Bld. Brand Whitlock 114 / B-1200 Brussels
E: hello@applia-europe.eu

Federica Lavoro
federica.lavoro@applia-europe.eu

Electricity Market Design's reform should scale up the role of energy smart appliances

Brussels, 14 March 2023 - The EU's proposed Electricity Market Design (EMD) tabled today by the European Commission offers great potential to address, in a structural way, the current energy resilience and energy affordability crisis, by stimulating the development of a market for demand-side management with opportunities for consumers to participate in it and freely manage daily consumption patterns.

Energy smart appliances can give users full control, slashing bills and benefiting the entire electricity network. "Advances in technology present an opportunity to gradually establish a larger base of smart appliances in European homes, raising overall system-efficiency levels across the board," said Paolo Falcioni, APPLiA Director General. The ability to adapt the time of use of appliances has the potential to alter the electricity market for the better, but this can only be reached if consumers are properly rewarded. Strategically running appliances, especially the ones used to heat and cool our homes requiring the most energy, during off-peak hours could significantly reduce pressure on the electricity network. Following this logic, consumers should be able to receive price signals that allow them to adjust their daily consumption patterns to match non-peak hours. To make this a reality, the new EMD should serve as "a catalyst" to the creation of a market and herein business models that enable an "enhanced activation of distributed flexibility while rewarding active consumers." Tangible consumer rewards would advance the industry as companies strive to offer flexible solutions matching consumer demand.

Installed along with efficient new appliances, home and building energy management system retrofits can enable significant energy savings. Global evidence shows that appliance efficiency policies have helped to halve the energy consumption of major products. These huge efficiency gains have been achieved even as the purchase price of the appliances fell by an average of 2-3% per year[1]. A datapoint which clearly suggests that more ambitious policies could reduce CO2 emissions even further, while consumers would still benefit from lower overall costs. With the benefit of dynamic electricity pricing and time-of-use tariffs, connected appliances also allow users to reduce energy costs and shift the timing of their energy use to coincide with periods that benefit the wider energy system. Together, this new wave of innovation opens up a new way of thinking about efficiency in a much more systems-oriented perspective, rather than just energy as an end use in itself.

[1] IEA 2021, Report, *A call to action on efficient and smart appliances*

Electricity Market Design's reform should scale up the role of energy smart appliances

Energy prices have spiked at an unforeseen rate since mid-2021, bringing a harsh reality check for both European households and industries. The Electricity Market Design unveiled today by the European Commission aims to push for renewables and make consumer bills less dependent on volatile fossil fuel prices for a more competitive EU industry.

APPLiA - Home Appliance Europe represents home appliance manufacturers from across Europe. By promoting innovative, sustainable policies and solutions for EU homes, APPLiA has helped build the sector into an economic powerhouse, with an annual turnover of EUR 53 billion, investing over EUR 1.6 billion in R&D activities and creating nearly 1 million jobs.