



smartEn
Smart Energy Europe

Response to the Draft Decision number ACM/19/036598 regarding the implementation of new customer connection requirements

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About smartEn - Smart Energy Europe

smartEn is the association of market players driving digital and decentralised energy solutions.

A successful European energy transition requires the intelligent cooperation between consumption, distribution, transmission and generation, acting as equal partners in an integrated energy system.

Our vision:

The digitally enabled interaction of demand and supply is an integral part of an increasingly decentralised, decarbonised energy system.

Our mission:

- **Promote system efficiency** through the advanced management and integration of electricity demand and supply in homes and buildings, transportation, businesses and decentralised energy projects.
- **Empower energy users** by enabling them to participate in the energy market through flexible demand, storage, self-generation and the participation in community projects, and giving them control of their energy data.
- **Encourage innovation and diversity** by enabling new market players and service offers that provide attractive choices for consumers and allow for healthy competition.
- **Drive the decarbonisation of the energy sector** through the cost-effective integration of renewable sources and the electrification of heating, cooling and transport.

Response to the Draft Decision number ACM/19/036598 regarding the implementation of new customer connection requirements

smartEn welcomes the opportunity to provide input to the Draft Decision. We have identified several highly critical issues in the scope and design of the Draft Decision that should be addressed in order to secure a correct implementation of new flexible and decentralised solutions. The proposal as it stands would have a severe impact on the inclusion of new technologies like storage, both behind and in front of the meter, electric vehicles, water boilers and demand response (DR) at large. These solutions would effectively be excluded from the participation of balancing services like the Frequency Containment Reserve (FCR).

smartEn wants to bring attention to article 4.9 in the case ACM/19/036598. In this draft, ACM establishes that a dead band with a bandwidth of 0.2 Hz, higher and lower in relation to the nominal frequency (i.e. 50 Hz), shall be applied for “consumer installations that supply demand-driven systems to a network operator”. The full bandwidth for activation of FCR during normal operation is also 0.2 Hz with respect to the nominal frequency (i.e. 49.8 – 50.2 Hz). Essentially, new demand side resources providing flexibility services to the grid, subject to the new dead band requirements, would be excluded from participating in the FCR markets.

smartEn acknowledges that this proposal is based on ENTSO-E’s “Demand Response System Frequency Control”, and on the need to guarantee a reliable response from demand side resources in case of frequency deviation. But this document, has to our knowledge not been consulted upon and is rather a collection of suggestions and not a network code. Furthermore, this document does not mention the introduction of a mandatory 200 mHz dead band for demand units, and it does explicitly say that the width of any dead band imposed should be “*specified by the relevant TSO in consultation with the TSOs in the synchronous area*” (NC DCC Art. 29(2)).

It is therefore surprising that the topic of Demand Response System Frequency Control (DR SFC) is consulted by ACM on a national basis only, given that its content would impact all markets of the FCR Cooperation. The FCR Cooperation currently pursues important harmonisation efforts with regards to tendering rules, prequalification processes, product specifications, etc. Although some choices related to European Network Codes might be made at national level, frequency-related issues normally require a system wide response. Therefore the collaboration between TSOs and NRAs at synchronous area level is necessary.

This decision would also be in conflict with several articles in the new Electricity Market Design. More concretely, it would be in opposition to Articles 3 and 40 of the Directive, with Articles 3 and 5 of the Regulation, and with Recitals 5 and 42 of the Directive.

To ensure system security, a prequalification process already exists that, through extensive tests and conditions, ensures that the FCR providing assets are able to maintain the service once called upon. These conditions are established by the network operator itself. The current proposal would go against the principles established by ENTSO-E and the new Market Design Directive and Regulation advocating for a technology agnostic approach to provision of services to the transmission system.

This proposal comes at a time when concrete projects with residential Demand Response are starting to enter commercial FCR. If applied this would mean the end of any such projects and stifle the further development of residential DR's delivery of ancillary services.

For all the abovementioned reasons, smartEn asks ACM to reconsider applying the said dead band to new connections of demand side assets and putting the decision on hold until ENTSO-E has clarified the issue and it has been thoroughly consulted with stakeholders and other affected TSOs.

Kind regards,

Frauke Thies,
Executive Director