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Smart Regulation for a decentralised Energy Systems and its Local Actors

Garrett Blaney – CEER DS Working Group

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Fostering energy markets,
empowering **consumers**.

Agenda

- Anticipating future changes – load changes, local generation, demand side and storage
- Implications of dynamic tariffs on load flows
- Encouraging flexibility
- Appropriate incentives
- Local Energy Communities

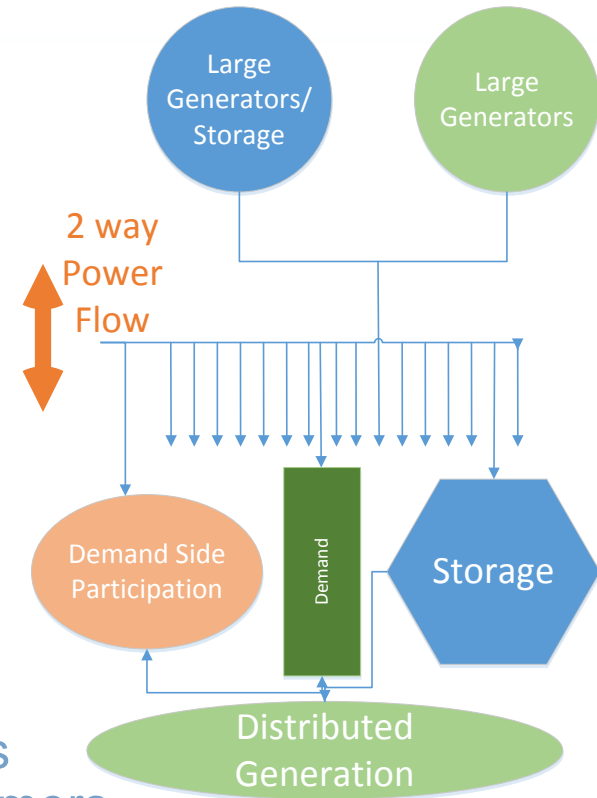
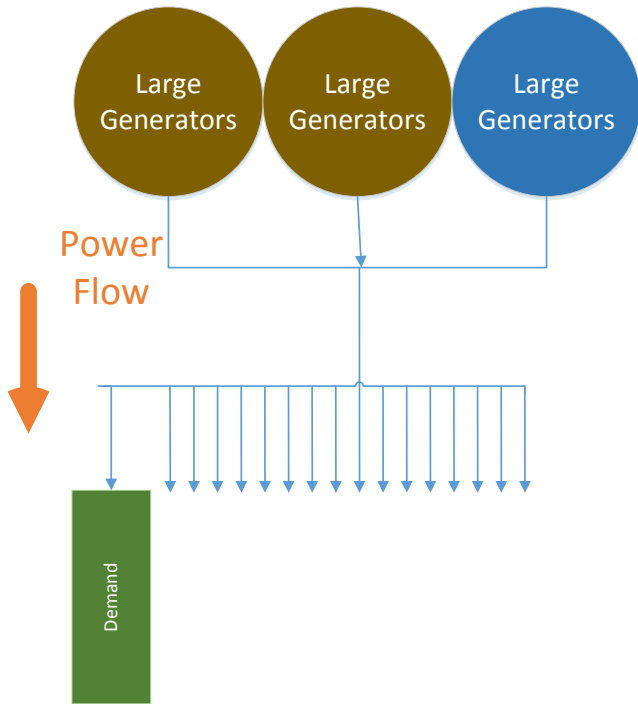


Future changes for networks

- Drivers of change
 - Renewable support mechanisms
 - Cheaper equipment (PV, batteries, etc.)
 - More communication – Internet of Things
- Implications of change
 - Change in load flows, loss of diversity
 - Increasing obsolescence
 - Old incentives no longer applicable
 - Clarity on new DSO roles – allowed/disallowed



Centralised vs Distributed Future for Energy Systems



- Regulators have balanced approach to developments
- Let markets find the most efficient outcome for consumers
- Ensure that regulation of network monopolies does not predetermine the outcome
- Consumer protection our key yardstick in assessing developments

