



## **EASE accompanying document to the Public Consultation**

### **Retail Energy Market (DG Energy)**

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#### **Transparency Register:**

**EASE** – European Association for Storage of Energy – **ID no.: 43859808000–87**

**Address:** EASE offices, Av. Adolphe Lacomblé 59/8, BE–1030 Brussels

*This document complements the web-based response (IPM reference number: 004259842271910714) of the European Association for Storage of Energy (EASE) to the public consultation of DG Energy on the Retail Energy Market.*

EASE welcomes the opportunity to provide feedback on the future developments of Retail Energy Markets in Europe.

#### **INTRODUCTION**

Future retail energy markets should take into consideration the following principles:

- goals of increased empowerment of the consumer in a competitive, sustainable and secure energy system should be primarily attained through instruments designed in a market oriented, non-discriminating and technology-neutral manner;
- In particular:
  - energy storage constitutes a special and important asset of the complete energy value chain. Therefore the current and future levy structure should not hinder the integration of energy storage;
  - the use of energy storage must be technologically neutral: each case must adopt the most suitable technological and economic solution. Therefore any wording in this regards must be open and not technically discriminatory;
  - the main challenge is related to the value of energy storage, being it monetary or socio-economic, as it can deliver a number of strategic services both to the regulated and to the deregulated parts of the power industry. Therefore the operator of such devices may differ;
  - energy storage will play an important role in new market designs, especially with regards to flexibility markets;
  - specific storage regulation and market mechanisms for flexibility in combination with a new market design will help to create energy storage markets and will contribute to the development of a competitive energy storage industry in Europe.

EASE therefore calls for:

- a non-discriminatory consideration of and a fair treatment for energy storage alongside other measures, such as demand side management and the increase of interconnection capacity, when considering possible solutions for enhanced grid flexibility, stability and quality;
- a market design that allows specialised energy storage operators to emerge, as long as this does not trigger market distortion.

## SPECIFIC COMMENTS

### I. GENERAL FUNCTIONING OF THE RETAIL MARKET AND CONSUMER PARTICIPATION

7. EASE believes that energy storage services will be an enabler for the main drivers of future developments in the retail market:

- smart meters and smart grids: smart decentralised energy storage systems that interoperate with the future energy system are enabling further energy efficiency and energy savings;
- security of supply: energy storage technologies are the right complement to variable intermittent distributed renewable generation in a fully integrated electricity market, but also are needed to deliver a high level of security of energy supply;
- data management will, through availability of consumption data and dynamic pricing, empower consumers.

Increasing urbanisation and electrification will also have an impact on the way future retail markets will be designed. Energy storage can contribute in smoothing the impact of these aspects in the electrical system through support to the enhanced need for grid resiliency.

If perceived as drivers for future developments in the retail market:

- local autonomy due to decentralised generation will only be possible if energy storage is considered;
- costs of investment in local network capacity and in voltage control can be optimised thanks to flexibility services provided by energy storage assets.

### II. MARKET DESIGN

18. As for **network charges** an additional remark is that they are a critical element if it comes to positive business cases for energy storage. In other words, if energy storage is to become viable it is necessary to re-evaluate and harmonise on EU level the definition whether energy storage devices need to pay grid fees or not. Grid fees are usually paid by end customers. If energy storage is to increase auto consumption this is legitimate to see this as a consumer, but if a significant amount of electricity is fed back to the public grid, energy storage acts like a grid component with time delay (like pumped hydro) and grid fees should therefore not hinder the role out of energy storage technology.

### III. DEMAND-SIDE PARTICIPATION AND SMART USE OF ENERGY

23. & 24. Consumers (industrial, residential and commercial) will be better able to control their energy consumption and costs through the implementation of demand response management measures. This includes availability of consumption data (provided that the security and protection of data flows/exchanges is tackled efficiently) and dynamic pricing/tariffs. Incentives for energy management systems and services, such as demand side flexibility should also be adequately defined.

Concerning demand response and dynamic pricing, EASE believes that this would be beneficial to the system and also positive for smart appliances including energy storage devices. Nevertheless, the currently availability of such information in some countries is still is very limited.

Additional information campaigns, programmes, etc. should be developed and supported by the government. Appropriate information is only one element of the demand side, a sustainable national framework, including processes, is necessary for launching and operating applicable products and services.

33. Generally we think that opening the market for end customers would be good in order to allow them to benefit from energy storage assets and their services, making use of additional revenue streams. For residential customers their load is by definition small and dispersed. Aggregators may have an enabling role if residential customers are to participate in reserve markets.

**33.3.** The time within which primary reserve capacities must be fully activated should be lower than 30 seconds to follow the fast changing system needs. Energy storage technologies are able to fulfil this requirement and it is therefore very useful for system stabilisation.

Regarding the minimum duration for which the adaptation of demand is offered at the balancing market, one needs to bear in mind the current differences among countries in terms of metering period. This means that the number of consecutive minutes reserves have to be provided by grid users to the system varies from country to country, e.g. 10 minutes in France and 15 minutes in Belgium. The extension of primary reserve beyond 15 minutes would be negative for some specific energy storage systems, since it would put an extra energy burden on the items.

The duration of response will vary depending on the technology involved. In principle, longer duration should also be rewarded.

One of the challenges is possibly the harmonisation of the metering period to fully integrate the reserves and balancing markets at EU level.

**39. & 41.** If self-generated electricity could be sold to multiple market players or other end customers (or be self-consumed) this could be beneficial to the business cases of stored electricity. Such a possibility would reduce grid expansion costs for society. In our view no additional financial incentives are needed for self-generation and auto-consumption.

**42.** The question is specific for heating but in more general terms: if a device for increased auto-consumption is to obtain financial incentives this should be linked to services this device brings also to the public, in this case the grid. Financial incentives only if device brings valuable grid services where grid expansion costs could be reduced somewhere else.

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*The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide.*

*It actively supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.*

*For more information please visit [www.ease-storage.eu](http://www.ease-storage.eu)*

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Contact person:

Maria João Duarte | Policy Officer | EASE | [m.duarte@ease-storage.eu](mailto:m.duarte@ease-storage.eu) | + 32 2 7432982

Disclaimer:

*This response was elaborated by EASE and reflects a consolidated view of its members from an Energy Storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.*