



# Response to ACER public consultation

## European Energy Regulation: A Bridge to 2025

### I. The right way forward

Household appliance manufacturers broadly support ACER vision for 2025 which correctly identifies the challenges and related regulatory actions required to enhance demand response and the participation of residential consumers in the energy market.

We would like to emphasise further the role domestic consumers can play and suggest some appropriate actions to be taken to support their engagement and thus ensure a practical deployment of residential demand response.

### II. Engaging and valorising residential demand response

Rising energy costs in EU households underline the need for consumers to be more energy efficient and allow for a flexible use of electricity. We therefore see in the reform of the EU energy market a real opportunity for consumers to actively take part, on par with the traditional supply side.

Smart and energy efficient demand can confer significant benefits to consumers themselves whilst using energy in a much more sustainable way and helping the electricity grid become more efficient and stable.

The core principle is that consumers' participation in the energy market must remain voluntary and be financially compensated at the real market value of the service they provide. This principle should be better reflected and enshrined in the ACER policy for 2014-2025.

As rightly mentioned in the consultation paper, smart appliances are demand response enablers which can play a relevant role in offering a better management of household energy consumption while respecting users' settings. Increasing consumers' awareness about the new functionalities and the benefits that smart appliances can offer is indeed a prerequisite to their active participation. But consumers need additional stronger incentives to fully take part.

### **III. The need for structural changes**

In order to convince consumers to engage, the first step is to redesign current energy market and create a real market for smart energy and efficient demand.

Developing market-based instruments adapted to residential consumers would be required too as current mechanisms are tailored to match industrial and commercial demand response.

Such structural changes should aim to give smart energy and efficient demand its real market value and incentivise further consumers to become more active.

Concretely, in the case of household appliances, these mechanisms would financially reward consumers (e.g. through a rebate in their electricity bill) for purchasing a better energy efficient product but also for their flexibility to use this product in a smart and energy efficient way.

The role of regulators is fundamental here to ensure non-discriminatory access to the market, fair competition and that benefits of flexibility are passed onto the end-users.

### **IV. Benefits of smart and energy efficient demand**

Energy efficiency is a primary tool to reaching the EU decarbonisation objective which should be prioritised. Smart energy and efficient demand at residential level would bring further benefits. It would contribute to solving the problem of security of supply in allowing a better matching demand of energy with the supply of it, allow for a better integration of renewable energy sources and contribute to avoiding the installation of unnecessary fossils fuel power stations.

More importantly for consumers, it would keep their energy costs in check and positively impact the rising curve of energy costs at retail level. It will be conducive to the uptake of energy efficient technologies which would greatly contribute to EU's energy and climate objectives. Finally, promoting smart energy and efficient demand will ensure that consumers get the real value out of their flexibility and are further encouraged to adopt an energy efficient behaviour.