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Responss to Public Consultation on EU DSO Entity and ENTSO-E DRAFT “Proposal for a Network Code on Demand Responss”

Swedenergy collects and gives voice to around 400 companies that produce, distribute, sell and store energy. Our goal is to develop the energy industry – for the benefit of all, based on knowledge, an overall view of the energy system and in cooperation with our environment.

Input from Swedenergy

This input is sent directly to EU DSO Entity since it only contains input referred to distribution system operators. The input that refers to other stakeholders has been sent in to the open consultation.

Whoever has the physical limitation is responsible for mitigating it

In the network code there is a need of more information and clarification on how operational limitations should be interpreted. We think that whoever has the physical limitation is responsible for mitigating it.

In title IV (whereas) we would like the following additions:

(xxx) Systems operators having the physical limitation have the cost responsibility for congestion management.

We also think that the definitions of congestion issue and voltage issue should be improved with more clarifying terms. The vocabular “issue” is not the best word to use here. It is important that national framework also guide us and be involved here.

We also suggest following wording and definition for:

Art 2(7) ‘Intrazonal congestion management’ means managing a situation within a bidding zone when the electric current flows through a physical asset exceeds operational limits. Systems operators are defining their operational limits in line with their national framework.

Art 2(8) ‘Intrazonal voltage control’ means managing a situation within a bidding zone when voltage is above or below operational limits. Systems operators are defining their operational limits in line with their national framework.

Art 47(2) has an explanatory note that explains operational limits. It is better to put that information in Art 2 together with the other definitions. It is important

that it is system operators themselves, and no one else, that decide on their operational limits. The explanatory note states that operational limits *may* include different types of limits. It is important that system operators have the right to decide their own operational limits. It is essential that the responsibility and cost allocation are resolved at national level and that it is clear that system operators themselves are in charge.

We suggest following complement to the regulation about operational limits:

High level principles of operational limits and responsibility shall further be developed in the national term and conditions.

Art 48(12) states that “the costs for procuring congestion management and voltage control services shall be allocated and recovered in line with the applicable national”. We endorse that writing and think it is good that the respective conditions of the different member states can be taken into account.

Art 56(1) states that “Systems operators shall describe in terms and conditions referred to in Article 48(4), functional requirements of local market operators and a process for nomination of local”. We support this text as it is proposed.

Art 57(4) states that “...The local market operator is prohibited from performing any arbitrage in the bid selection or acting as market participant in the market in which they act as the local market operator”. What is happening if a system operator wants to be a market operator? Is that prohibited with this writing? The role of a system operator that is operating as a local market operator needs to be clarified.

Network development plans

Art 64(5) b states that “the planning criteria used by the DSO to identify and plan network development projects, including the connecting of new grid users and reinforcing the network while ensuring the best collective welfare.”

“Collective welfare” is a new wording in this network code, and this is the sole instance where it is used throughout the code. We wish to replace “collective welfare” with “social welfare” as the latter is the wording used in the framework guideline. Also, we wish it to be clarified that it is up to each member state to define the meaning of social welfare.

In the Directive (EU) 2019/944 of the European parliament and of the council of 5 June 2019 on common rules for the internal market for electricity and amending and amending Directive 2012/27/EU art. 32(4) it says that: “The distribution system operator shall consult all relevant system users and the relevant transmission system operators on the network development plan...”.

In the network code it now is stated in art 68. that: “The consultation process of the Network Development Plan made by DSO shall be open and clear to all system users and the distribution and transmission system operators and gives equal opportunities to participate and provide feedback”.

We notice that there is a difference between those two writings, and we suggest that *relevant* system users and shall be used even in the network code. We also suggest an amendment that *relevant stakeholders* shall have opportunities to participate and provide feedback. Therefore our suggestion is:

The consultation process of the Network Development Plan made by DSO shall be open and clear to all relevant system users, all relevant stakeholders, and the distribution and transmission system operators and gives equal opportunities to participate and provide feedback.



Åsa Pettersson
CEO, Swedenergy

Response ID ANON-JBU7-6GQB-8

Submitted to DSO Entity & ENTSO-E Public consultation on Network Code for Demand Response
Submitted on 2023-11-10 11:51:47

Introduction

1 What is your name?

Name:
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2 What is your email address?

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3 What is your organisation?

Organisation:
Swedenergy AB

4 Terms of Use

I agree to ENTSO-E's Consultation Hub Terms of Use:
Yes

5 Privacy Policy

I agree to ENTSO-E's Consultation Hub Privacy Policy:
Yes

6 If you tick this box, we will not publish your answer to this consultation. However, your answer, without your name and organization, may be shared with EU and national authorities, drafting committee members, and other persons or entities involved in the adoption process of the consulted document to ensure the performance of ENTSO-E legally mandated tasks.

