

## 2<sup>nd</sup> ACER DSF Expert Group Meeting

19 October 2021 from 09:30 to 12:30

Virtual meeting

Represented institutions	Remarks
ACER / Athina Tellidou, Mathieu Fransen, Guro Grøtterud	Chair, participants
E-CONTROL (Austria) Stefan Vogel	Chair
CREG (Belgium) Marijn Maenhoudt	Project team
CRU (Ireland) Adam Fitzpatrick	Project team
CRE (France) Cyprien Videlaïne, Juliette Leboda	Project team
ACM (Netherlands) Timon Dubbeling	Project Team
ARERA / Stefano Rossi	Project Team
BNETZA (Germany) Simon Behrens	Project Team
EI (Sweden) David Fried	Project Team
Enel / Daniel Davi Arderius	Expert
University of Ljubljana / Edin Lakic	Expert
PGE Dystrybucja / Ewa Mataczynska	Expert
DNV / Hans de Heer	Expert
Comillas Pontifical University / Jose Pablo Chaves Avila	Expert
PSE / Robert Kielak	Expert
Elia / Anna Tsiokanos	Expert
Digital4grids / Laurent Schmitt	Expert
Enel X / Paul Troughton	Expert
EDF / Yannick Phulpin	Expert
NeonEnergy / Lion Hirth	Expert
European Commission / Sabine Chrome	Observer
EU DSO / Torsten Knop, Paul de Wit, Carolina Vereda	Observer
ENTSO-E / Olivia Alonso Garcia, George Trienekens, Victor Charbonnier	Observer

## 1. OPENING

ACER welcomed the participants and presented the agenda, which was approved, and the housekeeping rules. The minutes from the last meeting were approved.

Experts comments to the note shared after last meeting are still welcome.

ACER clarified the difference between the roles of experts and observers.

ACER clarified confidentiality issues and rules for sharing of documents. Experts and Observers are allowed to share meeting materials within its companies and association's unless specifically pointed by information provider. However these information shall not be made public.

## 2. DEFINITION OF DSF AND ASSESSMENT CRITERIA

ACER presented their thoughts on the definition of DSF, and of assessment criteria given by the Electricity Regulation. A formal definition of DSF may be part of scope for European regulation.

### *Discussion*

Several aspects should be considered when drafting a definition of demand side flexibility: voltage level, size of assets to be included, implicit flexibility. The definition should include both flexibility traded among market participants and sold to system operators as a service. It was also suggested to define a glossary and to look to expert group 3 report from 2019.

Attention should be paid to what is meant by market participants: this may also include system operators and, potentially, prosumers.

The concept of implicit flexibility was thoroughly discussed.

Several experts pointed out that some parts of congestion management may be considered as a main topic for European harmonisation. Some experts pointed out that congestion management should be considered to encompass redispatching, countertrading and also local grid management. This latter may need longer term products, although in the future, shorter term local congestion management may be an additional product.

There were diverging views on whether congestion management on all levels should be considered under the same definition, or whether it should be split between voltage levels to recognize that the processes are different. Interaction between different services should also be considered.

The question of necessary level of European harmonisation for achieving the aims of the Regulation is a crucial one. This may also be more difficult for DSF and local markets than for wholesale markets, because there is less direct interaction between them. Member states may consider it their legal right to have national rules on this. However, although markets are local, market players and technologies are international, and thus too much market fragmentation in this area may harm market access across Europe.

Market barriers for DSF may be lack of harmonisation (example: different balance responsibility rules in different countries) or that current rules were developed for bigger assets and do not fit DSF well. It was stated that also smaller assets may impact XB capacity. However, for some experts, the root of the problem is visibility, and observability.

It was discussed whether the best way to work would be to go top down, i.e. start from the legal basis and ask whether harmonisation of each individual aspect is needed to achieve the aims in the regulation, or bottom up, i.e. identify barriers and discuss whether it is necessary to solve them on European level. Whichever method is used, one should bear in mind that very detailed European rules may be a barrier.

### **3. WHOLESALE MARKETS, FREQUENCY CONTAINMENT RESERVE**

The NRA chair-person presented the topics.

#### *Discussion*

No barriers for DSF participation in wholesale markets were mentioned. Focus should be on other areas, like balance responsibility rules, that differs largely across countries.

There were different views on whether frequency containment reserve (FCR) should be within the scope of the work on DSF. Today, assets under 1MW is excluded from FCR in several countries. It is unclear whether this is due to technical requirements or if opening the FCR for smaller assets would be possible.

### **4. ADEQUACY**

Views on whether capacity remuneration mechanisms may be included in the scope where diverging. However, including DSF in all markets may impact these mechanisms and the resource assessment.

### **5. IMPLICIT DSF**

Although most experts agree that there is a relation between explicit and implicit DSF, this is not considered to be topic that should be included in the scope of our work. Among other reasons, implicit DSF is not a tradable product, so is not market relevant.

### **6. NON FREQUENCY ANCILLARY SERVICES**

The question if non frequency ancillary services may also be relevant to DSOs was raised.

### **7. PLANNING AND NEXT ACTIONS**

ACER presented the dates of the coming meetings of the EG. Next EG meeting will be a full day meeting on 10 November. A fourth EG meeting may be organised 2 or 3 December.

Experts are invited to present their inputs from concrete work and projects during next EG meeting (10 November).

### **8. CONCLUSIONS/AOB**

#### **8.1 AOB**

Nothing under AoB.

## **8.2 Next meetings**

Next EG 10 November – full day meeting.