Public Consultation - Network Code on Demand Response

Fields marked with * are mandatory.

Introduction

1. Objective

The objective of this consultation is to gather views and information from stakeholders regarding ACER's revisions on the EU DSO Entity's and ENTSO-E's proposal for a network code on demand response (related documents 'E' below). The input from the consultation will be used by ACER to further amend the draft network code and related legal framework before submitting the final recommendation to the European Commission by March 2025.

2. Target group

This consultation is addressed to Electricity Transmission System Operators (TSOs), electricity Distribution System Operators (DSOs), Regional Coordination Centres (RCCs), Nominated Electricity Market Operators (NEMOs), investors, network users, producers, suppliers, new market players, exchanges, balancing providers, public authorities, academics, think tanks, environmental groups, civic society and other interested parties.

3. Contact and deadline

You are kindly asked to submit your responses through the survey tool by **31 October 2024, 23:59 hrs** (CET).

Apart from replying to the survey questions, expressing your level of agreement/disagreement with the revisions, and providing your comments, you are also welcome to submit proposed amendments to the public consultation documents, through the 'file upload' section of this survey. In this case, **please use the following Word files** (can be downloaded from Section 6 on this page):

A. "20240905 DR NC ACER public consultation" with ACER's revisions to the EU DSO Entity's and ENTSO-E's proposal for a network code on demand response;

B. "20240905 EB Regulation amendments DR NC" with ACER's revisions to the Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (Electricity Balancing Regulation);

C. "20240905 SO Regulation amendments DR NC incl CACM 2.0" with ACER's revisions to the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (System Operation Regulation); and

D. "20240905 NC DC 2.0 amendments DR NC" with ACER's revisions to the Commission Regulation (EU) 2016/1388 establishing a network code on demand connection (Demand Connection Regulation).

In this case, and while providing your suggested amendments in **track changes** mode, please **use as** "**Author**" for your edits the name of the organisation/association/company on behalf of which the survey submission is made ("**entity name**" in the survey fields). Also, please use this approach (i.e. uploading a file) to <u>only</u> propose amendments to the text, <u>NOT</u> for providing comments, as the comments should only be submitted through the survey fields. Correspondingly, the survey fields should <u>NOT</u> be used for proposing amendments to the text.

In case of submissions that do not respect any of the above rules, they will be rejected and not be taken into consideration.

In case of questions on the public consultation you may send a request for clarification to **ACER-ELE-2024-008@acer.europa.eu**.

4. Identification data and confidential information

* Name of entity

WindEurope

* Name of the respondent

Vidushi Dembi

* Email

vidushi.dembi@windeurope.org

* Country of the entity's seat

- O Austria
- Belgium
- 🔘 Bulgaria
- Croatia
- Cyprus
- Czechia
- Denmark

- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Catvia
- 🔘 Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden

* Activity

- Trader (or association)
- Energy supplier (or association)
- Aggregator (or association)
- Generator (or association)
- Utility (or association)
- End-user (or association)
- Market operator (or association)
- Transmission network operator (or association)
- Distribution network operator (or association)
- Regulatory authority
- Other (please specify)
- * Does your submission into this consultation contain confidential information?
 - Yes
 - No

5. Publication of responses and privacy

The Agency will publish all non-confidential responses, and it will process personal data of the respondents in accordance with Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, taking into account that this processing is necessary for performing the Agency's consultation task. For more details on how

the contributions and the personal data of the respondents will be dealt with, please see the specific privacy statement attached to this consultation.

I confirm having read the <u>Data Protection Notice</u>

6. Consultation documents

Consultation note (**Important:** please read this document before responding to the survey) 20240905 Note on public consultation on DR NC.pdf

A. "20240905 DR NC ACER public consultation" with ACER's revisions to the EU DSO Entity's and ENTSO-E's proposal for a network code on demand response <u>20240905_DR_NC_ACER_public_consultation.docx</u>

B. "20240905 EB Regulation amendments DR NC" with ACER's revisions to the Commission Regulation
 (EU) 2017/2195 establishing a guideline on electricity balancing (Electricity Balancing Regulation)
 20240905_EB_Regulation_amendments_DR_NC.docx

C. "20240905 SO Regulation amendments DR NC incl CACM 2.0" with ACER's revisions to the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (System Operation Regulation)

20240905_SO_Regulation_amendments_DR_NC_incl_CACM_2.0.docx

D. "20240905 NC DC 2.0 amendments DR NC" with ACER's revisions to the Commission Regulation
 (EU) 2016/1388 establishing a network code on demand connection (Demand Connection Regulation).
 20240905 NC DC 2.0 amendments DR NC.docx

