

To the kind attention of **Ing. Jozef Síkela**  
Minister of Industry and Trade of Czechia  
cc: EU27 Energy Ministers

*Frans Timmermans, European Commission Vice-President for the European Green Deal*  
*Kadri Simson, European Commissioner for Energy*

Brussels, 7 September 2022

**Activate consumers' flexibility to shift peak electricity demand, reduce gas consumption and cut energy bills for households and industries**

Dear Minister Síkela,

Empowering consumers to play a vital role in reducing gas demand by unleashing their demand-side flexibility is a cost-effective solution to the pressing energy emergency.

Our homes, offices, hospitals, schools, vehicles and industries should be enabled to reduce their electricity consumption in peak hours, when electricity is produced by gas and prices are high. This would be an impactful measure to beat the skyrocketing costs for all consumers, to reduce our energy dependence from fossil fuels, avoid congestions and increase the cost-effective penetration of renewables.

This is why smartEn – Smart Energy Europe, the European business organisation gathering more than 75 companies currently responsible for 13 GW of flexible demand<sup>1</sup> across 15 European countries, urges the Extraordinary Energy Council on 9 September to agree on the introduction of a national target to reduce peak electricity demand, starting this upcoming winter and gradually increase efforts to 2030. It should be the first priority among the Emergency Electricity Market Interventions.

Consumers of all types (from households to industries) should receive the signals and be incentivised to actively contribute, directly or through aggregators, by adapting their electricity consumption and storage patterns instead of being the passive victims of energy geopolitics.

Thanks to this flexibility potential from electricity demand sectors, in 2023 we can achieve a reduction of 3.7% in Russian gas imports and €16 billion savings in total gas costs<sup>2</sup>.

Over the past months some Member States have already introduced or are developing schemes to activate this flexibility potential from consumers, in line with [smartEn recommendations](#) to mitigate the impact of an extreme critical event (e.g. a supply shock) on the whole energy system – a collection of the most recent best practices can be found in the Annex.

We encourage Member States to adopt similar measures which are coherent with the existing EU Electricity Market Design.

We are at your disposal to provide our advice and support to make the EU energy system more resilient, secure and efficient, with consumers onboard.

Your sincerely,



Michael Villa  
Executive Director, smartEn – Smart Energy Europe

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<sup>1</sup> Equivalent to 27 gas-fired power plants like Zandvliet (474 MW), the largest Belgian gas-fired power plant.

<sup>2</sup> DNV calculations, 5 September 2022. These benefits are compared to a scenario with no-DSF activation.

## ANNEX

### Recently introduced best practices to replicate across Europe

| Measures   | Best practices   | Link to further information   |
|--|--|---|
| <p>Open all markets and mechanisms across Europe to flexible demand-side resources including the wholesale markets, capacity mechanisms and strategic reserves</p> | <ul style="list-style-type: none"> <li>France: after having achieved important steps to open all electricity markets to demand response (although with still some barriers), France recently reinforced the temporary scheme ‘appel d’offres effacement’ or call for tenders for providing DR in exchange for remuneration either directly (for large industrial customers) or through aggregators (for all customers). In particular, to foster aggregators’ investment in DR from buildings (i.e. from consumers using less than 1 MW each), long-term contracts have been proposed (up to 10 years), and DR capacities are expected to grow from around 3 GW to above 4.5 GW. Besides, another approach is now to be tested through a pilot framework recently opened based on mobile peak signals sent by suppliers to customers to trigger load reduction during the years 2023 and 2024 for a maximum total volume of 500MW.</li> <li>Belgium: TSO Elia is investigating an additional low-CO2 capacity winter auction to bridge the winter of 2024-2025 and a 250MW increase in volumes to be contracted in mFRR, providing demand response, batteries and other CO2 efficient technologies additional incentives to be available to the market.</li> </ul> | <p><a href="https://www.services-rte.com/en/learn-more-about-our-services/benefit-from-a-support-mechanism-for-the-demand-response-inextricably-linked-with-supply.html">https://www.services-rte.com/en/learn-more-about-our-services/benefit-from-a-support-mechanism-for-the-demand-response-inextricably-linked-with-supply.html</a></p> <p><a href="https://www.elia.be/en/users-group/adequacy-working-group/20220825-meeting">https://www.elia.be/en/users-group/adequacy-working-group/20220825-meeting</a></p>   |
| <p>Set up a communication campaign to engage consumers in demand-side flexibility programmes</p>   | <ul style="list-style-type: none"> <li>Finland: Energy saving communication campaign to be launched in October stressing the importance of reducing electricity demand during peak consumption. Reduction of electricity at peak hours is part of the measures being promoted.</li> <li>France: The National Regulatory Authority CRE intends to expand dynamic pricing offers which will have to be offered by electricity suppliers with more than 200,000 consumers from July 2023. They should also include other offers incorporating simpler and less risky flexibility tariff signals for consumers.</li> </ul>   | <p><a href="https://www.motiva.fi/koti_ja_asuminen/energiansaasto_oin_varautumista">https://www.motiva.fi/koti_ja_asuminen/energiansaasto_oin_varautumista</a></p> <p><a href="https://www.cre.fr/Documents/Deliberations/Decision/offre-a-tarification-dynamique#:~:text=%C3%A9lectricit%C3%A9,.D%C3%A9lib%C3%A9ration%20de%20la%20CRE%20du%2027%20juillet%202022%20portant%20d%C3%A9cision,135%20du%2020%20mai%202021">https://www.cre.fr/Documents/Deliberations/Decision/offre-a-tarification-dynamique#:~:text=%C3%A9lectricit%C3%A9,.D%C3%A9lib%C3%A9ration%20de%20la%20CRE%20du%2027%20juillet%202022%20portant%20d%C3%A9cision,135%20du%2020%20mai%202021</a></p> |
| <p>Remunerate dynamic energy savings</p>   | <ul style="list-style-type: none"> <li>Ireland: DSOs (ESB Networks) ‘Beat the Peak’ Scheme proposed for winter 2022-2023 (in consultation) seeking to pilot innovative approaches to reduce peak demand with emergency peak shaving scheme with incentive schemes to reward consumers, supported by domestic and commercial demand-response campaigns.</li> </ul>  | <p><a href="https://www.cru.ie/wp-content/uploads/2022/08/CRU202281a-ESBN-Recommendation-Paper-NNLC-Demand-Reduction-Schemes-1.pdf">https://www.cru.ie/wp-content/uploads/2022/08/CRU202281a-ESBN-Recommendation-Paper-NNLC-Demand-Reduction-Schemes-1.pdf</a></p>  |

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|  | <ul style="list-style-type: none"> <li>○ Optional participation by industrial and commercial sites</li> <li>○ Demand reduction “activated” approx. 12- 20 times over peak periods during the winter</li> <li>● UK: Setup of a Demand Flexibility Service (DSF) to access additional flexibility when the national demand is at its highest, during peak winter days, that is not currently accessible to National Grid. The new service is an explicit demand response scheme, paying customers for reductions below a baseline when dispatched. It will be accessible via suppliers or aggregators by all consumers who do not already participate in the capacity market or balancing services.</li> </ul> | <p><a href="https://www.nationalgrideso.com/industry-information/balancing-services/demand-flexibility">https://www.nationalgrideso.com/industry-information/balancing-services/demand-flexibility</a></p> |
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### ABOUT smartEn - Smart Energy Europe

smartEn is the European business association integrating the consumer-driven solutions of the clean energy transition. We create opportunities for every company, building and car to support an increasingly renewable energy system. Our membership consists of the following companies:

