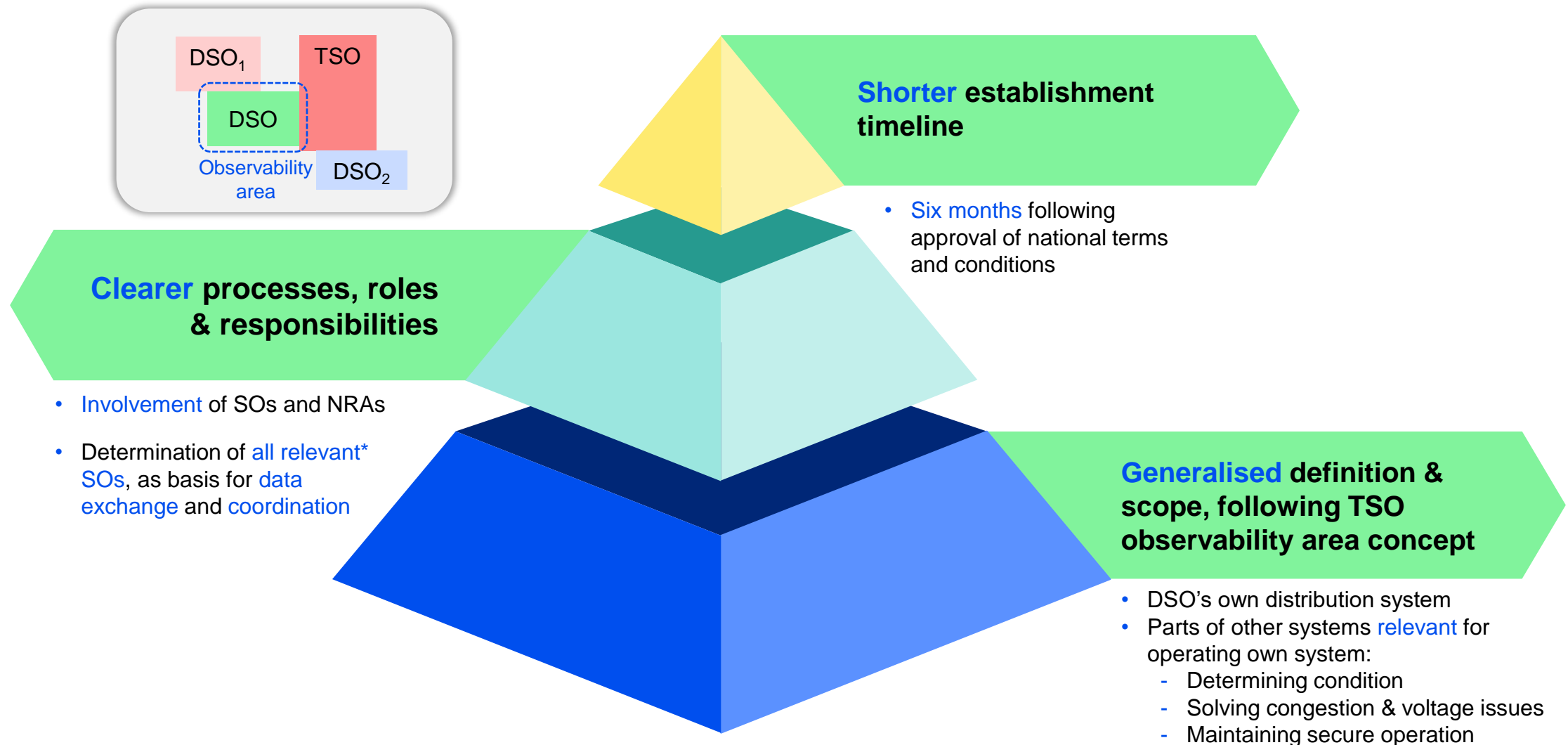
- Provision of balancing and local services by **users** with flexible connection agreements **restricted only** through **grid prequalification** and **temporary limits**



