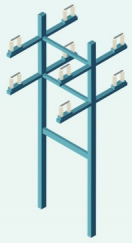
STREAMING FLEXIBILITY TO THE POWER SYSTEM

STREAM POLICY RECOMMENDATION FOR LOCAL FLEXIBILITY MARKETS

SPAIN

Turn the mandate into operating practice

Local Flexibility Markets (LFMs) can allow DSOs to procure flexibility from aggregators, consumers, energy communities and storage operators as a cost-effective alternative to conventional grid reinforcement. Spain now has key regulatory building blocks in place: CNMC Circular 8/2025 introduces a TOTEX-based distribution remuneration framework, while Royal Decree 88/2026 establishes the independent aggregator. However, Article 32 of Directive (EU) 2019/944 mandate still needs to be translated into operational rules: clear DSO procurement powers, recoverable flexibility costs, standardised "wire versus flex" evidence, TSO–DSO coordination, and simple participation pathways for flexibility providers. The following five measures would help move local flexibility from pilots to scalable procurement.



What needs to change

1 Make the mandate enforceable

Amend the Electricity Sector Law so that DSOs may procure flexibility through transparent, market-based procedures wherever it is the least-cost alternative to reinforcement, with neutrality and non-discrimination safeguards.

Legislator & market operator

2 Recognise flexibility as regulated expenditure

Classify flexibility procurement for network operation as an eligible regulated expense under Circular 8/2025, with an ex-ante acceptance route.

CNMC

3 Require reinforcement-versus-flexibility evidence

Require a standardised zonal cost-benefit assessment comparing reinforcement and flexibility portfolios in DSO investment plans and follow-up reports.

CNMC & DSOs

4 Prevent double commitment of assets

Implement a single offer register with asset-level traceability and clear activation priorities for resources active in both local flexibility and TSO-level markets.

Market operator & system operators

5 Enable one-stop participation for flexibility providers

Translate the rights established in RD 88/2026 into uniform operational workflows, mandated APIs with a common data model, and a national measurement and verification rulebook.

Ministry & CNMC

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