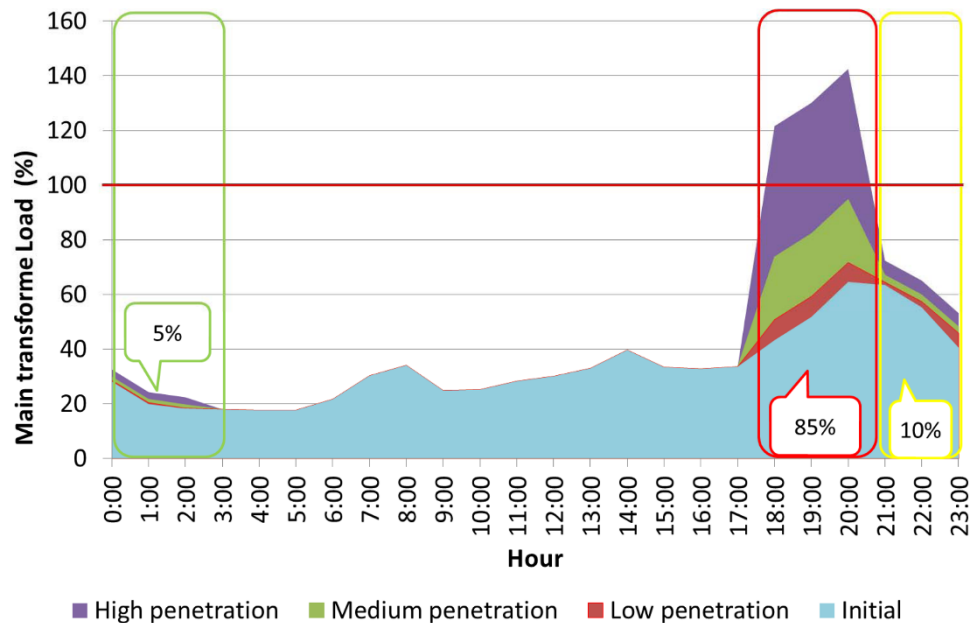


Load Diversity

Network Planning based on Load Diversity Assumptions.

New Use of Networks changes Diversity Assumptions:

- Prosumer production – common solar resource
- Changing consumer response eg EVs, storage heaters, etc.





Flexibility – in context

Flexibility

Markets

- Generation
- Arbitrage
- Demand

Networks

- Flexibility tools
- Infrastructure
- System operation
- TSO/DSO coordination

System Services

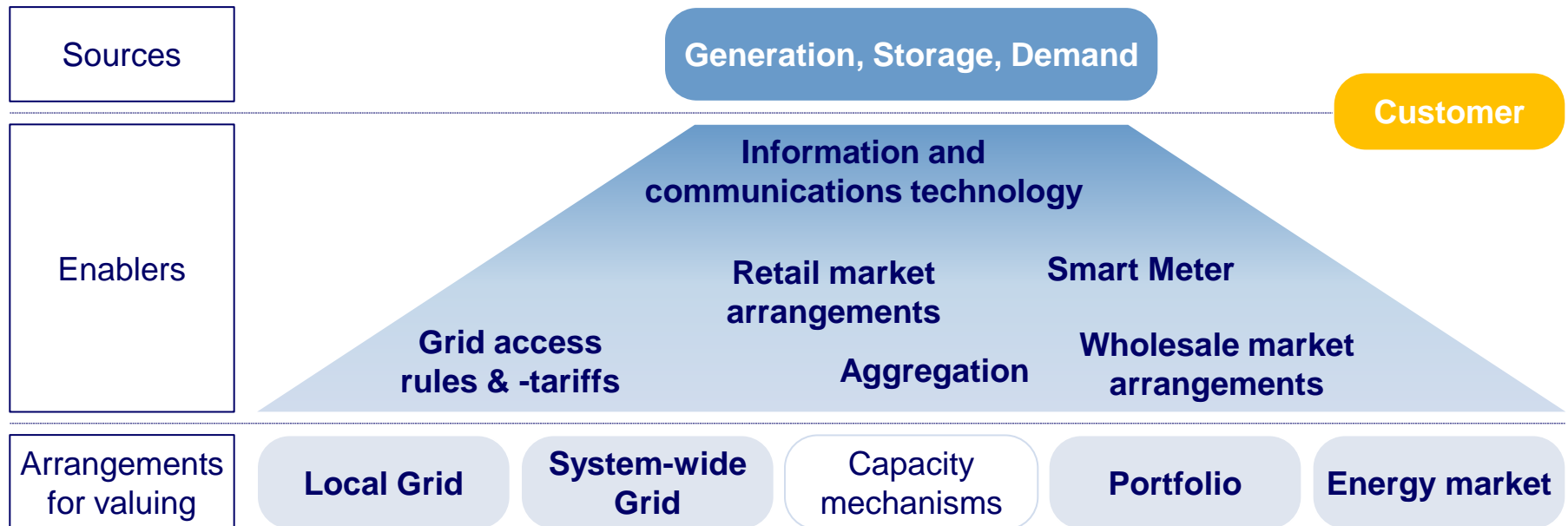
- Inertia
- Frequency support
- Voltage support

Retail

- Smart metering
- Time of Use tariffs
- Demand response
- Internet of things
- Electric vehicles



