



To the kind attention of **Ursula von der Leyen**
 President of the European Commission
Frans Timmermans
 Executive Vice-President for the European Green Deal
Kadri Simson
 Energy Commissioner

Demand-side flexibility is a strategic answer to the energy crisis: implement the Electricity Market Design now

Brussels, 5 October 2022

Dear President,
 Executive Vice-President Timmermans,
 Dear Commissioner Simson,

As a group of European associations committed towards an affordable, secure and sustainable energy system, we urge the Commission and Member States to focus on consumers' flexibility as an available, reliable and immediate response to the emergency situation of rising energy prices and increased EU energy resilience, following Russian attack on Ukraine.

Demand reduction and optimisation are at the heart of recent emergency interventions adopted by the EU. It requires a signal to which consumers can react. Hence, the Commission should refrain from suggesting market interventions and blunted price signals that undermine the foundations of the consumer-centric EU Electricity Market Design adopted in 2019.

Rather, the strategic answer – both short and long-term - is to empower all consumers with decentralised energy resources and allow them to self-consume, adjust and trade their energy consumption, storage and on-site renewable and efficient generation, directly, or through local communities and aggregators.

Along with improved energy efficiency, the roll out of renewables and access to competitive electricity supply, priority should be given to:

- Opening all electricity markets and mechanisms to demand-side sectors, including small scale active consumers and prosumers, to allow them to voluntarily activate their flexibility potential based on market signals. Already back in 2016 the Commission calculated that improved market conditions to ensure access to all flexibility options, including from the demand-side, would directly translate into a reduction of wholesale electricity supply costs by around €50 billion in the year 2030. With the staggering wholesale prices, we cannot afford to wait any longer to tap into this cost saving potential.
- Fostering automated, digitally enabled price-driven energy savings among consumers. Smart solutions enable the achievement of energy savings in all end-use sectors if consumers receive price signals, without negatively impacting their comfort and productivity. Allowing and expanding regulated tariffs would hinder this development.

- Boosting the market-based procurement of flexibility services via the optimisation of system operators' investments to develop efficient and flexible grids through more digital tools and real-time data sharing.

Overall, this requires the effective transposition and implementation of the Electricity Market Design without further delay.

As evidenced by the [second edition of smartEn report on the implementation of the Electricity Market Design](#), after more than two years, key articles for demand-side flexibility in the EU Electricity Market Design are still only weakly implemented in Member States. This timid and delayed transposition is seriously limiting consumers' ability to stack the benefits of the activation of their flexible consumption, storage and generation. This is not only a major obstacle to the European Green Deal, it is also limiting the EU's capability to respond to the issues of high energy prices and energy independence.

We ask the Commission to consider the launch of infringement procedures on Member States that are lagging in the implementation of the key articles of the Electricity Market Design for demand-side flexibility.

We count on you to embrace this regulatory responsibility which can have immediate positive effects on all Europeans citizens, SMEs and industries. Active consumers and prosumers can be the real game changers to offset the EU dependency on imported Russian gas and fast forward the clean energy transition in a cost-effective way.

Your sincerely,

List of signatories:

AVERE - The European Association for Electromobility

CEPI - Confederation of European Paper Industries

ChargeUp Europe – The voice of the electric vehicle charging infrastructure industry

COGEN Europe – The European Association for the Promotion of Cogeneration

current - The voice of Europe's innovative grid technology companies

ECOS - Environmental Coalition on Standards

EFET – European Federation of Energy Traders

EER - European Energy Retailers

EHPA - The European Heat Pump Association

EREF - European Renewable Energies Federation

ESMIG - The European association of smart energy solution providers

smartEn – The European business association integrating the consumer-driven solutions of the clean energy transition

SolarPower Europe – The association for the European solar PV sector

T&D Europe - The European association of the electricity transmission and distribution equipment and services industry