

What are the key challenges in demand response and congestion management?

A market-based framework for flexibility is under way, but uncertainties persist



- **EU framework for flexibility lags behind:** competitive procurement of flexibility is key to address higher need for congestion management and voltage control services, but regulatory uncertainty remains pending NCDR adoption.
 - ⚠ Discriminatory and asset-specific access conditions to flexibility markets, as well as fit for purpose prequalification and equivalences need to be addressed by NCDR.
 - ⚠ Unclear legal implications for MPs offering capacity on flex markets and bidding on wholesale markets.
 - ⚠ Responsibility for imbalances and other costs between independent aggregators and suppliers are not fully reflected in aggregation models.



- **Interactions between CM and wholesale markets:** bid forwarding and bid filtering raise questions of fairness and market efficiency.
 - ⚠ Products offered on balancing energy markets and local flexibility markets may have a different value for MPs.
 - ⚠ Treatment of balancing bids used or withheld by TSOs for congestion management purposes distorts balancing price formation.
 - ⚠ The interoperability concept under NCDR potentially undermines market efficiency (portfolio bidding in spot markets) and the clarity of market roles.



- **Lack of coordination between grid operators:** congestion and lack of visibility about balancing and flexibility activations at different grid levels are prompting grid operators to restrict balancing service provision.
 - ⚠ NCDR needs to improve visibility of DSOs about balancing services causing grid congestion, whereas TSOs should be aware of flexibility committed at DSO level.
 - ⚠ TSOs are not coordinating enough to mitigate the impact of higher redispatch needs.

Proposals for efficient management of flexibility



EU framework for flexibility lags behind

- **Adopt the NCDR:** comitology on the NC has been delayed, with no transparency on the proposal since the November 2025 consultation.
- **Reduce market access barriers:** simplified and non-discriminatory access to flexibility markets across EU member states.



Lack of coordination between grid operators

- **Strengthen TSO-DSO communication** for system security, congestion management & operational planning.
- **Implement RDCT coordination:** it will improve congestion management, reducing costs and improving access to cross-zonal capacity.



Interactions between CM and wholesale markets

- **Remunerate balancing bids** withheld or used for CM reasons.
- **Prioritise locational investment signals:** locational elements should be limited to investment signals (auction criteria, connection charges) to preserve a fair competitive environment for existing assets.
- **Clarify the articulation between local flexibility markets and wholesale markets,** and preserve portfolio bidding in DA and ID.