



What do flexibility support schemes refer to?

Flexibility support schemes refer to policies or mechanisms that incentivise the deployment of flexibility solutions to the electricity grid. Flexibility support schemes can be structured, for instance, as Contracts for Difference (CfD) where a public entity provides additional payment to electricity generators when the market price falls below a specified level, but requires the generator to return the excess amount when the market price exceeds a certain threshold.

Why are flexibility support schemes important to support energy storage?

Flexibility support schemes can provide long-term public hedging support as a complement to short-term revenue streams. They may be particularly helpful in ensuring investment security required for the deployment of large-scale grid-level energy storage projects often requiring high initial CAPEX investment.

What can be done?

With its proposal on the Electricity Market Design, the European Commission has made a step in the right direction to improve the flexibility of the power system. Member States will be required to assess their need to increase non-fossil flexibility and, while respecting market principles, will be able to introduce support schemes for flexibility solutions like demand response or energy storage.

It is paramount to ensure flexibility support schemes are open only to “non-fossil” technologies, such as energy storage and demand response. Fossil gas turbines do not require additional support for their deployment - and polluting generation should not benefit from public support. There are several commercially available energy storage technologies that can scale up to replace polluting assets in the provision of flexibility.

Besides, the implementation of flexibility support schemes is a decision taken by the sole Member States. However, the Energy Storage Coalition calls for support schemes to be further encouraged, especially where the flexibility assessment shows an important need or where national flexibility objectives are not met by market-only mechanisms.

