

Targeted Consultation to Support the Establishment of a New Network Code on Demand Response

Brussels, 12 September 2025

Europex welcomes the opportunity to respond to the Commission's consultation to support the establishment of a new network code on demand response.

Part 1: General objective:

6. How satisfied are you with ACER's proposal for the establishment of the Network Code on Demand Response according to Article 59(1) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (hereinafter: ACER proposal)?

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7. Do you consider the allocation of content between each network code and guideline in the ACER proposal to be appropriate?

Yes.

8. Is the scope of the network code on demand response in the ACER proposal regarding local services, including congestion management and voltage control services, for DSOs and TSOs adequate?

No.

9. To what extent does the ACER proposal adequately address the roles and responsibilities of all key stakeholders?

at least 5 answered row(s)

	Very adequately	Adequately	Inadequately	Very inadequately
* TSOs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* DSOs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Regulatory authorities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Balance responsible parties	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Service providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. If you have answered "Inadequately" or Very inadequately" to the previous question for at least one type of stakeholder, please explain.

The current text does not properly consider certain key roles for the implementation of the flexibility markets, notably the role of the local market operator (LMO). Unlike the previous version drafted by the TSOs and DSOs which dedicated specific articles to the LMO and mentioned the possibility of assigning this role also to a third party as long as stringent requirements were fulfilled, in this new text the LMO role is not explicitly identified, no requirements for performing this activity are included and the system operators (SOs) are in charge of running the flexibility markets with the possibility of delegating this task; this leads to a market organization not clearly structured.

In order to provide adequate guidelines for the national Terms and Conditions, it is of utmost importance to clearly define the roles and responsibilities of the stakeholders that actually manage the markets, specifically who makes available the market information before the opening of the auctions, who collects the orders of the market participants, who defines and publishes the market results, who makes available the market data etc. Indeed, the role of the local market operator (LMO) is fundamental to run efficiently the local flexibility markets that shall become interoperable with the wholesale markets. From our perspective, the LMO should be performed by a third party that ensures neutral, safe and transparent operation of the local flexibility markets.

We recommend the re-introduction of the following LMO requirements i) neutrality and transparency; ii) technical, personal, operational and organisational expertise with regard to the ability to operate and develop wholesale and local DSO/flexibility markets and; iii) appropriate market surveillance arrangements. The NC DR should clearly define the tasks assigned to the LMO, such as publishing information on market sessions and results, which are activities closely related to market operations. If a SO decides to delegate the LMO task to a 3rd party, the LMO selection process should be efficient, consisting of a transparent public procedure and based on precise prerequisites for operation and delegation.

10. Do you consider that the cooperation of DSOs at national level could benefit from a new entity to facilitate such cooperation or from other governance changes? Please explain why.

No.

Europex does not believe that a standard solution for all Member States is reasonable as the situation of the DSO differs considerably throughout Europe. Any restructuring would take time that we can certainly be better used.

11. Which specific articles or elements of the ACER proposal do you support, and would you like to keep the current wording?

- TSO-DSO coordination
- DSO-DSO coordination

12. What are your main concerns regarding ACER proposal? Please list maximum 3 concerns by order of priority.

1. Firmly promote market-based flexibility procurement and ensure compliance with the strict exemptions from market-based flexibility procurement foreseen in the Clean Energy Package → we recommend keeping the maximum validity period for derogations from the market-based procurement of flexibility services of 2 years rather than extending it, since derogations need to evolve as rapidly as markets do.
2. Third parties remain the most efficient option to act as a local market operator → In order to ensure a neutral, safe and transparent operation of local flexibility markets, we suggest re-introducing in the text the figure of the local market operator, specifying the requirements for performing this role and the tasks assigned, similarly to the articles that had been included in the ENTSO-E and DSO Entity proposal of May 2024.
3. Ensure interoperability between wholesale markets and local flexibility markets to capture the benefits of such linking while avoiding any negative impact on the well-functioning of existing European wholesale electricity markets →, interoperability should be ensured between wholesale and local flexibility markets considering the market design characteristics of each Member State (e.g. locational tagging, solutions for congestion, voltage issues exc.).

