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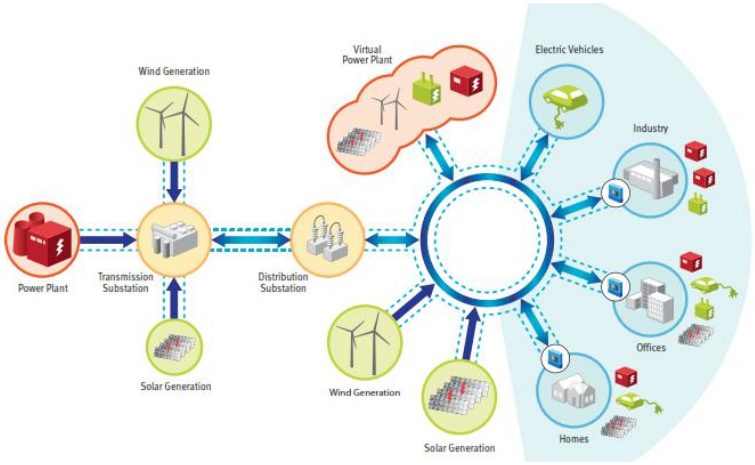
Smart Grids market model:

The DSO as market facilitator



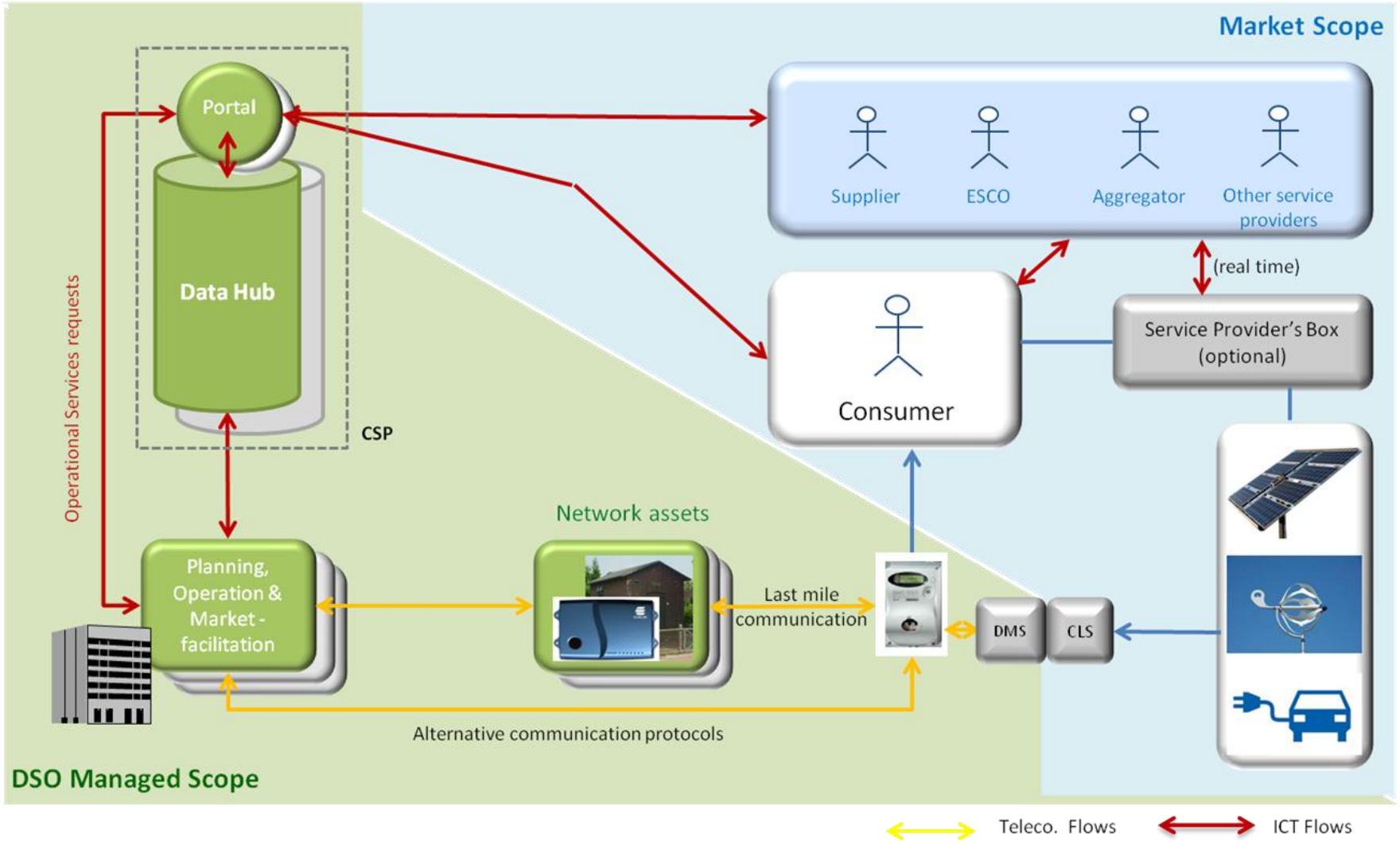
"DSOs are in the driving seat of the smart grids development and should invest on the basis of security of supply and market needs"