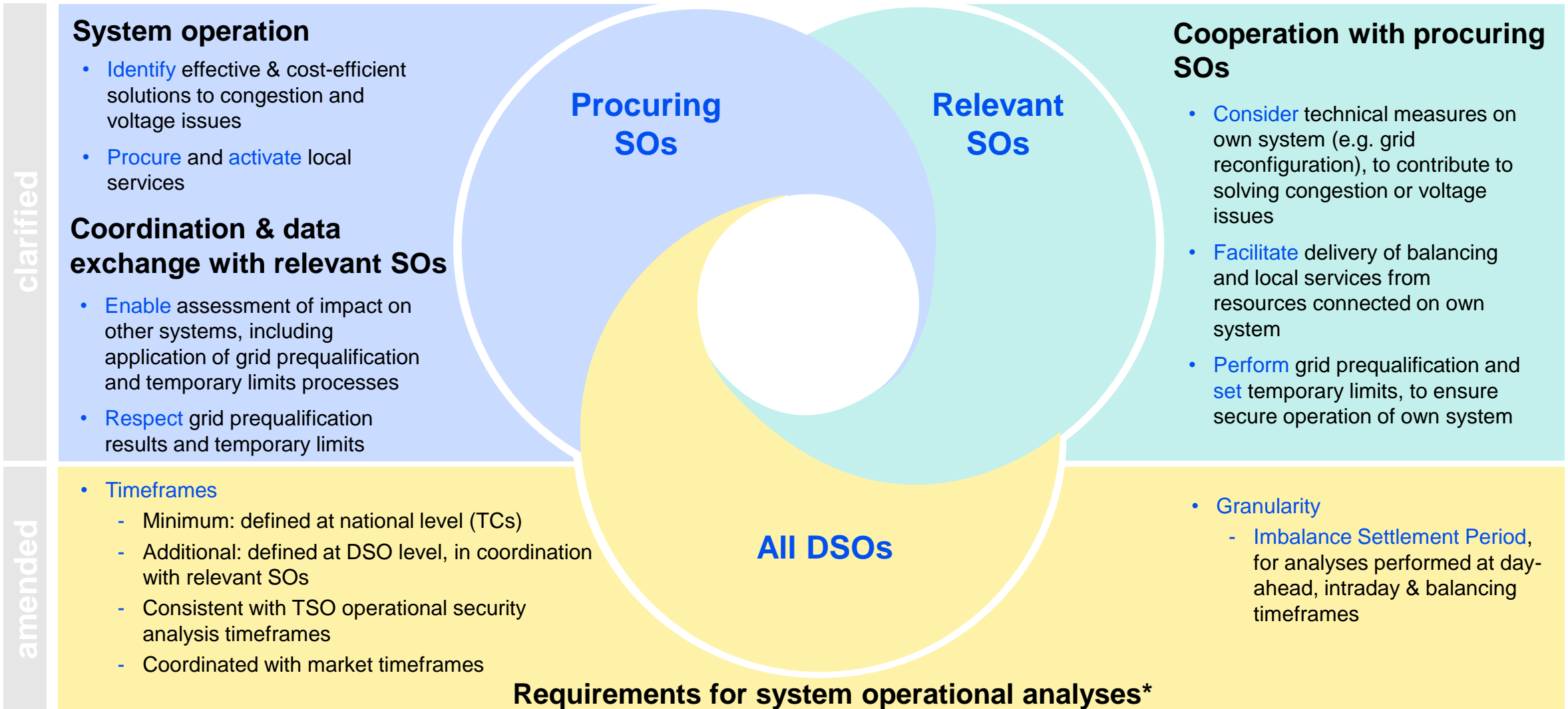
## What does this bring?

- ✓ **Alignment** with third-party access requirements in the ED
- ✓ **No default exclusion** of solutions based on local markets (if they are more cost-efficient)
- ✓ **No undue restrictions** for users with flexible connection agreements





\* Relevant SOs include impacted and connecting system operators, as defined in the draft network code on demand response



\* Operational security analysis requirements for TSOs are covered in Commission Regulation (EU) 2017/1485

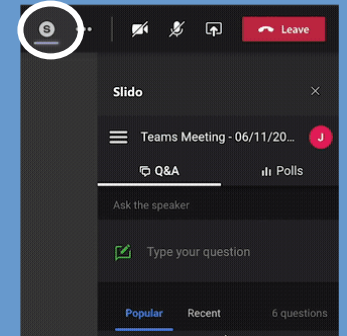
# Q&A session

15:30 – 15:50

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Mathieu FRANSEN, Team leader – Electricity Department, ACER



# Closing remarks

15:50 – 16:00

**Mathieu FRANSEN**, Team leader – Electricity Department, ACER

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**Do not miss your chance!**

**Public consultation on the draft  
network code on demand response**

Opened: 5 September 2024

Closes: 31 October 2024



# Thank you for your attention



European Union Agency for the Cooperation  
of Energy Regulators

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