



SolarPower Europe Initial contributions following the stakeholders' workshop on Demand Side Flexibility

SolarPower Europe believes that defining a framework for flexibility services that can be used for congestion management and that are adapted to consumers and prosumers is **very important**:

- The lack of grid capacity is a growing issue for solar project developers and either slows down or stops the development of new projects or adds costs on the project development. [In the Netherlands](#), close to a GW of solar projects are risk because of the lack of grid capacity.
- For this reason, and driven by the important development of renewables ([according to the IEA](#), solar will be the first energy capacity in Europe by 2025), we enter a new cycle of investment in the networks with dedicated new EU instruments (Connecting Europe Facility, Recovery Fund). Yet, the investments required are huge: nearly €60 billion per year over the 2021 to 2030 period, almost triple the amounts of annual investment between 2011 and 2020. Unlocking all the alternatives to wires will be critical to optimise investments and avoid sunk costs and rampant grid fees, in particular in a context of upcoming economic recession.
- The residential solar and battery storage markets are expected to grow importantly in the next years: according to SolarPower Europe scenarios, the residential battery market will reach 7.2 GWh in 2024 while the annual market of rooftop solar PV will be +10 GW on average between 2020 and 2024. However, the absence of proper EU-level framework creates a missed opportunity to value and activate their flexibility, resulting into resource inefficiency and additional costs for society. In addition, the diversity of national regulations and processes creates complexity and additional costs for companies.

Altogether, **succeeding in developing a proper framework at EU-level for demand-side flexibility is critical to create a true Green Deal for citizens, in a way that is the most resource efficient and economical for society**. It can realise the 2030 European climate and renewable energy targets, unlock the half a million jobs expected in 2030 in the solar PV value chain, and boost European clean technology industries (solar PV, batteries and inverters), under the following conditions:

- The work on this new framework starts **timely and not after the end of 2021**. The development of such a new framework needs to follow the implementation of the Clean Energy Package.
- In accordance with the objective of the Single Market, new standards or principles are **defined at EU-level**, to provide a minimum level of harmonisation or at least of visibility on the national standards. The experience of the existing network codes has shown the importance for companies of a EU-level harmonisation of principles and standards.
- The framework is defined through **a new network code**, which will allow to adapt the framework to the precise needs of demand side flexibility and local congestion management. In contrast to adapting some rules in existing legislation, a new Network Code will also provide a stimulus for the mobilisation of distributed flexibility. All stakeholders should be involved in the drafting process of the network code, through the



Smart Grids Task Force of the European Commission, and SolarPower Europe is ready to provide industry feedback through this task force.

Following the presentation of the preliminary results of the Tractebel and Guidehouse study, we would like to share the following thoughts:

1. Although the integration of distributed flexibility with existing markets is an important topic, the design of markets rules on flexibility services and flexibility products to access distributed flexibility in the first place is even more relevant. Unfortunately, Tractebel and Guidehouse focus only on the integration with existing markets when examining the requirement of a new Network Code. This neglects the primary purpose of the Network Code.

2. We see a flexibility grid code focus on “flexibility services” or “flexibility products”, rather than on the assets themselves. Historically, the existing grid codes have a primer focus on assets, mostly defined for larger generators. This is why we believe that adding flexibility services to the existing grid codes will prove more complicated than designing a new logic from scratch.

3. The network code will have to avoid mandatory “flexibility readiness” upfront. “Flexibility readiness” for EVs, heat pumps or storage does not come “for free”. Mandating “flexibility readiness” for products can quickly counteract principles of market-based allocation and flexibility as a secondary objective. If such consumer devices must fulfil hardware and software requirements to be “flex-ready” this adds to the cost of development, manufacturing and ultimately the end-customer price. This is aggravated if the flexibility potential stays unused thereafter. There should be a clear understanding that such unused flexibility technology constitutes an economic deadweight loss. A flexibility network code should therefore avoid costly pre-qualification technology for flexibility (e.g. for additional surveillance technology/ controllability) for out-of-the-box-technology which is then not used. Instead, rather than mandating product harmonization or compliance we pledge for a “harmonization of services”. If a flexibility service is lucrative enough end-customers and manufacturers will opt into it voluntarily. And manufacturers will equip technology with the necessary hardware/software to comply.

4. We would be cautious with the proposed alternative B (mentioned in slide 36 of Tractebel / Guidehouse presentation). Even though this alternative is interesting and must be explored, this alternative requires an important work that is not compatible with the imperative of a timely action. We also understand that this framework would not be best adapted to decentralised flexibility resources.