



Household appliance industry views on Demand Connection Code

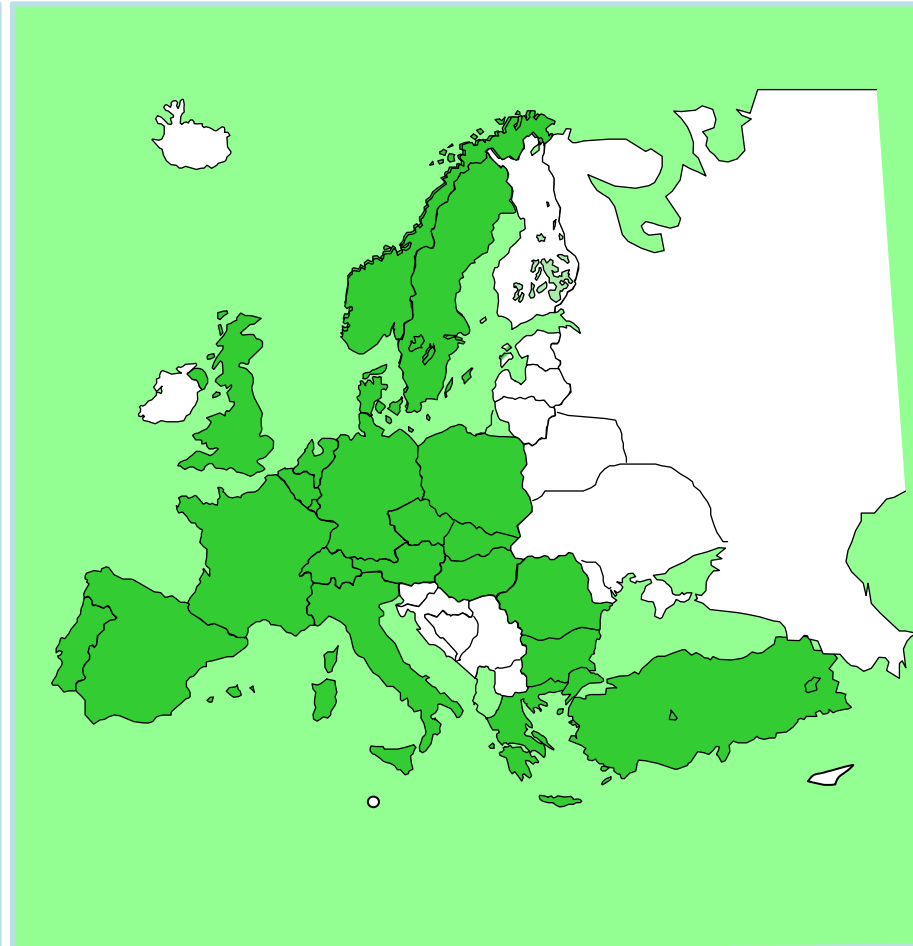
ACER workshop on the Network Code on Demand Connection
23 January 2013

Who is CECED?

18 European Manufacturers:

- Arçelik,
- Ariston Thermo Group,
- BSH Bosch und Siemens Hausgeräte,
- Candy Group,
- Daikin Europe,
- De'Longhi,
- Electrolux,
- Fagor Group,
- Gorenje,
- Indesit Company,
- LG Electronics,
- Liebherr,
- Miele,
- Philips,
- Samsung Electronics,
- Groupe SEB,
- Vorwerk,
- Whirlpool Europe

24 National Associations across Europe



Demand side participation must remain a choice

- ❑ **Unilaterally mandating demand response requirements for frequency control constitutes a severe barrier to the effective deployment of a market for demand response services**
- ❑ **It creates a disincentive to develop energy markets**
 - ❑ For TSOs because they may just get enough benefits from SFC
 - ❑ For consumers because of the negative feeling that this may create and the low residual value of additional services to be offered
- ⇒ **Participation to demand response must be consented not imposed**
- ❑ **Consumers are forced to participate in energy service markets**
 - ❑ SFC cannot be disabled and is mandatory for DSR capable devices
 - ❑ SFC can hamper the development of fully Smart Appliances for selected devices
 - ❑ The Code may require products to be capable of demand response even if consumers do not want to use it
 - ❑ Mandatory DSR capability can create a dominant position for utilities that may force consumers to accept DR offers below market value
- ⇒ **The system has to empower consumers to ensure their participation and contribution to the grid stability**

Demand response must be rewarded

- ❑ **Demand response is a service that contributes to grid stability**
 - ❑ As for any service, there must be a payback
- ⇒ **Market approach should be the governing rule**

- ❑ **Individual residential consumers are discriminated against**
 - ❑ They will pay for a technology that enables demand response without any compensation in return or that may not be used at all
 - ❑ TSOs will bear no costs but get all benefits
- ⇒ **The Code must ensure equity of treatment between all electricity service providers**

- ⇒ **An economic model as suggested in ACER Framework Guidelines on electricity balancing must be established prior to the establishment of rules on demand response**

The DCC goes in the wrong direction

- ❑ **The Code goes against ACER Framework Guidelines on Electricity Grid Connections:**
 - ❑ The DCC must “enable demand response” not impose it unilaterally
- ❑ **The Code goes against the Third-Energy package:**
 - ❑ The legislation package aims “at delivering real choice for all EU consumers”
- ❑ **The Code goes against article 15 of the Energy Efficiency Directive:**
 - ❑ This article promotes “access to and participation of demand response in balancing, reserve and other system services markets” and the treatment of “demand response providers in a non-discriminatory manner”
- ❑ **The Code goes against the Commission communication to make the internal energy market work:**
 - ❑ The Communication promotes “demand response in accordance with the Energy Efficiency Directive”. In particular “demand-side flexibility should be rewarded”
- ❑ **The Code goes against free circulation of goods in the EU and could have a dramatic effect on installed stock of electrical devices:**
 - ❑ By allowing different frequencies for different TSOs

Conclusions

- ❑ **The EU has a great demand response potential which remains largely untapped**

- ❑ **The household appliance industry supports the deployment of demand response via smart grids based on:**
 - ❑ Transparent rules across all EU countries
 - ❑ A market approach
 - ❑ Equal treatment between all electricity service providers
 - ❑ Creating a consumer “need” for smart appliances rather than creating an imposition on consumers

These conditions together creates the ideal framework to achieve an energy efficient electricity network in the EU profitable to all actors of the grid

Final remarks

- ❑ It is important to accommodate the views of all stakeholders when making such relevant changes to the way in which electricity network is managed**
- ❑ Despite several attempts to get our points across during the entire consultation process, CECED's main input in the DCC has not been taken into account**