# Baltic Electricity Transmission System Operators’ Public Consultation on “**Demand Response through Aggregation – a Harmonized Approach in the Baltic Region**”

## Overview

The Baltic Transmission System Operators (hereafter TSOs) Elering AS, Augstsprieguma tīkls AS and Litgrid AB hold a common public consultation at an early stage and in an open and transparent manner on the “Demand Response through Aggregation – a Harmonized Approach in the Baltic Region”.

In response to industry trends and the proposed changes in the legal framework presented in European Commission Clean Energy package, the Baltic TSOs (and Finnish TSO Fingrid as an observer) are cooperating to develop a proposal for a harmonized market framework for explicit Demand Response (DR) and aggregation service integration in the Baltic energy market. The report “Demand Response through Aggregation – a Harmonized Approach in the Baltic Region” presents TSOs concept proposal including DR participation in the balancing market.

The main conclusions the TSOs have agreed upon are:

1. Due to expected reduction in conventional generation capacity and increase in intermittent generation, it is important to facilitate DR growth through both integrated and independent aggregation to ensure continuous balance between generation and consumption.
2. To facilitate an effective DR Service market and support integration with pan-European market, a common approach for Baltic countries for aggregation is necessary.
3. The market framework should ensure that:
   1. all willing and technically capable DR resource owners can participate in the market;
   2. negative pressure on retail prices or market distorting regulations are avoided;
   3. all market participants are held responsible for imbalance caused;
   4. activated DR amount is determined by following a transparent and regulated mechanism.
4. TSOs have agreed on the following next steps:
   1. organizing trials for DR Service introduction in balancing market;
   2. working on national legal framework to ensure the chosen market framework is introduced in Baltics.

## Why Are the TSOs Consulting?

No specific market model has been agreed upon yet as the EU regulations are still to be developed and the TSOs would like to gain more insight regarding the practical issues of the various models. Hereby the TSOs are seeking feedback from stakeholders and market participants on those proposals as an important input for the further work of the harmonised approach. After the public consultation, the TSOs will assess the comments received by the stakeholders, update where relevant the proposals and provide market parties with the assessment of their answers. Please take note that comments received in the course of the public consultation shall be kept anonymous.

The report under consultation (“Demand Response through Aggregation – a Harmonized Approach in the Baltic Region”) is provided here <http://www.ast.lv/files/files/Demand_Response_through_Aggregation_a_Harmonized_Approach_in_the_Baltic.pdf>

## Consultation questionnaire

1. What is your name?
2. What is your e-mail address?
3. What is your organisation?
4. Please provide your answers with explanation to the following questions on the TSOs proposal:

|  |  |  |
| --- | --- | --- |
| # | Description | Question |
| 4.1 | The essence of DR and the role of aggregator have been explained in the report. The TSOs see many benefits from including the DR in the electricity markets (as described in chapter 1). | Please state benefits and risks you see in regards to a common Baltic framework for DR introduction in the balancing market? Please explain your point of view. |
| 4.2 | TSOs propose two alternative approaches for introduction of independent aggregation (details in chapter 4.2):   * Aggregator 🡪 Supplier Settlement Model * Consumer 🡪 Supplier Agreement Model | Please state benefits and risks for both of the alternatives.  Please indicate the preferred option and argumentation for the choice. |
| 4.3 | The TSOs hope to gain vital insight into different market models via pilot projects conducted in the region (as described in chapter 6). | Please state benefits and risks you see for pilot projects.  Which of the alternatives would be the most interesting for piloting? Please explain your point of view.  Would you be interested in participating in the pilot and if yes, to what capacity? |
| 4.4 | DR usage causes energy transfers between different market players. In order to determine the amount of energy transfer a baseline methodology should be defined. The TSOs have done a provisional assessment of four possible baseline methodologies as presented in chapter 4 and found that the most accurate would be the “UK model”. | Please state benefits and risks you see for the proposed baseline methodology? Please explain your point of view.  What other possible methodologies would you suggest? |

1. Please feel free to share any other ideas and considerations regarding the TSOs’ proposal.

Please provide your answers to the questions, comments and opinions in English until December 10th by e-mail to:

* Ms Elis Paas (Elering AS): [elis.paas@elering.ee](mailto:elis.paas@elering.ee);
* Ms Līga Sadoviča (Augstsprieguma tīkls AS): [liga.sadovica@ast.lv](mailto:liga.sadovica@ast.lv); or
* Mr Andrius Maneikis (Litgrid AB): [andrius.maneikis@litgrid.eu](mailto:andrius.maneikis@litgrid.eu).

Should you have any questions please contact the representatives indicated above.

Thank you!