



Additional benefits of DR at local/distribution level

Veli-Pekka Saajo, Chair DS WG, Deputy Director General

6th May 2021



- CEER considers market-based procurement of flexibility as one very important option which could allow for a substantial benefit in the distribution grid, contributing to its further development to support as renewable, reliant and efficient an energy supply as possible
- The framework of procurement should be given time to develop properly and leave room for testing
 - It could also be beneficial to test some relevant aspects based on settings in regulatory sandboxes, where interactions between market functioning and scaling should be taken into account
- Further points for analysis, after gaining experience and seeing some of the practical implications, are:
 - the interaction between the different categories of DSO access to flexibility;
 - the NRA assessment of the market-based procurement;
 - and how to avoid higher costs
- This need for further analysis also goes for the interaction with other markets or flexibility valuation methods
- Furthermore, the interaction with other new actors like aggregators or energy communities needs to be observed and analysed





- CEER recommends the following principles for all kinds of market-based flexibility procurement by DSOs:
 - balanced incentives, adequate neutrality, technical prerequisites and an overall framework for procurement
- The market design should facilitate an optimal valuation of flexibility from a system point of view established through:
 - free price formation, free choice to participate where it creates the highest benefit, not to unduly blocking or hindering access, etc. Independent of the setup, the establishment of baselines and coordination schemes are a crucial aspect of products and their design and availability to other system operators and market parties
 - Clear definition of products
- DSOs to efficiently describe their needs for flexibility and source services from relevant providers – location of flexibility
- CEER believes that it is beneficial for system operators to strive for harmonisation when exchanging all forms of common data in such models, whether structural, scheduled or real-time, to the extent possible.
- Harmonisation of data made available to or collected from market participants and other third parties are also vital to secure interoperability between different control centre systems, individual actors and platform solutions



Flexibility Use at Distribution Level

Relevant national Framework (NRA, partly MS)

DSO grid problem

DSO's access to flexibility

Grid
rein-
force-
ment

Rules based
Approach

Connection
Agreements

Network
Tariffs

**Market-
based
Procure-
ment**

Options of DSO access to flexibility with an emphasis on market-based procurement.



Regulatory Challenges

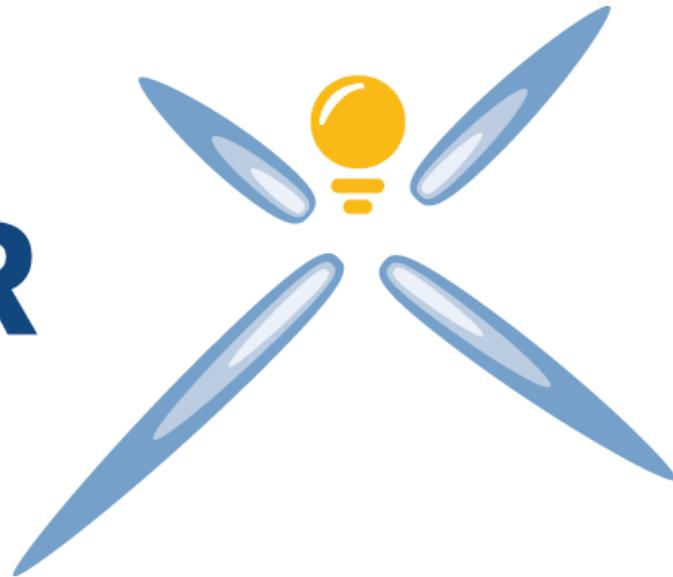
- Regulatory actions needed:
 - Incentives for innovation
 - Address capex bias
 - Data regulation securing transparency (hubs)
 - Incentives for procuring flexibility
 - Ability to create platforms – will they need to be regulated?
 - DSO - Neutral market facilitator
 - Network tariffs, dynamic or not
 - DSO-TSO roles and co-operation
 - Whole system approach



Thank you for your attention!

CEER

**Council of European
Energy Regulators**



www.ceer.eu

