

Mr. Dan Jørgensen  
European Commissioner  
for Energy and Housing  
Berlaymont Building (BERL),  
200 Rue de la Loi,  
1040 Brussels

23 of October 2025 Stockholm

**Subject matter:** Urgent need to open Swedish markets to Demand Response aggregators as balancing service providers (BSP) and in the wholesale market, and comply with EU legislation

Dear Commissioner Jørgensen,

I am writing to you in my capacity as representative of **Power Circle**, a national Swedish non-profit organisation dedicated to accelerating the electrification and transformation of the power system. In this mission, we represent a broad range of Swedish actors across the energy sector, including market actors involved in energy technologies, grid infrastructure, flexibility services, and electricity market development.

Sweden is currently undergoing a rapid transformation of its electricity system, driven by the reduction of fossil fuels and expansion of variable renewable generation. As volatility increases and electrification accelerates across sectors, there is a growing risk of regional imbalances between supply and demand, and bottlenecks in the grid. The need for scalable, decentralised demand-side flexibility is becoming more urgent. Yet, independent aggregators that could already provide such resources remain excluded from Swedish markets.

The first obstacle is the delayed implementation of the **Balance Service Provider (BSP) role**, which has postponed aggregator access to balancing **markets until at least 2028**. This delay risks leaving flexibility resources untapped for almost a decade after the adoption of Directive (EU) 2019/944. In addition, full access to wholesale markets is not foreseen for several more years, further discouraging investment in flexibility.

This letter sets out these concerns in more detail and outlines constructive solutions in order to align Sweden's market development with existing EU legislation and mobilise the flexibility needed for a secure and cost-efficient energy transition.

**The delayed implementation of the BSP role for aggregators hinders access to balancing market.** Yet Sweden is currently facing an urgent flexibility challenge. As the electrification of industry and transport accelerates and variable renewable generation expands, balancing needs are increasing. Yet, market actors that are capable of mobilising significant volumes of demand-side flexibility — remain excluded from Sweden's electricity markets.

Allowing DR aggregators to provide balancing services has been, in several EU Member States, an effective first step to trigger the participation of demand response in the electricity system, but Sweden has not yet done so. On the contrary, the Swedish TSO Svenska kraftnät has indicated that the BSP framework for DR will not be implemented until 2028 at the earliest, referring to the lack of adequate central IT infrastructure as a reason for the delay.

This delayed timeline implies that Sweden will postpone demand-side flexibility participation in balancing markets until almost a decade after the adoption of Directive (EU) 2019/944, which set the obligation for Member States to ensure non-discriminatory access for demand response across all electricity markets. Such a delay also stands in contrast to the EU Commission's recent communication on the EU Action Plan for Affordable Energy, through which the Commission has called for immediate implementation of existing EU electricity market legislation granting market access for demand-side flexibility

The absence of a framework allowing DR through aggregation to take part as BSP in Sweden means that:

- **Flexibility resources remain untapped** at a time when the system urgently needs balancing capacity to handle renewable integration and regional bottlenecks.
- **Investments are discouraged**, as providers of demand-side flexibility resources cannot plan or deploy resources without regulatory clarity.
- **Electrification goals may be jeopardised**: without demand-side flexibility, the grid constraints could severely hinder industrial electrification and transport decarbonisation targets towards 2035.

Power Circle has just published the results of a research project that lay out a vast technical flexibility potential in Sweden to 2030. A large share of the new potential come from demand response and energy storage, resources that may remain untapped without the introduction of aggregators and independent actors gaining access to more markets.

It should also be highlighted that opening the balancing market to DR through aggregation is a necessary first step. However, the balancing market alone is too limited to unlock demand-side flexibility resources at scale, and therefore to provide the long-term investment signals needed for such new solutions to support the Swedish energy transition. Scaling up demand-response will, in practice, also require access to the day-ahead and intraday markets.

However, in Sweden, such broader access still has an unclear timeline and might come several years after the introduction of the BSP role. This means that the full benefits of demand-response would be delayed far beyond the timelines foreseen in Directive (EU) 2019/944, and much later than the Swedish electricity system would need.

Compounding this delay, the regulatory approach currently considered by TSO Svenska kraftnät risks introducing further barriers to market entry due to an improper approach regarding a financial compensation to be granted to electricity suppliers, at the expense of demand response providers, regardless of the benefits they entail for all suppliers. This approach contradicts not only the Swedish law, but also articles 13 and 17.4 of the Directive (EU) 2019/944. Instead, a regulatory approach aligned with the EU legal framework is that of *mutualisation* – whereby suppliers share not only the benefits but also the cost some may bear during demand response activations, so that ultimately all consumers receive their fair share of the market-wide net benefits brought by Demand Response. This “net benefit” approach is in force in the US since 2012, and more recently in the UK. The investigation by the TSO Svenska kraftnät does not even include the evaluation of this approach to financial compensation, something we urge Swedish authorities considered and evaluate before implementing more barriers to demand-side flexibility in Sweden.

## **Conclusion**

Sweden is at risk of falling seriously behind in implementing the Clean Energy Package. By postponing the BSP role and balancing market access until 2028, and by delaying wholesale access for several more years, Sweden is not only infringing EU legislation: it also risks undermining its own national climate and energy goals.

Power Circle therefore urges the Commission to closely monitor Sweden’s implementation of Directive (EU) 2019/944 regarding the participation of demand response through aggregation. Swift action is needed to ensure that independent aggregators can enter balancing markets without delay, and that the regulatory framework evolves to enable full market access under fair and legally compliant conditions. The introduction of a BSP role was one of the main barriers raised by actors in our interview study conducted with about 60 actors in the Swedish flexibility landscape. We would welcome the opportunity to further discuss these issues and share the perspectives of our research project in order to support the implementation of a more flexible, secure, and decarbonised electricity system.

We thank you for your attention to this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jukka Laakso". The signature is fluid and cursive, with the first letter 'J' being particularly large and stylized.