

# Eurelectric's view on Network Code for Demand Response

**MESC, 7 December 2023**  
**Market Participants view**

# Eurelectric's response to the public consultation

Key messages and concerns

Recognition of the evolving role of DSOs in local flexibility procurement



The Code must not exclude any resource provider.



Proper compensation must be ensured



Market-based procurement must be privileged by principle.



National Regulatory Authorities should have the final say for evaluation and validation of SO proposals.



# Main concerns with the draft code

## 1. Aggregation models



### Focus on Balance Responsibility & Compensation

The progress made in the Drafting Committee on reshaping the aggregation models to reflect those used in the market is not reflected in the draft for consultation.

## 2. Inclusion of all resource providers



### Missing references to generation and storage

In order to make the Code a success, SOs must have access to all available sources of flexibility which meet their technical needs.

## 3. Market-based procurement must be prioritised



### Rules-based procurement must be justified

It is important for investor confidence and market party participation to well-understand when non-market based procurement occurs in local markets.

## 4. SO-(co)owned storage provisions need further development



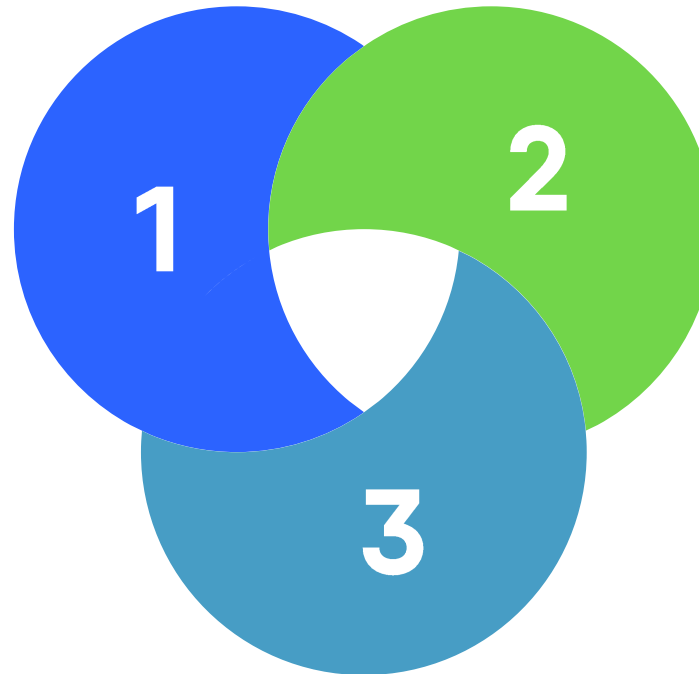
### Elaboration is needed on several points

- Market-first principle
- Role of NRA oversight must be clearer
- The criteria to be fulfilled by the tendering process is also underdeveloped

# Concerns with the code's development

## Insufficient Stakeholder Involvement

Unfortunately, the drafting Committee was not given opportunity to contribute to the actual drafting of the legal text, instead they were treated as a consultative group with monthly meetings, where only specific topics were open for consultation and very limited inputs incorporated in the draft code.



## Missing Key Elements from the Framework Guidelines

Our members highlight the fact that key definitions are still missing from the draft code which relate to local markets for SO services, for local service providers, and for local services themselves, as well as the exclusion of some service providers despite the claim of technological neutrality. We have serious concerns that the current draft will not effectively contribute to “*market integration, non-discrimination, effective competition and the effective functioning of the market.*”

## Foundational concepts being misaligned with existing EU-level and national legislation

The draft Code needs further refinement to avoid these overlaps with existing regulations, inaccurate terms, and an excess of requirements for relevant grid users, while complying with the mandate of the existing scope.