



To the kind attention of **Prof.Dr.Ing. Anton Anton**

Romanian Minister of Energy

Cc: EU 28 Deputy Permanent Representatives and Energy Attaches

Brussels, 25 February 2019

RE: Demand-side flexibility: the missing link in the EU 2050 decarbonisation Strategy “A Clean Planet for All”

Dear Minister Anton,

The undersigned European business associations welcome the launch of a European debate following the presentation of the Communication “A Clean Planet for All” by the Commission. With the present letter we would like to contribute to the policy debate that will take place on 4 March at the Energy Council by highlighting the potential of digitalisation and decentralised energy resources to unlock demand side-flexibility and enable the clean energy transition. Despite their important role, the pathways proposed in the Strategy do not fully reflect their potential in increasing demand-side flexibility.

Already now, smart solutions allow consumers of all sizes to interact with the energy system by making their demand more flexible. In the electricity system of the future, many more residential, commercial and industrial consumers (or “prosumers”) with digital and decentralised energy resources will be able to provide their demand-side flexibility through innovative services and demand response programmes using real-time monitoring, predictive analytics and automated response. In addition, consumers will be able to interact with the electricity system, by generating their own electricity (and sometimes simultaneously electricity and heat).

All consumers will benefit from demand-side flexibility, also the ones that do not participate directly in the flexible management of their loads, as the efficiency of the energy system will increase and wholesale electricity costs would be brought down compared to projections. Furthermore, this will prove essential to ensure the integration of variable renewable energy sources whose shares are set to increase significantly in most proposed scenarios of the Strategy.

The Communication from the Commission focuses on the active participation of consumers mainly in the context of behavioural changes to increase resource efficiency and reduce energy demand. But it is also important to analyse how demand-side flexibility, digital solutions and decentralised energy resources can empower consumers to become real active participants in the energy system and allow them to control their energy consumption in real time and interact with the system they are connected to in a dynamic way, not just passively.

Any lack of focus on how digital and decentralised energy resources can unlock the full potential of demand-side flexibility will have direct implications at a national level. It is already happening: many draft Integrated National Energy and Climate Plans submitted by Member States to the Commission in the last weeks, as foreseen by the Governance Regulation, omit to investigate the potential of demand response and the contribution of all decentralised energy resources to increase system flexibility.

The Intergovernmental Panel on Climate Change’s latest report warns that the world has just 12 years left to fundamentally reshape its energy systems and economies, or it will suffer the worst effects of climate change. During the policy debate at the Energy Council, we urge the Energy Council to fully acknowledge and embrace the potential of digital solutions, demand-side flexibility and decentralised energy resources in enabling the clean energy transition. We are at your disposal for any further clarification.