E. Article mapping table of the network code on demand response (consultation document 'A' vs related document 'E')

Article_mapping_table_PC.xlsx

7. Related documents

A. <u>Regulation (EU) 2019/942</u> of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators.

B. <u>Regulation (EU) 2019/943</u> of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast).

C. <u>Directive (EU) 2019/944</u> of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive (EU) 2012/27 (recast).

D. ACER Framework Guideline on Demand Response, 20 December 2022.

E. EU DSO entity and ENTSO-E proposal for a network code on demand response (full proposal package)

Article 2 Image: Constraint of the second secon		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
Article 3 Image: Constraint of the con	* Article 1	۲	0	۲	0	۲	۲
Article 4 Image: Constraint of the con	* Article 2	O	۲	0	0	0	۲
Article 5 Image: Constraint of the con	* Article 3	O	0	۲	0	0	0
Article 6 Image: Constraint of the con	* Article 4	0	۲	0	0	0	0
Article 7 Image: Constraint of the con	* Article 5	۲	0	0	0	0	0
Article 8 Image: Section of the sec	* Article 6	0	0	۲	0	0	0
Article 9 Image: Section of the sec	* Article 7	0	0	۲	0	0	0
Article 10 Image: Constraint of the co	* Article 8	O	0	۲	0	0	0
Article 11 Image: Constraint of the co	* Article 9	0	0	۲	0	0	0
Article 12 Image: Constraint of the co	* Article 10	0	0	۲	0	0	0
Article 13 Image: Constraint of the co	* Article 11	O	0	۲	0	0	0
Article 14 Image: Constraint of the co	* Article 12	O	O	۲	0	0	0
Article 15 Image: Constraint of the	* Article 13	O	0	۲	0	0	0
Article 16 Image: Constraint of the second sec	* Article 14	0	0	۲	0	0	0
Article 17 Image: Constraint of the second sec	* Article 15	O	0	۲	0	0	0
	* Article 16	O	0	۲	0	0	۲
Article 18	* Article 17	0	0	۲	0	0	0
	* Article 18	0	0	۲	0	0	0

Opinion table

	Comment
Article 1	
Article 2	Definitions of flexible and firm injection and withdrawal must be defined in the
Article 3	
Article 4	
Article 5	This draft Network Code fails to achieve the intended harmonization of mar numerous methodologies to TSOs and DSOs and anticipates that most of t be further defined in national Terms and Conditions or Methodologies. This the Network Code, as it delegates fundamental elements to a subsidiary pro- comprehensively at the European level, which is essential for achieving effer A more integrated approach would enhance consistency across markets, re- facilitate cross-border operations. This would lead to a more harmonized re- efficiency and enabling more effective coordination between stakeholders a Additionally, it could simplify compliance for market participants operating in the development of a truly integrated internal energy market.
Article 6	
Article 7	
Article 8	
Article 9	
Article 10	
Article 11	
Article 12	
Article 13	
Article 14	
Article 15	
Article 16	

this Network Code.

narket rules. It assigns the development of of the aspects requiring harmonization will his approach undermines the purpose of process rather than addressing them effective market harmonization.

, reduce administrative complexity, and I regulatory framework, improving market rs at both the national and European levels. g in multiple jurisdictions and contribute to

non table	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* Article 19	0	0	۲	0	0	0
* Article 20	0	0	۲	0	0	0
* Article 21	0	0	۲	0	0	0
* Article 22	۲	0	0	0	0	0
* Article 23	0	0	۲	0	0	0
* Article 24	O	0	۲	0	0	0
* Article 25	O	0	۲	0	O	0
* Article 26	۲	0	0	0	0	0
* Article 27	O	0	۲	0	O	0
* Article 28	O	0	۲	0	O	0
* Article 29	0	0	۲	0	0	0
* Article 30	O	0	۲	0	O	0
* Article 31	0	0	۲	0	0	0
* Article 32	0	0	۲	0	0	0
* Article 33	O	0	۲	0	O	0
* Article 34	O	0	۲	0	O	۲
* Article 35	0	0	۲	0	0	۲
* Article 36	O	0	۲	0	O	۲
* Article 37	0	0	۲	0	0	0