Citizens' Energy Forum, London 14 November 2012

Report of Working Group 2 market model "DSO as Market Facilitator"

Rapporteur: Gunnar Lorenz (EURELECTRIC)

‘DSO as market facilitator’ market model – High level overview



The DSO as “information hub” is…

…a model where messages can be sent to a data hub, including a ‘portal’ where messages are subject to a quality check and are then forwarded to the final addressee or processed centrally (central hub).

➔ Relevant for a system with great information intensity complexity and smart meters as an interface between technical operation and the market system

Options:
- ✓ Data is stored in one central data hub
- ✓ Data is stored in *n* decentralized data hubs
- ✓ Hybrid configuration centralized/decentralized

! Some countries have already implemented it (e.g. the Netherlands (Central hub), the Czech Republic) or decided to adopt it (e.g. Belgium); others have decided to adopt it just for some processes such as switching (e.g. Austria, Italy, Spain)!

5 Key Principles of the 'DSO as market facilitator' market model

1. **A market model that has the customers at its very heart.**

   The customer participates in the smart grid environment via innovation in technology, products and commercial contracts. The availability of attractive products and services is essential.

2. **Suppliers focus on developing products and services tailored to many different customer preferences.**

   ✓ **The future smart energy system should simplify all (major) processes for customers and thereby facilitating customer engagement amid increased complexity.**

   ➔ **Suppliers/ESCO's/third parties will be provided timely, transparent and non-discriminatory information relevant to their customers from metering operators (DSOs in the majority of EU Member States)**

5 Key Principles of the 'DSO as market facilitator' market model

3. A smart meter can be defined as an intelligent endpoint of the smart grid and serves the DSO core business next to just providing metering data. With massive DER and EV employed at customer and small producer sites, it will contribute to system integrity, and security of supply

4. Data Communication services in smart grids is mission critical for core services; with the arrival of DER en EV's these core services will stretch to the grid's endpoint Key is here appropriate standardisation

5. DSOs will be responsible for facilitating a level playing field on which suppliers and other market parties offer innovative 'active demand' services to customers.

With this model…

- …the DSO has the responsibility of the full distribution network, which **encourages the integration of the consumer in the most effective and economical way** to maintain the integrity, safety and service level of the network, while ensuring overall energy efficiency.

- …there is a **single responsible entity** that ensures the provision of well-defined market facilitation services, guaranteeing accountability and transparency.

- …today's processes (e.g. change of supplier) may be left intact or may evolve with the general market model; it is **not necessary to change IT systems and create sub processes** to adapt to completely new structure and chains of information or data flow.

Opportunities and benefits of the 'DSO as market facilitator' market model

1. "DSOs ensure confidentiality and neutrality"
2. "A single party that is able to use both technical and customer data to its full extent"
3. "The DSO as market facilitator creates new business opportunities"
4. "Cost-efficiency is key"
5. "A model built upon the 3rd Energy Package"

Opportunities and benefits of the 'DSO as market facilitator' market model

6. "Lean implementation of market processes"
7. "Create simple partnership options with telecom operators"
8. "Critical information is controlled by a regulated entity"
9. "Improved transparency and clear responsibilities in public/private cooperation"
10. "Aligned with M490/ensuring consistent ICT development"

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Thank you

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