



## **GEODE COMMENTS ON THE THINK DRAFT REPORT –Topic 11- “TOWARDS ACTIVE DEMAND RESPONSE AND BEYOND”**

**GEODE** the Voice of local energy distributors across Europe, welcomes the opportunity to provide comments on this draft report which focuses on Demand Response.

**GEODE** agrees with the reports' conclusion that the role of EU in this matter is to provide guidance (guidelines, sharing best practices etc..) and no further regulation at EU level is needed. As the report states: *“no intervention is recommended and the role of the EU and the Members States is limited to monitoring the functioning of the internal market (...)”*. Demand response should be market driven

In **GEODE's** view Demand Response is a part of energy efficiency measures and can enable more effective integration of renewable generation into the energy system. Information from Smart Meters in combination with market information (such as energy prices) can enable the customer through their smart equipment to take actions that reduces pressure on the energy system at times when energy resources are in highest demand.

An important feature of the smart grid is the ability for electricity producers and customers to effectively change their electricity usage depending on the current energy supply and demand situation. A producer could start a generation facility when the energy price reaches a certain level and the customer could choose to activate energy storage facilities such as hot water accumulators when the price is low. Energy prices are expected to be more volatile in the future due to greater renewable generation capacity which will less readily adapt its' output to changes in demand.

**The DSO, as the operator of the metering system, acts as an enabler of demand response functions for the market by providing the physical infrastructure for the market and also by providing actual consumption information.**

Without Smart Meters that are able to measure electricity usage on an hourly basis, it will not be possible to deliver an effective price signals to the customer telling them to reduce or increase their consumption during particular periods.



The DSO has a keen interest in avoiding overload in the grid by ensuring that the average peak load is kept at an acceptable level. In order to achieve this, **the DSO must to be actively engaged in the operation of demand response functions.**

Below are a few examples of **how the DSO might use demand response functions in order to maintain grid stability**

- Applying time-of-use grid tariffs
- Operating storage facilities.
- Providing information to the market about expected peaks in the electricity usage.
- Enabling the connection of EV charging stations to the grid.
- Providing outage information from the smart meters.
- Connecting renewable generation to the grid.
- Connecting micro generation to the grid.

The DSO is the neutral market facilitator that ensures the reliability and stability of the system while facilitating the commercial activities of other market actors and above all safeguarding the interests of customers.

In most Member States, **the DSO is responsible for metering as an integrated part of the grid.** The customer is always the owner of their data. **It is important to realize that metering data belongs to the customer** themselves. The DSO is responsible for ensuring that customers' data is distributed only for regulated duties (e.g. billing). Any other data sharing must to be approved by the customer.

In addition to billing, there are other regulated duties that require information from the Smart Meters. These DSO duties that benefit the customer and the whole energy system can be for example maintaining security of supply, multiple grid operations and connection, handling of planned and unplanned interruptions, energy efficiency. In order for the DSO to operate the



network effectively and efficiently and to maintain security of supply some Smart Meter data should be made available to DSOs as a matter of course.

While the customer may grant access to their data to other market actors, **it is essential that only the meter operator** (in most countries the DSO) **has direct access to and the ability to control the Smart Meters** -programming, collection of consumption data, connection/disconnection commands, etc. **Only in this way can the safety and security of the Smart Meters be guaranteed.**

The information DSOs collect from Smart Meters should be (with the permission of the customer) available to other market actors and based upon agreed message formats sent to the meter operator for actions to be executed. The **Smart Meter should be equipped with a standardized open interface** enabling the customer direct access to their consumption information. This could also enable access to consumption data for their Supplier and/or ESCO of their choice for other purposes. These purposes can include for example energy displays, energy efficiency equipment and demand response solutions. A standardized open interface promotes competition between ESCOs and Suppliers on a non-discriminatory basis.<sup>1</sup>

The data exchange model for disseminating this data should be clearly defined and standardized. **Effective information exchange between the electricity market actors is crucial.**

Interoperability is the key to ensuring that all data captured by Smart Meters can be used effectively by the DSO, the Supplier and other market actors.

Regarding the third recommendation on the report on intermediaries providing demand response services accessing data on network congestion, **GEODE** considers this is a too high level recommendation that could be problematic and in contradictions with Network Code on Load Frequency Control and Reserves (still a draft) that describes in Article 50 a method for distribution network congestion management while demand response and in **GEODE's** view is more suitable than the proposed open access to network congestion data to all market players.

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<sup>1</sup> See attached GEODE position paper on meter data management. January 2013



Finally **GEODE** fully supports the report recommendation “*to ensure the promotion of pilot projects and coordination of knowledge building*”. Incentives for R & D projects are needed and DSOs being responsible for the secure operation of the electricity system will need to lead the testing of new solutions through. This is the way to evaluate and test the benefits of innovative intelligent technology, estimate costs, learn about customer behaviour and barriers to overcome and lay the foundation for possible further deployment.

As DSOs are essential in the deployment of Smart Grids that will allow developing active demand response, it is necessary that all DSOs, small, medium and large, are able to participate in these R & D projects. Larger and more numerous R & D funding programmes than the currently exist are needed on a national and European level. Such **funds should be accessible to all network operators regardless of their size.**

Brussels, 24 May 2013