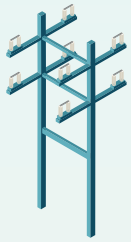
STREAMING FLEXIBILITY TO THE POWER SYSTEM

STREAM POLICY RECOMMENDATION FOR LOCAL FLEXIBILITY MARKETS

ITALY

Turn pilots into a permanent national framework

Local Flexibility Markets (LFMs) let DSOs buy flexibility from aggregators, consumers, energy communities and storage operators instead of reinforcing the grid. Italy already has a concrete regulatory entry point: ARERA Deliberazione 352/2021/R/eel and the Local Flexibility Market (MLF) rulebook operated by GME. However, flexibility remains confined to pilot projects, which risks DSO-by-DSO fragmentation and limits scalability. These are the five changes we propose to unlock flexibility procurement.



What needs to change

1 Define the pathway from pilots to permanence

Set an incremental regulatory route from pilot-based procurement towards a stable, repeatable and nationwide framework, building on the approved MLF rulebook.

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2 Standardise products and rules nationally

Harmonise flexibility product definitions, participation rules and measurement and verification principles across DSOs, while preserving local tailoring.

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3 Recognise procurement and enabling costs

Treat flexibility procurement costs and enabling investments (monitoring, communication, data integration) as regulated expenditure rather than exceptional pilot costs.

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4 Coordinate local and system dispatching

Set clear activation priority and information exchange rules between local flexibility actions and system-level dispatching and balancing under the TIDE framework, in force since January 2025.

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5 Make onboarding proportionate

Introduce nationally consistent and proportionate qualification requirements so that aggregated MV/LV resources, including EV-related flexibility and small storage, can participate without excessive fixed costs.

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