

Marketing of Small-scale Assets in Germany – Current and Future Challenges and Opportunities

(3) Sektorkopplung und Flexibilität

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Motivation and Research question

Currently, there is a transformation of our energy system towards flexible small-scale electric assets such as heat pumps and electric vehicles. Research is ongoing on how profitable business cases can be created to boost this transformation. Among others, the marketing of small-scale assets on the various electricity markets – for example, vehicle-to-grid use cases - is being discussed. This leads to the research question of how existing players for flexibility marketing in the different energy markets see opportunities and challenges for the marketing of small-scale assets in their portfolio.

Methodology

To answer the research question in the project unIT-e², semi-structured interviews with different players of flexibility marketing in Germany are conducted.

In the first step, current players of flexibility marketing in Germany are identified in a literature review. Here, different types of players such as aggregators, flexibility marketers, providers of balancing services as well as grid operators are considered. These players are either set on a different phase of the flexibility marketing process or address different technologies, markets, and customers. To get a holistic view, interview partners from all these categories were selected.

In the second step, relevant categories for the questionnaire are defined and an interview questionnaire is created. The following categories are considered: “the current situation of flexibility marketers” and “flexibility marketing of small-scale assets”. Depending on the player (e.g., grid operators), the questionnaire will be adapted accordingly. The interviews are performed, and the interview results are compared and challenged with the literature.

Results and Conclusion

For the interviews, we acquired interviewees from seven companies that represent different players in flexibility marketing, so a holistic analysis can be performed.

Regarding today’s marketing situation, there is almost no marketing of small-scale assets. Among the interviewees, there is a wide variety of marketed technologies as well as markets, with some markets being more suitable than others, depending on the technology; this applies to both small-scale assets and mature technologies. The main challenges for the marketing of small-scale assets are high technical and organizational costs with low margins - leading to low revenue potential - and a lack of acceptance (especially for electric vehicles). Costs arise mainly in the area of coordination, automation as well as investment costs, and development of proprietary software, enhanced by high regulatory requirements. Possible price incentives are often greatly reduced by little favorable regulatory conditions such as levies, and lead to low margins (see Figure 1). Regarding the opportunities and the future potential for flexibility marketing of small-scale assets, the answers differ. Overall, a slightly higher potential for spot markets than the balancing services can be identified, mainly due to the lower regulatory requirements.

In summary, almost all interview partners are addressing the issue of the marketing of small-scale assets. This clearly shows the importance of the topic.

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Figure 1: Challenges for the integration of small-scale assets