

Energy Traders Europe response to MITECO consultation on independent aggregators

Brussels, 13 September 2024

We support the aggregation model proposed in the consultation document- centralised model with compensation and correction - as aligned with the Demand Response Network Code. We ask MITECO to consider the following aspects:

1. No cap on compensation should be established at this level of legislation

No cap on compensation (currently set at a maximum of 50% of the day-ahead market price) should be established by the Decree; instead, a rigorous methodology should be developed by the CNMC at a later stage.

Additionally, we note that the impact assessment provides no explanation or justification for introducing such a cap.

2. All compensation models should be regarded as potential options under the Decree

We believe the Decree should not impose legal constraints on different compensation models, whether through bilateral settlements or cost socialization. The transitory model, with the TSO as the counterpart, should also remain a viable alternative.

Furthermore, the proposed compensation model lacks clarity regarding the counterpart. It initially identifies the TSO as the central counterpart for both correction and compensation. Yet, other articles suggest bilateral arrangements or socialization.

Finally, the Royal Decree should be open enough to consider all types of compensation to the supplier for all additional potential costs caused by the actions taken by the independent aggregator and that are beyond the reach of the supplier.

CONSULTATION RESPONSE

3. Align terminology accordingly with the EU Network Code

It is also unclear what is considered as compensation in this proposal. To avoid any misunderstanding and to ensure the coherency with EU terminology, it is very important to:

- i. Introduce and define the concepts of financial transfer and financial compensation as in the proposal of the Demand Response Network code (article 22a and article 22b);
- ii. Replace the word "compensation" in the RD Proposal accordingly, and
- iii. Clarify that the "*socialization of the compensation*" refers to the "*financial compensation*", and not to the "*financial transfer*"

4. Ensure transparency on communications between the aggregator and the supplier

There is need to ensure transparent communication between the aggregator and the supplier about the aggregator's actions so that the supplier can efficiently manage its portfolio, optimizing its imbalance position, and thus avoiding harming end consumers with higher costs. We propose the communication to be centralised through the System Operator.

5. The proposal to be presented by the TSO shall also be subject to public consultation

The Decree should mandate the TSO to submit their proposal to a public consultation.

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