13. Which areas would benefit from additional harmonisation and standardisation at EU level compared to the ACER proposal? 0 (not at all) – 10 (strongly benefit)

a) Aggregation models:

0

b) National rules of procedure to develop common proposals:

0

- **Indicate which areas would benefit most from EU harmonisation:**

The national rules of procedures should clearly recognise the relevant stakeholders, e.g., the power exchanges acting as local market operators or platform providers, the possibility to actively participate in the development of common proposals for the national T&Cs. The current proposal refers to a “process of safeguarding the involvement of the affected stakeholders” (Article 4.2, letter d). in the recast of the text the EC should better clarify this active participation.

- c) Balancing services:**

0

- d) TSO-DSO coordination:**

0

- e) DSO-DSO coordination:**

0

- f) National framework for DMDs:**

0

- **Are there cross-border or EU-wide use cases where harmonised access to measurement data would be critical?**

No.

- g) Grid prequalification and temporary limits:**

0

- h) Table of equivalences:**

0

- **Would a standardised guiding template help streamline national implementation?**

No.

i) Observability areas:

0

j) Baselineing methods:

0

k) Qualification, verification and prequalification requirements and processes:

3

- **Do you see a need for further harmonization of cross-border aspects in these processes?**

Yes.

l) Flexibility information systems:

0

m) Market-based procurement of local services:

5

- **What would be the most effective way of achieving this harmonisation?**

The demand response resources provide really different and specific local services to the distribution grids they are connected to and that are managed by tens of DSOs. Against this fragmented background, a minimum level of harmonisation should be ensured to the market-based procurement, specifically setting up Union-wide market criteria that allow for the participation of demand response resources to both the local flexibility markets and the wholesale markets. Nevertheless, as the Member States have different dispatching models according to their national specificities, likewise it should be guaranteed the possibility to implement national flexibility markets tailored to local network issues.

Hence, with the aim to implement local flexibility markets, we recommend achieving a minimum level of harmonization through the standardization of the essential attributes that define the flexibility products, while leaving sufficient room for local specificities. Specifically, we recommend defining 3 standard attributes regarding the local services: flex reservation, flex activation, and a

combination of 1 and 2. All the other attributes defining the flexibility products, such as the availability window or the minimum/maximum quantity, shall be left to the discretion of the procuring SOs according to the network issues to be addressed.

n) Data exchange and standards

0

- **Do you support a EU methodology on standardised data exchange formats?**

No.

o) Common information platforms on market-based procurement of local services:

0

p) Is there any other area (not listed above) where additional harmonisation or transition would be highly needed? Please explain.

On the attributes defining the flexibility products: as already mentioned, a certain standardization of the essential attributes that define the flexibility products shall be stipulated by the Network Code on Demand Response to ensure simple access for FSPs to sell flexibility and for SOs to procure flexibility. Too much standardization needs to be avoided to leave sufficient room for future innovation and to adjust the market design to the specific needs of the SOs. Furthermore, to address such specific needs of the SOs due to network issues, we recommend leaving configurable e.g. the gate opening and gate closure time, and the number of auctions.

q) Overall, how satisfied are you with the harmonisation at EU level in the ACER proposal?

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Part 2: Title I and Title II

14. Is the ACER proposal, to first set up a national process for the development, amendment and approval of national TCMs, adequate to ensure a timely implementation while allowing for national specificities? If no, why? What would be a suitable alternative?

No.

The 12-months period to set up the national process for the development of national TCMs seems too long. We recommend assessing a shortened period of 6 to 9 months, in particular for member states with only few SOs. A swift and timely development of the national and European TCMs is important for the implementation of the Network Code Demand Response and should not be further delayed. The flexibilization of the European energy system is urgently needed.

