Demand side flexibility workshop

December 1st 2023

Sandbox main objetives

In August 2023, Endesa together with the Spanish NEMO – OMIE - and other markets participants including aggregators and storage operators, presented a proposal for a sandbox in Menorca (Balearic island) to provide a regulatory framework for storage, demand response and other distributed resources. Concretely, it was proposed the following:

A. To integrate storage and demand response in the current generation dispatch by creating a flexibility platform.

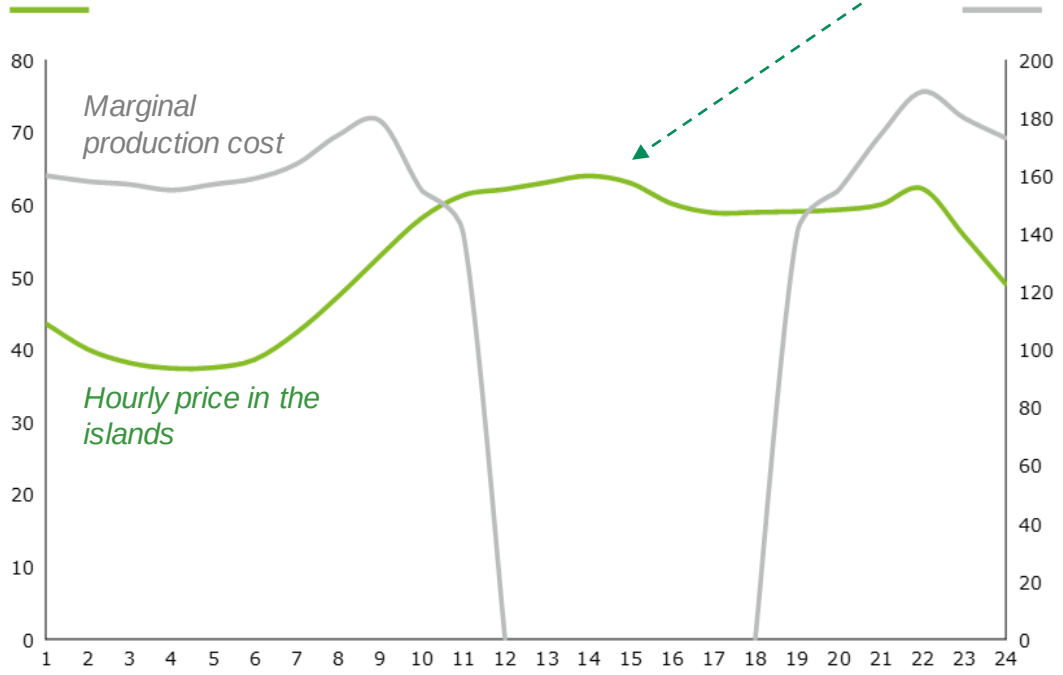
B. To analyse additional remuneration schemes for such resources, in addition to their remuneration for participating in the flexibility platform.

C. To study improvements to the current hourly price signal for selling electricity (RES, storage and demand response)

Demand response does not have an efficient price signal in the islands

Marginal production cost (right axis)
Hourly price for selling energy according to the current regulation (left axis)

Example of the current hourly price vs marginal production cost in 2030 *(€/MWh)*



- In PV production hours, the hourly price which depends on the demand curve is more expensive.
- In systems with large RES generation, higher demand does not necessarily mean higher costs.