Opinion table

Article 19 Article 20 Article 21	
Article 20	
	The network code does not attempt to define how the baseline in the presen
Article 21	
Article 22	it simply tasks TSOs / DSOs with calculating the baseline. We see no reason a supplementary process rather than now in the network code itself.
Article 23	
Article 24	
Article 25	
Article 26	The prequalification rules are not harmonized in this draft network code, which continue to differ. Therefore, some products will continue to be traded across even though they are of different quality depending on where they were prec
Article 27	
Article 28	
Article 29	
Article 30	
Article 31	
Article 32	
Article 33	
Article 34	
Article 35	
Article 36	
Article 37	

sence of demand response is set. Instead,
ason why this task should be completed in
which means that prequalification rules will cross borders in Common Merit Orders, prequalified (e.g. balancing products).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* Article 38	0	۲	0	0	0	۲
* Article 39	۲	۲	0	0	۲	۲
* Article 40	۲	0	0	0	0	۲
* Article 41	0	۲	0	0	0	۲
* Article 42	۲	۲	0	0	۲	۲
* Article 43	0	۲	0	0	0	0
* Article 44	0	0	۲	0	0	۲
* Article 45	۲	۲	۲	0	۲	۲
* Article 46	0	0	۲	0	0	۲
* Article 47	0	0	۲	0	۲	0
* Article 48	۲	0	۲	0	۲	0
* Article 49	0	۲	0	0	0	0
* Article 50	۲	۲	0	0	۲	0
* Article 51	۲	0	۲	0	۲	0
* Article 52	0	۲	0	0	0	0
* Article 53	0	0	۲	0	0	0

Opinion table

	Comment
	1) The Electricity Market Design reform mandates the National Regulatory A frameworks to give the possible to the system operators to offer flexible flex contain any EU level guidance or details on how to do so. This network cod guidance on this. There is currently no process or timeline on when each NI what happens in the meantime or before these frameworks will develop is n
Article 38	 3) The system operator monitoring and assessment of grid conditions and the be provided in a grid area (flexible connection, market based procurement of left at the if some party thinks this is needed. This has been already discuss committee. How should NRA or TSO know that an assessment is needed in to be made a regular processes e.g., once in two years. Also, it is not clear on the basis of what will it decided if the market based protection that it is assessed similarly among markets.
	1) The derogation from market based procurement services must be based set at EU level by ACER.
	2) ACER must also set criteria to ensure derogation process is transparent, documented and based on reasoned grounds.
Article 39	3) The point on derogation process by NRA to take into account size of DSC be granted more easily for smaller DSOs? How is the limit defined and who followed among countries?
	6) In case of derogation, the regulatory authority must not only notify but es by these to make the derogation more difficult to obtain.
	- EMD mandates the NRAs to develop national frameworks for SOs to offer regulation guiding the NRAs meaning that each NRA will develop a framework variations in timeline and conditions. This Network code should firstly includ connection and then provide some guidance or recommendations on duration

y Authorities to develop national level lexible connections. However, it doesn't ode is the appropriate regulation to provide NRA will develop the framework. Also, s not clear.

d to decide on which solution is the best to at etc.) must be a regular process, and not ussed at length in the NC DR drafting d in absence of any monitoring? This has

procurement is considered inefficient, and

ed on well defined and transparent criteria

nt, non-discriminatory, non-biased, well

SOs is not clear. Will some derogations ho sets it to make sure a similar process is

essentially should be subject to approval

fer flexible connections. But there is no ework on their own terms leading to ude definition of a firm and flexible ation of such contracts, set point, how

Article 40	curtailment will be defined in such contracts and how compensation will work
	- It is critical to have more EU level discussion and guidance on this. For inst capacity is allowed to be "flexible". Some TSOs are offering 100% flexible co connect, and this has significant implications especially for renewables where by the asset developer e.g., offshore wind farms.
Article 41	2) It should be avoided that we end up with different local market operators for (for example in Germany where we have hundreds of DSOs), the network contained and local market operators a mandate to cooperate and to at least create a contained participants in each bidding zone.
Article 42	6) The system operator should not be responsible for transferring market act efficiency between marketplaces is foreseen here, a concept of market platfor instead. In general, an independent market operator should be aimed at to e system operator as well as the market parties.
Article 43	3) The system operator should not be responsible for transferring market act efficiency between marketplaces is foreseen here, a concept of market platfor instead. In general, an independent market operator should be aimed at to en- system operator as well as the market parties.
Article 44	
Article 45	
Article 46	
Article 47	
Article 48	
	1) The draft NC does not satisfactorily fulfil section 2.5 of the ACER Framew stated that other sources of flexibility including grid optimization technologies storage by TSOs.
	The "market test" (i.e. the establishment of the fact that the market is not able should be transparently consulted upon.

