

T&D Europe Feedback

Public Consultation: Revision of the EU's electricity market design

13 February 2023

Accelerating the deployment of renewables

Q2. Do you see any other short-term measures to accelerate the deployment of renewables? If yes, please specify.

(b) in the implementation of the current EU legislation, including by developing network codes and guidelines

T&D Europe calls for a commitment pledge from Member States to implement grid codes in a coordinated manner, to ensure that the current discrepancies are not threatening the future of the interconnected grid. To this end, an alignment with international standards and an enhanced consultation with all stakeholders, including grid technologies manufacturers, could also support the ENTSO-E and EU DSO Entity with the drafting of the network codes.

Q3: How should the necessary investments in network infrastructure be ensured? Are changes to the current network tariffs or other regulatory instruments necessary to further ensure that the grid expansion required will take place?

T&D Europe strongly recommends that investments in network infrastructure are to be processed and planned ahead to make the grid fit for the new age of electrification, and integrate the increased share of renewables in light of the REPowerEU ambitions.

Well-designed electricity markets will need to enable the necessary investments in renewables, flexibility resources, and grid development across the whole value chain via effective long-term signals.

This means the necessary investments in the electricity infrastructure projects, in line with REPowerEU and Green Deal objectives, should not lead to a lock-in of fossil fuels and stranded assets that will hamper the acceleration of renewables deployment.

Member States should also investigate investment incentives in flexibility, smart grids, and digital enabling solutions for the grids. Doing so will ensure that operators can recover those investments via the network tariff and ensure predictability.

In addition, we would like to highlight that smart sector integration will not only enable cost-efficient decarbonisation and electrification of key sectors, but also provides the much needed flexibility for the electricity networks.

Incentivising the development of flexibility assets

Q8. What further aspects of the market design could enhance the development of flexibility assets such as demand response and energy storage?

T&D Europe members recommend that all market participants, and in particular the TSOs-DSOs, agree on the use of the proposed framework and on the market model options, keeping in mind that it is essential to correctly define roles and responsibilities of all the involved agents. Having the most appropriate framework and definitions can only facilitate the smooth functioning of flexibility mechanisms.

This means the information exchange model between DSO and flexibility resources is vital to ensuring flexibility provisions. To this end, we view interoperable information exchange platforms as essential to remove technological challenges.

In addition, T&D Europe recommends having in place appropriate incentives to the DSOs' compensation schemes to acquire flexibility. By effectively incentivizing DSOs to use flexibility assets, the regulatory framework can enable these most efficient solutions for the grid, taking into account the long-run cost efficiency of the entire system.

Adapt incentives in the System operators tariff design

Q9. In particular, do you think that a stronger role of OPEX in the system operator's remuneration will incentivize the use of demand response, energy storage and other flexibility assets?

While a stronger role of OPEX in the system operator's remuneration could help accelerate flexibility and decentralization, T&D Europe recommends moving from the current regulatory CAPEX to a TOTEX approach, which supports the digitalisation of the network enabling the fast integration of decentralised energy resources and new loads into the existing infrastructure. Moving towards a TOTEX based regulation can only increase the flexibility of decision-making and provides greater freedom to pursue the incentive long-term investment value.

Q13. Do you see any further measure that could be implemented in the shorter term to incentivize the use of demand response, energy storage and other flexibility assets? If so, what would that be?

T&D Europe calls for the effective implementation of the provisions under the Clean Energy Package & the Electricity Market Design at Member States level, to ensure transposition in requirements incentivizing the use of demand response and flexibility is fully achieved.

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