

To the attention of
European Union Agency for the Cooperation of Energy Regulators
Electricity department

Object: Equigy's response to the Public Consultation - Network Code on Demand Response

Small, distributed resources, such as electric vehicle charging points and heat pumps, are on the rise. In theory, these resources are perfectly able to provide load-shifting services, therefore contributing to the flexibility needs of the system. However, this potential, as of today, remains largely untapped. In fact, by “nature”, these resources are quite heterogenous, which means that it is not straightforward to communicate with them in the absence of EU standards. **The key to enabling a massive participation of small, distributed resources is to reduce what economists call transaction costs.**

The term “transaction” encompasses everything from registration, to bidding, to activation and settlement. Transaction costs are very relevant for small resources, because one needs to coordinate thousands of small units to achieve the same effect of a traditional power plant. To reduce transaction costs, it is essential to develop and implement standards, especially in the data exchange process, and establish more digital platforms, such as a centralized register for flexibility resources.

In this context, Equigy welcomes the draft document of the Network Code on Demand Response, as it represents an important milestone in enabling the participation of small, distributed resources in the energy markets. In particular, Equigy welcomes the proposed Flexibility Information System which establishes a single and common access point for all market participants at Member State level. The introduction of one single interface, as opposed to multiple interfaces with multiple APIs, would indeed make it easier for SPs to participate to the markets, by harmonising the procedures for SPs to register their asset at MS level. However, Equigy sees a risk in decentralizing the flexibility information system through multiple SP modules and multiple CU modules, leading to ICT fragmentation and to the proliferation of different platforms at national level. Such decentralised system could pose some challenges to the harmonisation and simplification of processes (e.g. *incompatibility between modules, data silos, higher maintenance costs, etc.*). Therefore, for countries where no centralized solution has been developed yet, Equigy believes that a decentralised approach could be a viable alternative for a national centralized approach, but only if unified access via a single interface is guaranteed for market participants. Furthermore, in order to facilitate the creation of a harmonized EU-level interface later, Equigy recommends defining a minimum set of data points for flexible assets that every MS should adopt when setting up their national flexibility information systems.

Equigy also highlights that the new Network Code is an opportunity to accelerate the rollout of standards for data exchange. To this end, the NC DR should mandate a reasonable timeline for implementing *existing* standards for the data exchange between BSPs and TSOs. These standards are already used for the TSO-TSO communication in the context of the EU Balancing Platforms but are not yet widely used for TSO-BSP data exchange. A second aspect would be to mandate to ENTSO-E, the DSO Entity as well as other relevant EU associations, the task to develop new EU-wide standards for the communication between TSOs, DSOs, Service Providers and “Controllable Units” (such as electric vehicle charging points and heat pumps).

Finally, Equigy would like to highlight that the processes for the implementation of new standards are lengthy and complicated, not only because there are several stakeholders involved, but also because the update of the ICT systems requires a long time. In fact, the time needed to update the ICT system has been consistently underestimated in the past. Finally, Equigy would like to highlight that the processes for the implementation of new standards are lengthy and complicated, not only because there are several stakeholders involved, but also because the update of the ICT systems requires a long time. In fact, the time needed to update the ICT system has been consistently underestimated in the past. Therefore, Equigy recommends that this network code ensures standardization is being directly addressed in the network code, as this would enable implementation timelines to be as short as possible and to address ICT updates in a timely manner.