ork etc.

nstance there must be cap on how much connections as the only option to here the location or timing is not decided

rs for each DSO. To avoid fragmentation code should give TSOs, DSOs, NRAs a common interface for market

actors' bids to other markets. If higher atform coupling should be developed o establish a neutral entity between each

actors' bids to other markets. If higher atform coupling should be developed o establish a neutral entity between each

ework Guideline, as it needs to be clearly jies are preferable to the construction of

able to deliver the necessary batteries)

Article 49	Quote from paragraph 39 of FG: "The specifications of the tender shall be NRA approval prior to the tendering process."
	Furthermore, the Framework Guideline on Demand Response, specifically grant derogations for shared ownership of storage facilities when a third pareasonable cost and in a timely manner. However, the current draft of the "reasonable cost" and fails to stipulate that this option must be thoroughly be a concerted effort to define "reasonable cost" explicitly and to delineate delivery may be considered "unreasonable." Additionally, any storage added should be part of the DNDPs.
Article 50	The draft NC does not satisfactorily fulfil section 2.5 of the ACER FG, as it sources of flexibility are preferable to the construction of storage by TSOs technologies.
Article 51	
Article 52	It is crucial to consider the status of flexible connections and local markets include grid optimization technologies.
Article 53	

e submitted to public consultation and to

ly paragraph 39, authorizes the NRA to party is unable to provide a service at a NC DR lacks clarity on what constitutes a v explored as a prerequisite. There should e circumstances under which service

t needs to be clearly stated that other . This must also include grid optimization

s while developing DNDPs. This must also

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* Article 54	0	0	۲	0	۲	۲
* Article 55	0	0	۲	0	0	۲
* Article 56	0	0	۲	0	0	0
* Article 57	0	0	۲	0	0	0
* Article 58	0	0	۲	0	0	0
* Article 59	0	0	۲	0	0	0
* Article 60	0	0	۲	0	0	0
* Article 61	0	0	۲	0	۲	0
* Article 62	0	0	۲	0	0	0
* Article 63	0	0	۲	0	0	0
* Article 64	0	0	۲	0	0	0
* Article 65	O	0	۲	0	O	0
* Article 66	0	0	۲	0	0	0

Opinion table

	Comment
Article 54	
Article 55	
Article 56	
Article 57	
Article 58	
Article 59	
Article 60	
Article 61	
Article 62	
Article 63	
Article 64	
Article 65	
Article 66	

What is your general opinion on ACER's revisions to the Electricity Balancing (EB), System Operation (SO) and Demand Connection (DC) Regulations (per topic)?

EB Regulation: Revision topics & related articles

Topic 1. Functions and responsibilities: Articles 15-18

Topic 2. Requirements for standard products: Articles 25 and 62

Topic 3. Settlement of balancing energy: Articles 45 and 49

Topic 4. Imbalance settlement: Articles 52 and 54

Topic 5. Financial transfer and compensation: Article 55A

SO & DC Regulations: Revision topics & related articles

Topic 6. Moving provisions regarding demand units providing demand response from DC Regulation to SO Regulation: Articles 2, 52, 53, 54, 56, 81, 105, 107, 127, 154 and 156 (SO Regulation) / Articles 27-33, 41 and 45 (DC Regulation)

Topic 7. Consistency with demand response network code provisions regarding data exchange between TSOs and DSOs, in line with the DSO observability area: Articles 40, 51 (SO Regulation)

Topic 8. Consistency with demand response network code provisions regarding grid prequalification and temporary limits: Article 182 (SO Regulation)

Topic 9. Moving provisions regarding data exchange from system users from demand response network code to SO Regulation: Article 53 (SO Regulation)

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	No opinion
* Topic 1	0	0	0	0	0	۲
* Topic 2	0	0	0	0	0	۲
* Topic 3	0	0	0	0	0	۲
* Topic 4	0	0	0	0	0	۲
* Topic 5	0	0	0	0	۲	۲
* Topic 6	0	0	0	0	0	۲
* Topic 7	0	0	0	0	۲	۲
* Topic 8	0	0	0	0	0	۲
* Topic 9	0	0	0	0	0	۲

Opinion table

	Comment
Topic 1	
Topic 2	
Topic 3	
Topic 4	
Topic 5	
Topic 6	
Topic 7	
Topic 1 Topic 2 Topic 3 Topic 4 Topic 5 Topic 6 Topic 7 Topic 8 Topic 9	
Topic 9	

Topic 1: Level of harmonisation

The aim of the new rules on demand response is to enable the participation of demand response including load, energy storage and distributed generation (individually or aggregated) in all electricity markets, contributing to market integration, non-discrimination, effective competition and the efficient functioning of the market. However, respecting the principle of proportionality, the new rules should not go beyond what is necessary to achieve this purpose. Following the requirements of the framework guideline, ACER tried to revise the proposal to achieve this balance, through the establishment of national TCMs, which will be further harmonised through European methodologies in the future.