I want my answer to be confidential and not to be published:
No

Reason for the request of confidentiality:

Article 2

9 Your views on Article 2:

Your comment on the article::

We think that the definitions of congestion issue and voltage issue should be improved with more clarifying terms. The vocabular "issue" is not the best word to use here. It is important that national framework also guide us and be involved here.

Your text proposal: :

Art 2(7) 'Intrazonal congestion management' means managing a situation within a bidding zone when the electric current flows through a physical asset exceeds operational limits. Systems operators are defining their operational limits in line with their national framework.

Art 2(8) 'Intrazonal voltage control' means managing a situation within a bidding zone when voltage is above or below operational limits. Systems operators are defining their operational limits in line with their national framework.

Article 21

28 Your views on Article 21:

Your comment on the article::

21.9: We don't understand how this paragraph is to be interpreted. The BRP of the service provider shall receive data. Is it from the DSO? Also, the supplier or the BRP associated to the supplier, shall "be responsible for the reception of the relevant data values of the metering point for all timeseries with exception of the specific data related to the activation". What is the meaning by that? What is the supplier/BRP responsible for? Is the DSO not responsible for the collection and reporting of these values? And why is the supplier/BRP not going to receive data related to the activation. It is of great importance for the supplier/BRP to be able to validate data related to activation, since the activation can trigger compensation.

Your text proposal :

Article 22

29 Your views on Article 22:

Your comment on the article::

Two scenarios are described in article 22.5 a och b.

In (a) the service provider provides a demand reduction, and this can result in a compensation to the supplier.

In (b) the service provider offers an increased demand, and this can result in a compensation from the supplier to the service provider.

It is not described in which time frame the demand reduction/increase is decisive. The service provided can amount to load being moved from one hour to another, effecting the suppliers forecast and costs in both hours. With a narrow perspective in the regulation there is a risk of not reflecting the demand reduction/increase in an appropriate manner. It is also important to remember that suppliers take all risk of any divergence in electricity volume from the forecast. This would constitute a new risk that the supplier would have to manage. Without full compensation the supplier would have to transfer the risk to the customer collective (including vulnerable customers, probably less likely to participate in the use of aggregation services).

Offering fixed price contracts to consumers are dependent on the possibility for the supplier to do price hedging. Hedging might even be introduced as an obligation, due to the ongoing work to reform the EU electricity market design. Therefore, it is fundamental and of most importance, that the new network codes value hedging and see hedging costs as part of necessary compensation to suppliers.

Your text proposal :

Article 24

31 Your views on Article 24:

Your comment on the article::

24.4: What is meant by "if applicable". In what situations is it applicable? And why should only the BRP receive notification? Will this information also reach the supplier/the BSP?

Your text proposal :

Article 33

40 Your views on Article 33:

Your comment on the article::

33.4: The article regulates that it should be possible to switch CUs between SPs in three weeks at the entry into force of the Regulation. Three years after entry into force of this Regulation, however, the switch is mandatory to be made in a maximum of 1 business day. The latter is such a short time frame that it is hard to see that it would even be possible. At least not without great cost. It is even harder to understand the rush in the switch. It is vital that the code does not encourage and give room for unfair business practices. The introduction of new roles in the energy market will in some ways make it more challenging to be a customer. It is necessary to also consider this aspect when designing the new market.

Your text proposal :

Article 39

46 Your views on Article 39:

Your comment on the article::

The new flexibility register platforms will have to be able to handle enormous amounts of data. It seems almost impossible to succeed with this task without having a datahub in operation. Especially when this is not the case, the cost of quickly building the platform will most certainly be enormous. Large amounts of data will also call for extensive security requirements. Although an overall comment to the code as well, it is particularly important to consider at which cost the flexibility register will come.

Your text proposal :

Any supporting material from your side:

98 Please upload any supporting material you deem beneficial for the NC DR Development Team

Why this document is beneficial? :

General input (note that no file is attached).

-In the network code there is a need of more information and clarification on how operational limitations should be interpreted. We think that whoever has the physical limitation is responsible for mitigating it.

-New concepts, definitions and roles in the energy market are introduced in the code without regard to existing ones in other EU regulation. One example is the introduction of Congestion issues while other regulation uses Congestion management. It is unclear how these terms differ and why it is deemed necessary to have two different terms.

-The lack of a cost-benefit-analysis is surprising. Without it there is no evidence that the cost of introducing this regulation in any way matches the benefits gained from it.

-There should be a limit to how small a unit can be and still be subject to the regulation. At least there should be limits to what rules that apply to the smallest units, especially regarding registration and reporting.

-It is not clear which market products are regulated where in the code. There are significant differences between balancing products, voltage level control and congestions management. There can be no doubt remaining in the final draft.

Supportive material by respondents:

No file uploaded