

## Conclusions – workshop on flexibility markets and TSO-DSO cooperation – 13 February 2020, Brussels

The workshop was a good step ahead following the workshop of 24 October 2019. It allowed the participants to better identify the similarities and differences between various projects and markets, and it showed convergence of views on the key elements that make up a well-designed flexibility markets. With more than 120 participants<sup>1</sup> the workshop was well attended.

17 projects or initiatives discussed their market set-up, types of product/services, interaction/integration with existing markets (day-ahead, intraday, ancillary services), data needs and ways of exchanging, as well as the business cases through panel discussions that were moderated by DG Energy and DG Connect. Many other projects were present, and the outcomes of the Bridge General Assembly were presented by the chairs of the Working Groups on Regulations and on Data Management<sup>2</sup>.

Many associations participated, and EDSO and ENTSOE presented the results of their TSO-DSO cooperation in Member States survey. They urged all countries, TSOs and DSOs that did not respond yet to do so, and they stated their intention to repeat the survey next year. The results showed that on national level there is room for improvement, and that the organisation of structural cooperation between TSOs and DSOs is essential, but is not taking place in all Member States.

CEER presented the key elements of its upcoming report on flexibility markets, and said it considered 4 different ways of making flexibility available to network operators:

1. Rules-based approaches
2. Network tariffs
3. Through connection agreements
4. Market-based procurement of flexibility

Therefore regulators need to be able to know what a well-designed flexibility market is, what the flexibility products or services are that are traded in such a market, and how to position market based procurement of flexibility compared to other solutions. Accordingly, it is proposed to undertake discussions with CEER on possible evolutions of regulatory models to enable markets for flexibility. Participants agreed as they discussed the cases where flexibility markets may not be able to solve the constraint at hand and recognised that in some situations, or for some products or services, regulated interventions or other options, mentioned above, may be needed. The role of energy communities and peer2peer trading in flexibility markets also needs to be part of the discussion. Many participants also underlined the need to properly embed the functioning of flexibility markets in a (EU and/or national) regulatory framework.

The Bridge Regulatory Working group's intention to work on a structured comparison of projects/flexibility markets should help to address the need of regulators. This was welcomed by the participants who supported the need for a common taxonomy. Interested projects/initiatives that are not part of Bridge were invited to join their work. The Bridge Regulatory Working Group will discuss future cooperation with CEER after the publication of its report.

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<sup>1</sup> 306 persons connected to the livestream, with an average connection time of 40 minutes

<sup>2</sup> For more information and the full conclusions of the Bridge General Assembly of 11 and 12 February, please check: <https://www.h2020-bridge.eu/>

The results of the EDSO survey on flexibility and data management showed that there is still work to do on achieving clear understanding of the TSO-DSO coordination function with respect to market based procurement of flexibility and that on data management the focus is shifting from ownership of datahubs to data access and data sharing (the data exchange layer).

The availability of data and sharing of data were underlined as necessities to make flexibility markets work by many participants, that need to be addressed at EU level. It can't be limited to energy only as there are other sectors and businesses interested in energy data. This requires a data exchange reference model and a set of agreements. The Bridge Data Management Group invited all interested parties to work with them as they will develop the Common Information Model further, and will develop data sharing across projects and test it in practice in the participating projects.

The governance of data sharing was underlined as key, and the Data Access Alliance Initiative, as well as the Dutch Energy Data Exchange Framework and the Austrian Energy Data Exchange presented ways to organise sharing data. The Commission will discuss with Bridge and the various initiatives as well as the associations, to see if they can cooperate to work towards a European data space for energy that ensures availability and sharing of data and organises its governance.

Flexibility has a value for network operators as it can reduce the costs of the network, or be a good temporary solution until a grid capacity expansion project has been finalized and it has a value for market parties who can optimise their production and consumption, or of their customers. Many participants underlined the challenge to get the market going: how to reward the flexibility sources?; how to reduce the costs of setting up such a market? How to design standard products? Two risks were identified: 1) no provider of products; 2) negative effects of low liquidity, e.g. gaming of the market when only one provider of flexibility is available or congestion are too predictable/structural. The way in which pre-qualification<sup>3</sup> is organised to be able participate in a flexibility market is a key element of the ease with which such a market can function.

### Follow-up - meetings

- Another workshop will be organised to follow-up on the work as described above. The Commission will consult with stakeholders and CEER to ensure that the work is organised in a cooperate way that focuses on practical results;
- A workshop will be organised to bring together smart grid projects and battery/e-mobility projects, to see how coupling of the energy and transport sectors affects flexibility markets;
- The Commission aims to involve Member States in the future workshops;

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<sup>3</sup> of suppliers/aggregators and/or consumers/producers and/or installations/appliances