



SEDC Policy Statement

The **SEDC** is an industry group, which supports the development, deployment and utilisation of smart energy demand in order to further the development of the Smart Grid.

The SEDC **vision** is to promote the active participation by the demand side in European electricity markets – ensure consumer benefits, increase security of supply and reduce carbon emissions.

The SEDC **focus** is to promote Demand Side programmes such as, demand response and time-varying pricing, energy efficiency, energy usage feedback and information, smart home, in-home and in-building automation, electric vehicle charging management, and other programmes related to making demand a **smart**, interactive part of the energy value chain.

Demand response, energy efficiency, feedback and other demand side programmes lower electricity costs, support the integration of renewables, improve efficiency and create direct consumer benefits. They also provide a direct source of revenue to local communities, businesses and households.

1. Ensuring demand-side resources access electricity markets

Background: *The Third Energy Package and the Energy Efficiency Directive opened new opportunities for demand-response programmes by establishing critical enabling principles, such as the access of demand-side resources to energy markets and ‘close cooperation with demand side service providers and consumers, to define technical modalities for (Demand Response) participation’ (Art. 15.8). However, the implementation of these technical modalities is not being fully implemented in accordance with the Directive. Further reforms of the energy market at EU level should be undertaken in order to ensure a consistent set of rules that clarify demand-side resource access to markets, financial value and the role and responsibilities of players within the energy value chain.*

- **Improve market competition:**
 - The SEDC supports unbundled markets and market competition at the retail and wholesale level.
- **Legalise Demand Response participation :**
 - The participation of any load – aggregated or not – should be legal, encouraged and enabled by the Regulator in any electricity market. Demand response should be compensated at the full market value of the service provided. Aggregated prices and volumes procured by TSOs should be transparent and published on the balancing markets.
- **Clarify the role of the DSO, ensuring improved network efficiency:**
 - Considering the radical changes faced by the power system and networks (higher penetration of distributed electricity resources, including renewables and other flexibility resources, development of smart grids, implementation of capacity markets), the role of DSO should be redefined to make sure DSOs are entitled to play a more active role in the management of their local grid.
- **Enable DSO to procure flexibility services to improve the efficiency of their grids:**
 - In particular, DSOs should be entitled to procure flexibility services to solve their grid constraints (to solve voltage issues or manage local congestions). Demand response providers, DSOs and TSOs should coordinate and exchange information in order to enable efficient use of Demand Response.

2. Ensuring energy consumers access to demand-side services

Background: *The European energy system is undergoing a profound transformation. This includes, the large-scale integration of intermittent renewable energy sources coupled with the development of the smart grid and the renewal of infrastructure. All of these necessitate the utilisation of demand side resources to balance the grid and act as an intelligent partner to generation, while ensuring direct consumer benefits. However, much of today's energy market regulation is still designed for the centralised generation model, and no longer always reflects political aims, nor does it allow the system to prepare for future challenges. There is therefore an urgent need for renewal and review:*

- **Create a clear path to markets and services for consumers:**
 - Consumers should have the right to contract with any demand response or energy efficiency service provider of their choice, without requiring the permission of their BRP or Retailer. This entails that demand-side resources may be independent of the retail electricity provider and that aggregators and/or consumers can function as independent entities within the markets. In the case the supplier bought electricity they are unable to resell due to a demand response activation by a third party in their parameter, the supplier would need standardised financial adjustment procedures for electricity purchased and sold, to adjust the costs and benefits incurred.

- **Streamlined and enabling contractual arrangements which empower demand-side resources to participate in the markets:**
 - As and when such arrangements are needed, national regulators should oversee the creation of streamlined, simple contractual and payment arrangements between TSOs, DSOs, retailers, BRPs and , aggregators in a manner which lowers market complexity, and facilitates demand response programme growth and consumer benefits.

3. Clarifying the regulatory framework for data management in the energy sector

Background: *There is relatively little discussion concerning secure and privacy compliant data management regulation, aiming to support fair competition between different market actors and enabling innovative business models. Given that the future energy landscape will bring many more players, it is critical for Europe to develop a framework ensuring data access and remote management of device functionalities in a trusted, transparent and technology-neutral manner:*

- **Non-discriminatory data access:**
 - Equal, and direct access to all data should be enabled in a non-discriminatory manner to third parties, with the participant's permission, unless otherwise defined by regulation. The procedure to gain access shall be cost efficient and simple.
- **Open Communication standards are key building blocks of non-discriminatory data access:**
 - Collection of and access to data shall be based on open communication standards in a secure manner and accessible to the consumer ensuring that all authorised regulated and commercial actors are able to trust this data as basis for commercial settlements
- **Allow for regulated data collection and measurement by third parties to empower consumer participation when needed:**

If existing measurement and data collection infrastructures is insufficient to allow consumer participation in demand side programmes, third parties should be allowed to collect and provide appropriate data in a regulated framework and with the consent of the consumer, in order to enhance consumers' choice and enable programme participation. The interfaces to regulated entities shall be clearly defined based on standard protocols and data formats.
- **Make Smart Meter data available to consumers:**

Where smart meters are deployed, and aligned with the Energy Efficiency Directive, detailed consumption data should be available online to the final customer via the internet or the meter interface.

4. Creating a long term vision for demand-side management at European level

Background: EU leaders are looking to agree on long term goals for climate and energy policies. Demand response and broadly speaking, demand-side management and active energy efficiency measures are the key factor of the climate and energy equation in Europe. However, little political attention is given to these issues. We need a stronger integration of demand response into the energy and climate agenda of the EU with a long-term perspective:

- Integrate demand side management into the long-term political agenda:
 - The flexibility of demand-side management shall be valued in both current and future energy and climate frameworks – in particular in the context of energy efficiency policies. A real effort shall be made to promote flexibility/energy efficiency (smart grid, industries, etc.)
- The potential flexible energy efficiency should be counted in the setting of energy efficiency targets
 - Demand side flexibility allows a building to maximize the consumption of intermittent renewables, and to lower the need for peak generation plants, thereby this flexibility increases the efficiency of the entire energy system. It enables ‘active energy efficiency’. The potential of demand-response and active energy efficiency should therefore be included in setting up energy efficiency targets at EU level.
- Energy performance criteria for buildings should be updated to include smart grid capabilities
 - Future criteria defining the energy performance of buildings, which take full consideration of the concept of “smart-grid ready” buildings, so as to promote the participation of buildings in demand-response programmes and the integration of intermittent generation. These should include energy audits, nearly zero energy standard, deployment of technologies etc.
- Capacity Markets and the investment security they provide have formed a cornerstone of demand side development in global markets
 - When a capacity market is established in an EU Member State, it should enable consumer participation through demand response and energy efficiency programmes, in order to ensure non-discriminatory treatment of competitive resources, lower market prices, and maximize benefits to end-consumers through direct participation opportunities.