Flexibility – The Whole Picture



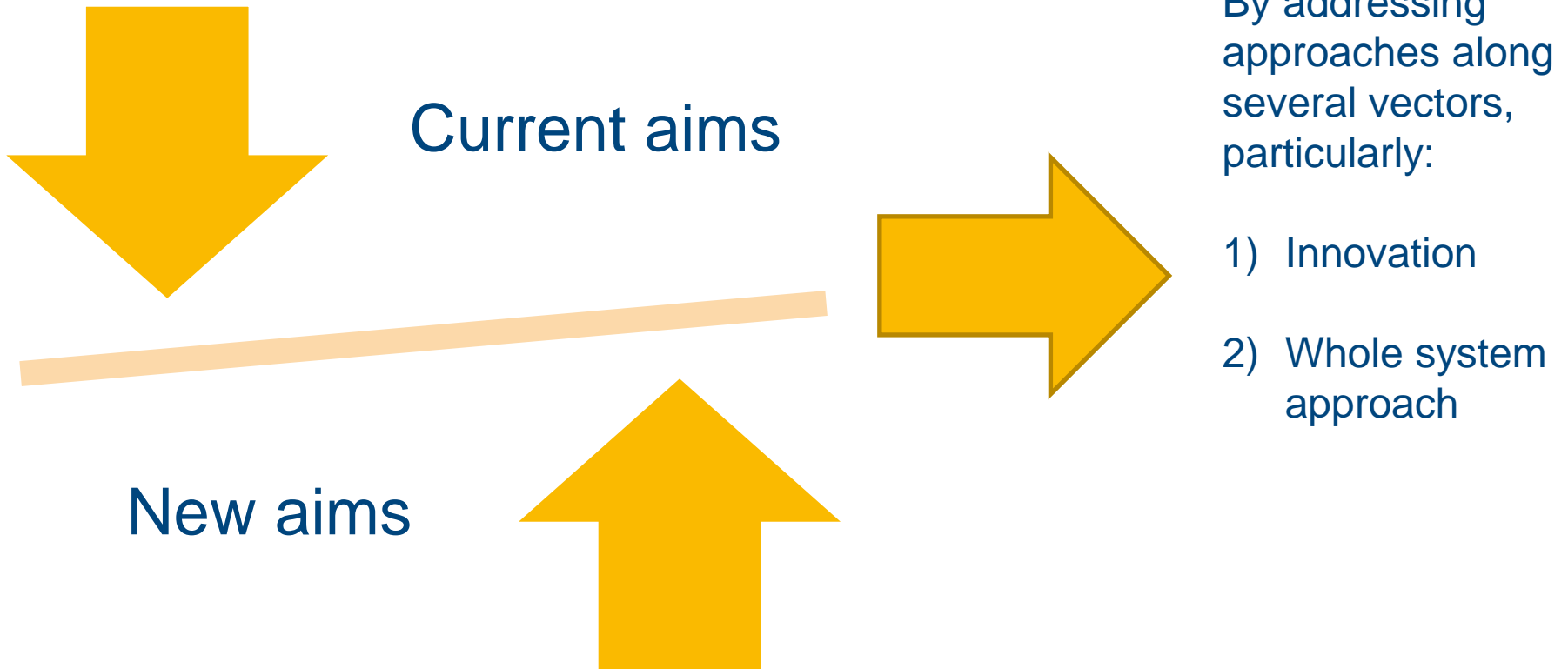
Regulatory Incentives for DSO

New challenges for DSOs in defining effective regulatory models may trigger need for changes in regulatory aims and tools (incentives)



New Approach to DSO Incentives

CEER Guidelines of Good Practice will enable NRAs to balance between current and new aims



Local Energy Communities

- Regulatory approach to support fair treatment
- Consumer driven attitude to regulatory treatment:
 - ▶ Remove barriers to consumer and community engagement
 - ▶ Ensure consumer rights not diminished
 - ▶ Seek to avoid cross subsidy across various classes of consumers
 - ▶ Network tariffs will need to reflect fair approach



European Regulatory Response

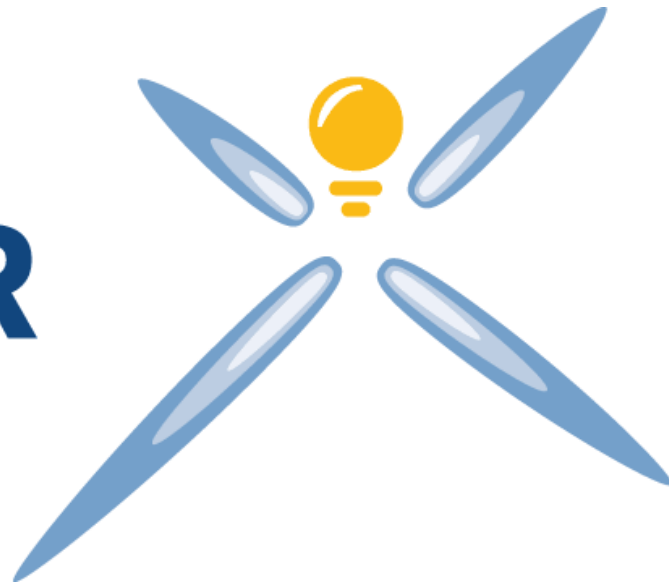
- CEER Paper on DSO Tariffs
- CEER Paper on DSO Incentives
- CEER Paper on DS Flexibility
- Series of CEER White Papers on issues in “Clean Energy for All Europeans” legislative package



Thank you for your attention!

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