

Legal Framework of aggregation in the Energy Community

29th September 2022

Legal Overview of aggregation

The EU

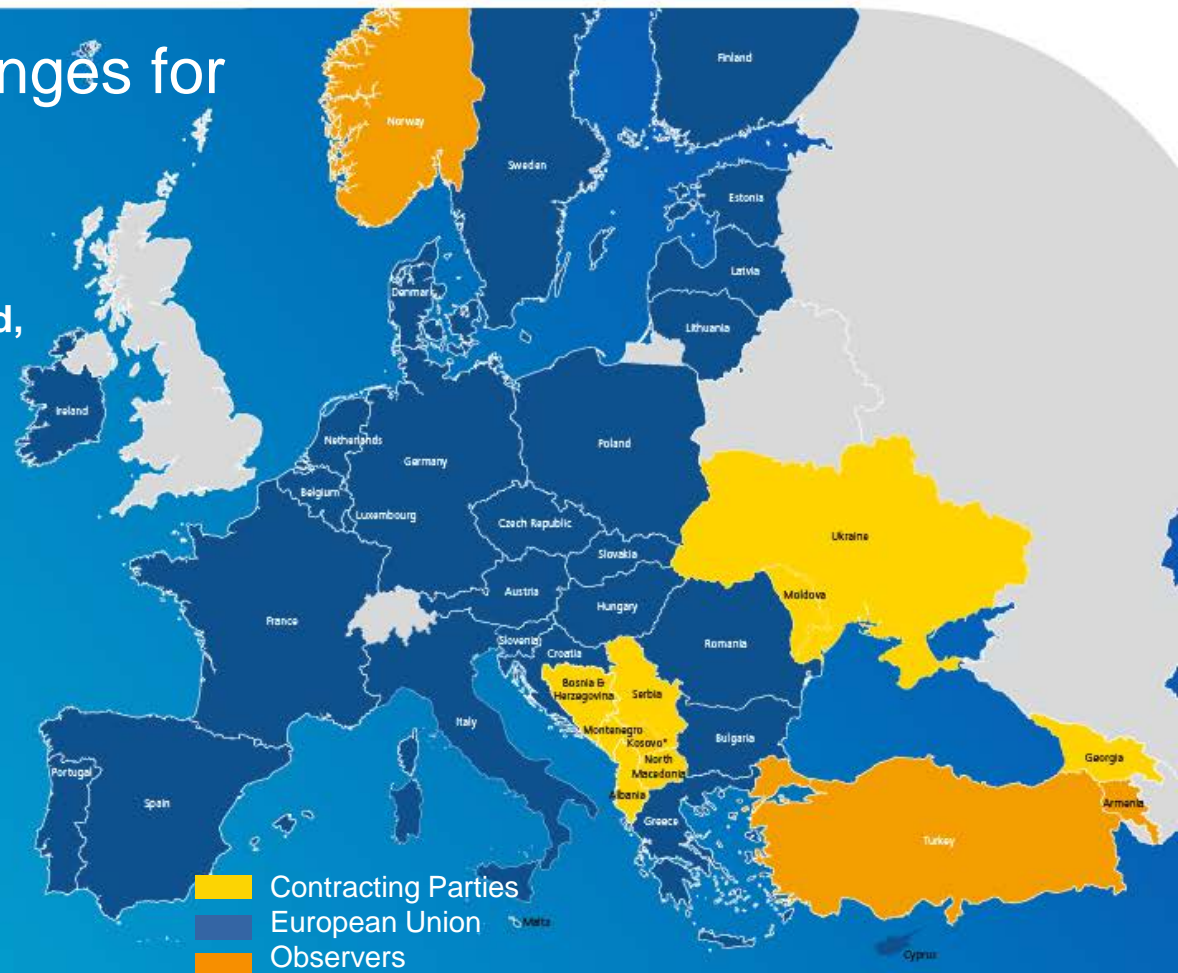
- Directive (EC) 2019/944 on common rules for the internal market for electricity
- Regulation (EC) 2019/943 on the internal market for electricity
- Renewable Energy Directive (RED II) – Directive (EU) 2018/2011 (recast)

Energy Community

- ✓ Directive (EC) 2019/944 on common rules for the internal market for electricity
(by the Decision of the Ministerial Council of the Energy Community No 2021/13/MC- EnC)
By the end of 2023
- ✓ Renewable Energy Directive (RED II)
(by the Decision of the Ministerial Council of the Energy Community No 2021/13/MC- EnC)
By the end 2022

Directive 2019/944: what changes for the Contracting Parties?

- ☀ Truly integrated competitive, **consumer-centred**, **flexible**, fair and transparent electricity markets
- ☀ **Consumer empowerment and protection:**
 - ☀ Active customer
 - ☀ Aggregators - market participant
 - ☀ Demand response
 - ☀ Energy Communities



Directive 2019/944 under the loop: definition of aggregation

Aggregation

(18) 'aggregation' means a function performed by a natural or legal person who combines multiple customer loads or generated electricity for sale, purchase or auction in any electricity market;

Independent Aggregator

(19) 'independent aggregator' means **a market participant** engaged in aggregation who is not affiliated to the customer's supplier

Aggregator

?

supplier-aggregator

Access to the electricity markets for aggregation. Demand response

The Directive allows final customers and energy communities, including those offering demand response through aggregation, to participate alongside producers in a non-discriminatory manner in all electricity markets.