15. In the ACER proposal, do you consider that the timing and sequence for the development of national and EU terms and conditions or methodologies is adequate? If no, why?

No.

When developing the EU TCMs on market-based procurement 3 years after entry into force of the Network Code Demand Response, a return of experiences from the national TCM for local service providers (which includes the rules for market-based procurement) shall be taken into account. A good and efficient coordination between the national TCM and EU TCM on market-based procurement needs to be ensured. In addition, a timely and swift development of the TCMs is crucial.

16. Is there any other element to share on Title I and Title II of the ACER proposal?

Irrespective of the timings established in the proposal, we would like to point out that the pilot projects already ongoing or about to start shall not be hindered or interrupted during the implementation period of the Network Code Demand Response at national level. Hence, it is needed a coordination between these two streams of activities in order to continue fostering the development of local flexibility markets.

Part 3: Title III

17. Should product verification at service providing unit or service providing group be established as a default requirement for all products?

No.

18. Do you find the rules for switching the controllable units between service providers adequate, as proposed in Article 23 of the ACER proposal?

Yes.

19. Would you recommend implementing additional duration limits to facilitate switching of controllable units between service providers?

No.

19. If no, why?

We are not aware of any concrete need or proposal.

20. Do you find the rules regarding the threshold on service providing unit or service providing group modification (10% or 5 MW whichever is lower and at least 500 kW) as proposed in Article 18 of the ACER proposal to be appropriate?

Yes.

21. Would you consider further specifying the maximum timeframe of three weeks for the procuring system operator to perform product verification in Article 19(2)(a) as appropriate?

No.

21. If no, why?

We are not aware of any concrete need or proposal.

23. Is there any other element to share on Title III of the ACER proposal?

Flexibility information system: We generally support the idea to standardize criteria for the participation in local flexibility markets. However, what shall definitely be avoided are redundancies and overlaps between new flexibility information systems and local flexibility market platforms which offer already today parts of the intended functionalities of flexibility information system. Indeed, it is of utmost importance to coordinate the existing local market platforms with the new flexibility information systems in order to ensure an efficient and timely implementation of the local flexibility markets.

Part 4: Title IV

24. Do you support the ACER proposal regarding the governance and delegation of tasks for operating local markets? If no, why?

No.

The Network Code should specify that the delegation/ assignment shall be based on a transparent and non-discriminatory process. In addition, the Network Code shall stipulate a list of minimum requirements for any 3rd party LMO to fulfil to ensure the well-functioning and integrity of local flexibility markets, e.g. appropriate market surveillance standards in compliance with Art. 15 REMIT.

25. Do you see a need for further clarification regarding Article 31 and the coordination of flexible connection agreements with local markets? Please provide additional comments if needed.

Yes.

Firstly, an efficient, transparent and safe operation of local flexibility markets is essential. To achieve this, the NC DR needs to set a certain number of European-wide harmonised minimum requirements for the operation of local flexibility markets. We strongly recommend the re-introduction of the requirements which had already been included in the ENTSO-E and DSO Entity proposal of May 2024. These should include at least i) neutrality and transparency; ii) technical, personal, operational and organisational expertise with regard to the operation of local markets and; iii) appropriate market surveillance arrangements in place in compliance with the revised REMIT 2 Regulation. Furthermore, the NC DR should clearly define the tasks assigned to the local market operator, such as publishing information on market sessions and results, which in general are activities closely related to market operations.

In addition, if a system operator decides to delegate the LMO task to a third party, the LMO selection process should be swift and efficient, consisting of a transparent public procedure and based on precise prerequisites for operation and delegation.

Secondly, in order to fully comply with the Clean Energy for All Europeans Package strict exemptions from market-based procurement, we firmly support that ACER identifies market-based procurement of local services as the default solution and foresees a derogation period of maximum two years. Furthermore, with regard to the relation between the LFMs and the flexible connection agreements, it is of utmost importance that the latter, if in place, do not hinder or distort the former with negative impacts on their liquidity.