Consultation questions

1. Do you see any harmonisation requirements of the framework guideline not being covered by the demand response network code articles or the amendments to the existing regulations?

Yes

No

* 1.1 Please provide the respective framework guideline paragraph numbers. (note: please do not include here requirements of the framework guideline that are not fully addressed in the network code, as this can be added as a comment in the respective article's comment box)

This draft Network Code (NC) fails to achieve the intended harmonization of market rules. It assigns the development of numerous methodologies to TSOs and DSOs and anticipates that most of the aspects requiring harmonization will be further defined in national Terms and Conditions or Methodologies (TCMs). This approach undermines the purpose of the Network Code, as it relegates fundamental elements to a subsidiary process rather than addressing them comprehensively at the European level, which is essential for achieving effective market harmonization.

2. Do you see any areas of the demand response network code where stronger requirements are needed when it comes to harmonisation?

- Yes
- No

*2.1 Please name the top three areas, providing comments on the direction of the harmonisation.

A more integrated approach would enhance consistency across markets, reduce administrative complexity, and facilitate cross-border operations. This would lead to a more harmonized regulatory framework, improving market efficiency and enabling more effective coordination between stakeholders at both the national and European levels. Additionally, it could simplify compliance for market participants operating in multiple jurisdictions and contribute to the development of a truly integrated internal energy market.

Topic 2: Structure of terms and conditions or methodologies

As presented in Section 9.2 of the attached note on public consultation on DR NC, in the revised network code, ACER opted for splitting the various national TCMs, although the intention of the framework guideline was to have less TCMs. ACER considers that this merging should be the final goal, as it ensures higher

consistency between the different TCMs and is beneficial for all involved parties: both administratively (development and approval of the respective proposal) and content wise (involvement of the stakeholders and implementation). Therefore, ACER considers potential merging and asks for the stakeholders' views on that.

Consultation questions

3. Do you see benefit in further merging the different national TCMs?

- Yes
- 🔘 No

4. Do you consider that some topic should be addressed in a different national TCM?

- Yes
- 🔘 No

Topic 3: Amendments to existing regulations

As mentioned in Section 9.3 of the attached note on public consultation on DR NC, ACER agrees with some of the system operators' proposed amendments to existing regulations, but further assesses the full package, especially the amendments proposed by ENTSO-E alone. Although the stakeholders are invited to submit their views on the specific amendments proposed by ACER in the respective parts of the survey, below you are also invited to submit more general views on the amendment to existing regulations, as part of the new rules on demand response in the context of this process.

Consultation questions

5. Do you see additional amendments needed in the System Operation Regulation?

- Yes
- No

6. Do you see additional amendments needed in the Electricity Balancing Regulation?

- Yes
- No

7. Title III of the DR NC covers the qualification of service providers, SPUs and SPGs, for balancing and local services procured in accordance with a market-based mechanism. Do you consider that part(s) of Title III should be transferred in another regulation?

Yes

No

File upload

Important reminder

Before uploading proposed amendments to the consultation documents, please make sure that:

- the name of the organisation/association/company on behalf of which the survey submission is made ("entity name" in the survey fields) appears as "Author" for <u>all edits</u> made to the documents; and
- the documents to be uploaded include <u>only</u> **proposed amendments** to the text and <u>not</u> **comments**, which should only be submitted through the survey fields.

Please upload your proposed amendments to file "20240905 DR NC ACER public consultation" Only files of the type doc,docx are allowed

838c4d67-63b4-4a34-8f3b-9be41477cd9f/20240905_DR_NC_ACER_public_consultation_WindEurope. docx

Please upload your proposed amendments to file "20240905 EB Regulation amendments DR NC" Only files of the type doc,docx are allowed

Please upload your proposed amendments to file "20240905 SO Regulation amendments DR NC incl CACM 2.0"

Only files of the type doc,docx are allowed

Please upload your proposed amendments to file "20240905 NC DC 2.0 amendments DR NC" Only files of the type doc,docx are allowed

Contact

ACER-ELE-2024-008@acer.europa.eu