Art 17 Demand response through aggregation

- participation **without the consent** of other market participants;
- **financial responsibility for the imbalances;**
- **clear roles and responsibilities** to all electricity undertakings and customers;
- **no undue payments, penalties for the final customers** who have a contract with the indep. aggregator by their suppliers..;
- **financial compensation for the imbalances shall be strictly limited to covering the resulting costs incurred by the suppliers..;**
- the technical requirements for participation of demand response shall cover participation involving aggregated loads.

Aggregation empowerment through the customers

Art.15 Active customer

- 'Active customer'participates in **flexibility or energy efficiency schemes**, provided that those activities do not constitute its primary commercial or professional activity;
- Are entitled to operate either directly or **through aggregation**;

Art. 21 Renewables self- consumers (RED II)

- Contracting Parties shall ensure that renewables self-consumers act individually or through aggregators
- Are able to access all electricity markets, either directly or through aggregation, in a non-discriminatory manner;

Art. 16 Citizen energy community

- Are treated in a non-discriminatory and proportionate manner with regard to their activities, rights and obligations as final customers, producers, suppliers, distribution system operators or market participants engaged in aggregation
- Are financially responsible for the imbalances they cause in the electricity system

Aggregation empowerment through the customers

Art. 22 Renewable energy communities

- renewable energy communities that supply energy, provide aggregation (...)
- (renewable energy communities are entitled to access all suitable energy markets both directly or through aggregation in a non-discriminatory manner

Art. 12 Right to switch

- Switching supplier or aggregator - of three weeks from the date of the request.
- By no later than 2026 no longer than 24 hours
- Customers in a non-discriminatory manner as regards cost, effort and time
- No fees for that at least household customers and small enterprises

Art. 27 Universal supplier

- This Directive does not prevent Contracting Parties from strengthening the market position of the household customers and small and medium-sized non-household customers by promoting the possibilities for the voluntary aggregation of representation for that class of customers.

“Free to choose and act”. Aggregation contract.



The Directive ensures that the customers are free and independent from any market participant, including their electricity supplier, in their willingness to perform flexibility services to the energy market.

Such flexibility services may be provided through the Aggregation contract

Aggregation contract:

- all customers are free to purchase and sell electricity services, including aggregation, other than supply, independently from their electricity supply contract and from an electricity undertaking of their choice.
- No prior consent from the supplier is needed to conclude the contract
- No discriminatory technical and administrative requirements, procedures or charges by their supplier
- market participants engaged in aggregation shall fully inform customers of the terms and conditions of the contracts that they offer to them.
- final customers are entitled to receive all relevant demand response data or data on supplied and sold electricity free of charge at least once every billing period if requested by the customer.

Art.13

Aggregation and DSO

Aggregators play a crucial roles in empowering the demand side flexibility and thus the flexility services for the DSOs and TSOs. Directive requires Contracting Parties to ensure that DSO and TSO have the incentives to procure such flexibility services for their system needs.

Art.31

Enlarge

New instruments available to perform DSOs tasks

Procurement of the non-frequency ancillary services through non – discriminatory and market based approach (unless there is a derogation from

From qualified market participants, including market participants offering energy from RES, market participants engaged in demand response, operators of energy storage facilities and market participants engaged in aggregation

Art.32

Incentivize for flexibility

Allow and provide incentives to distribution system operators to procure flexibility services including congestion management + **DSO have to be remunerated for such procurement**

DSO/NRA shall, in a transparent and participatory process establish the specifications for the flexibility services procured and, where appropriate, standardised market products

DSO network development plan: **include the use of demand response**, energy efficiency, energy storage facilities or other resources that the distribution system operator is to use **as an alternative to system expansion.**

Aggregation and TSO

Art.40

Balancing, security of supply

Shall procure balancing services/non frequency ancillary services subject to the transparent, non-discriminatory and **market-based procedures**; (unless there is derogation from NRA for non frequency)

From all qualified electricity undertakings and market participants, including market participants offering energy from renewable sources, market participants engaged in demand response, operators of energy storage facilities and market **participants engaged in aggregation**

TSOs are able to procure such services from providers of demand response or energy storage and shall promote the uptake of energy efficiency measures, **where such services cost-effectively alleviate the need to upgrade or replace electricity capacity and support the efficient and secure operation of the transmission system.**

Transmission system operators shall be adequately remunerated for the procurement of such services to allow them to recover at least the reasonable corresponding costs, including the necessary information and communication technology expenses and infrastructure costs.

Conclusions

- ❖ Renewable Energy Directive (RED II) and Directive (EC) 2019/944 on common rules for the internal market for electricity shall be fully implemented by the Contracting Parties
- ❖ Aggregation aims at strengthening the market position of the consumer and is crucial to empower the demand side flexibility services needed by the system



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