

Shaping the Future of Spain's Electricity Market: Feedback from the SENDER Consortium on Independent Aggregators

The consortium of the Horizon 2020 project SENDER very much welcomes the possibility to provide feedback on the draft of the *"PROJECT OF ROYAL DECREE WHICH APPROVES THE GENERAL REGULATION OF SUPPLY AND CONTRACTING AND ESTABLISHES THE CONDITIONS FOR THE MARKETING, AGGREGATION AND PROTECTION OF THE CONSUMER OF ELECTRICAL ENERGY."*

The consortium supports the initiative taken by the Spanish government to allow for the participation of aggregators in the electricity market. Aggregators play a crucial role in an increasingly decentralised energy system and enable an active participation of consumers in the electricity market.

The present draft of the Royal Decree addresses the role of the aggregators comprehensively. Important aspects like the aggregator contracting process, the role of marketers, data exchange as well as the protection of personal data and consumers are addressed.

The role of the independent aggregators is a novelty in the Spanish electricity market. Due to the fact, that household consumers, which historically have not been actively involved in the electricity market, are potential counterparties of aggregators, we consider transparency and the provision of information on the role and services of aggregators as well as their availability as very important measures. Therefore, the consortium fully supports the consideration to publish and monthly update a list of independent aggregators on the website of the National Markets and Competition Commission as stipulated in the draft document. Going beyond this, the website could also serve as single point of contact where consumers can receive all relevant information and supporting materials on aggregation, aggregator services and necessary procedures for aggregation contracts.

With regards to the latter, the current draft clearly states, that the electricity consumers may freely sign an aggregation contract with a party of their choice. The consortium very much agrees in this point. However, according to the draft the duration of the aggregation contract should be annual and can be tacitly extended for equal periods. In our view this duration could disadvantage consumers with seasonal flexibility potential who would also need to contract for a whole year and carry the costs billed by the aggregator. This could potentially hamper the participation of such seasonal flexibility providers. In order to reflect this seasonality a minimum duration of the contract between three to six months could be useful.

The consortium would also like to use this chance to share its practical insights gained on aggregation and demand-side flexibility in course of BRIDGE, an initiative of the European Commission which unites Horizon 2020 and Horizon Europe research projects on smart grids, energy storage, islands and digitalisation. The BRIDGE Regulation Working Group analyses regulatory aspects of the European research projects in the course of its yearly working programme. In 2023 more than 65 projects and 110 people have been involved in the Working Group. In the action focussing on the coordination and integration of energy and flexibility markets one main conclusion was that market design should include both, mechanisms for explicit demand-side flexibility (dispatchable consumers managed by aggregators) and implicit demand-side flexibility (consumers reacting to changing



electricity prices) to make the full flexibility potential available for the electricity system. Therefore, we recommend that also the Spanish market design should allow for both. Furthermore, the analysis showed that a strong focus should be given on barriers related to the coordination between system operators, market participants and consumer and clarity is needed on roles and responsibilities of new and existing actors (including new tools and processes). The draft Royal Decree already touches on many of these aspects. However, flexibility should be considered to allow for updates of the regulatory framework. In this way necessary adaptations can be implemented efficiently once sufficient experience with the new role of the independent aggregator has been gained.

Finally, the consortium would like to emphasise that the introduction of independent aggregators aimed by this draft Royal Decree is crucial for the decarbonisation of the electricity sector and will also allow for a more active support of citizens in reaching that goal. We hope that our feedback can also contribute to the successful implementation of the Royal Decree and we are happy to discuss this further.