Ineficient for generation

There aren't incentives:

- To invest in RES efficiently
- To manage generation surplus

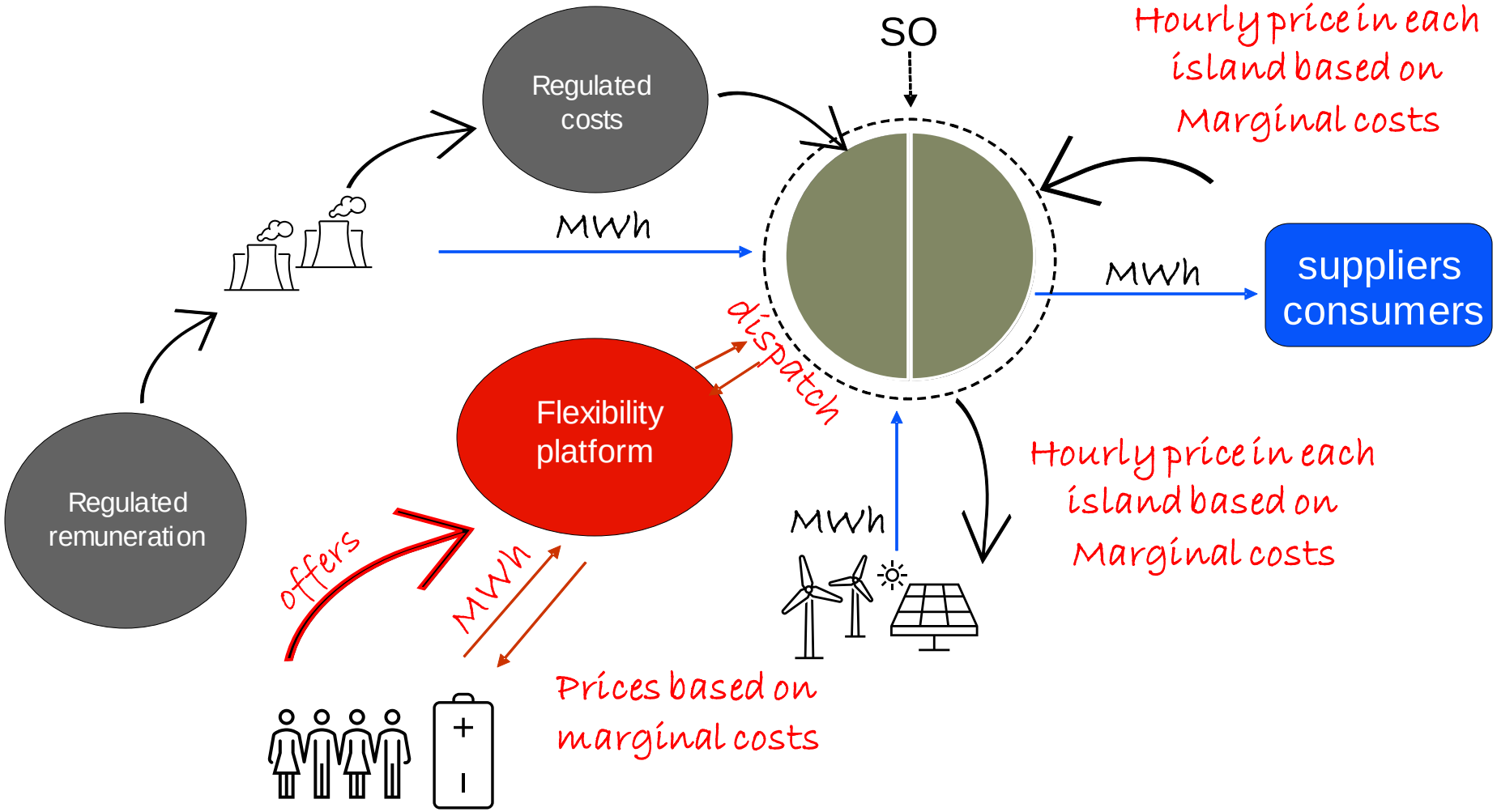
Ineficient for demand

There aren't incentives:

- To move demand to RES production hours

Storage and demand response do need an appropriate price signal that incentives an efficient operation.

A new flexibility platform to integrate storage and demand response in the current regulated dispatch of generation managed by the TSO. The new price signal for selling electricity will be integrated in the current dispatch



Thank you