26. Do you consider the proposed framework in Article 34 for coordination and interoperability between local and day-ahead, intraday, and balancing markets sufficiently flexible while opening the market?

No.

27. Is there any other element to share on Title IV of the ACER proposal?

To allow for a sufficient flexible solution that ensures interoperability (Art. 34), it is of utmost importance to consider the market design characteristics of each Member State (e.g., locational tagging, solutions for congestion, voltage issues, etc.). In particular, regarding the bid forwarding mentioned in Article 34 of the Proposal, the NC DR should facilitate a barrier-free access for all market participants to all different market segments (wholesale, balancing and local flexibility markets). This can be ensured via an efficient TSO-DSO coordination avoiding the activation of conflicting bids, via national BRP rules ensuring that market participants are balanced until delivery and via process standardisation and product compatibility. Consequently, the NC DR should not impose one-fits-for-all solution, leaving to National Terms and Conditions the mandate to investigate and decide on how to allow for interoperability (e.g., bid forwarding can be one of the available options).

Furthermore, it is a clear role of a market participant or an aggregator to commercialise its volumes on the different market segments in the most efficient way. In other words, bid forwarding should not be left under a system operator arbitrary choice.

Moreover, would like to highlight the relevance of a functioning market surveillance (Art.8, Art.32). Local market operators shall notify breaches of Art.3-5 REMIT to ACER and the relevant NRA without further delay, in line with the new definition of wholesale energy products in REMIT.

Finally, we need to ensure that already existing derogations are compliant with the provisions of Art. 29 and Art. 30 of the Network Code Demand Response. We suggest that the NRA reviews existing derogations at least 6 months after entry into force of the Network Code and revokes them in case the circumstances and underlying reasons according to Art. 29 and Art. 30 of the Network Code no longer apply. Those conditions should be reassessed every two years.

Part 5: Title V and Title VI

28. Is the ACER proposal in Article 40 and Article 41 regarding ownership, development or operation of energy storage by system operators, including rules for shared ownership of energy storage, adequate to ensure market-based and competitive storage services when the national market allows it?

Yes.

29. Do you consider Article 42 of the ACER proposal and the conditions for assessing the phase out of the system operators' ownership of energy storage facilities to be adequate for enabling third-party market entry and reducing the regulated asset base of system operators?

Yes.

30. Do you envisage DSO observability areas, as described in Article 46, as dynamic concepts that adapt to production/consumption patterns or as fixed areas maintained over extended periods? Please explain why?

Dynamic.

Please be aware that Europex' expertise in this matter is limited. However, according to the feedback that we have received from some DSOs, distribution grids change their status so frequently and in such a granular manner that it is crucial to explore different network configurations in the DNDPs. Thus, against this background, fixed observability areas do not appear feasible.

Part 7: Title VII - Title X and other network codes

32. Regarding Article 49 of the ACER proposal, should cooperation between system operators on prequalification for service providing units or groups be limited to local services or extend to broader ancillary services? Please explain why?

Extend to broader ancillary services.

The benefits of an improved coordination between system operators are not limited to local flexibility markets but can also be beneficial for other market segments.

36. Do you consider the topic of standardised data exchange and interoperability sufficiently covered in the ACER proposal, considering the activities of Expert Groups such as Data for Energy (D4E) and the implementing act on demand response?

Yes

41. Do you have any other element to share on the ACER proposal?

Article 32.3(b): SOs shall not develop unilaterally without formal involvement of NEMOs provisions on the coordination between local market operators and operators of SDAC and SIDC. This would lead to 27 different provisions that NEMOs would have to consider and create unnecessary complexity. Art. 32.3(b) shall be deleted, and the target of market-coordination achieved by well-proven solutions, i.e. product compatibility, sound BRP rules, as it is already the case in the existing wholesale markets.

About

Europex is a not-for-profit association of European energy exchanges with 37 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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