

The peninsular electricity system has available an active demand response service of nearly 500 MW to balance generation and demand at specific times

A total of 16 participants, with facilities that have a consumption equal to or greater than 1 MW, took part in the online auction.

Bidders allocated the service will be remunerated with 69.97 euros per megawatt and hour for their availability to reduce their demand at specific times for a maximum of 3 consecutive hours per day.

Madrid, 21 October 2022

The peninsular electricity system will have available a total of 497 MW of demand response from consumers and retailers who participated in the first active demand response auction organised yesterday by the system operator, Red Eléctrica, and whose results were published today on its eSios website. The bidders awarded the service undertake to reduce their consumption at specific times depending on the needs of the system in order to ensure a balance between generation and demand. The outcome of this auction will be applicable between 1 November 2022 to 31 October 2023.

The auction was attended by retail traders and consumers with a demand of at least 1 MW and participants in the wholesale electricity market, which excludes domestic consumers and small businesses, as established by law. In this first auction, a total of 16 participants submitted their bids online.

The successful bidders awarded the service will be remunerated with 69.97 euros per megawatt-hour allocated for their availability in the time previously established for the provision of the service (2,714 hours). The marginal price resulting from the auction is purely based on economic criteria, whereby the bids are ordered from the lowest to the highest until the system requirement is met.

Criteria for applying the service

According to current legislation ([Royal Decree-Law 17/2022](#)), this is a service that will be applied at specific times to ensure continuity of supply in situations when there is a lack of balancing energy that can be activated manually in the system, such as replacement reserve (RR) or tertiary control.

Bidders awarded the service agree to reduce their demand, after being requested to do so with at least a 15-minute notice, for a maximum period of 3 hours per day. The service can only be activated from Monday to Friday from 8 a.m. to midnight from October to March, and from 6 p.m. to midnight from April to September. The activation of the service will be remunerated at the then-current tertiary control price for the hour the service is requested.

Greater flexibility for the system

The active demand response service is a new tool that will provide extra flexibility for the operation of the electricity system at specific times when there is a lack of resources, and it is necessary to adjust the demand and balance it with generation. This measure was approved in September by the Council of Ministers as part of the Spanish government's *Plan +Seguridad Energética* (Energy Security Plan), in line with European recommendations to reduce overall electricity demand.

Countries such as France and Portugal, and recently the United Kingdom, have different demand-side reduction mechanisms similar to the Spanish one.

Red Eléctrica has been promoting the participation of demand-side ancillary services in system operation for years. In fact, the participation of these ancillary services was included in the existing balancing markets in 2021, but the current energy scenario has accelerated the implementation of tools that provide even more flexibility for the system, such as is the case of the active demand response service.