ACER path towards the balancing market integration
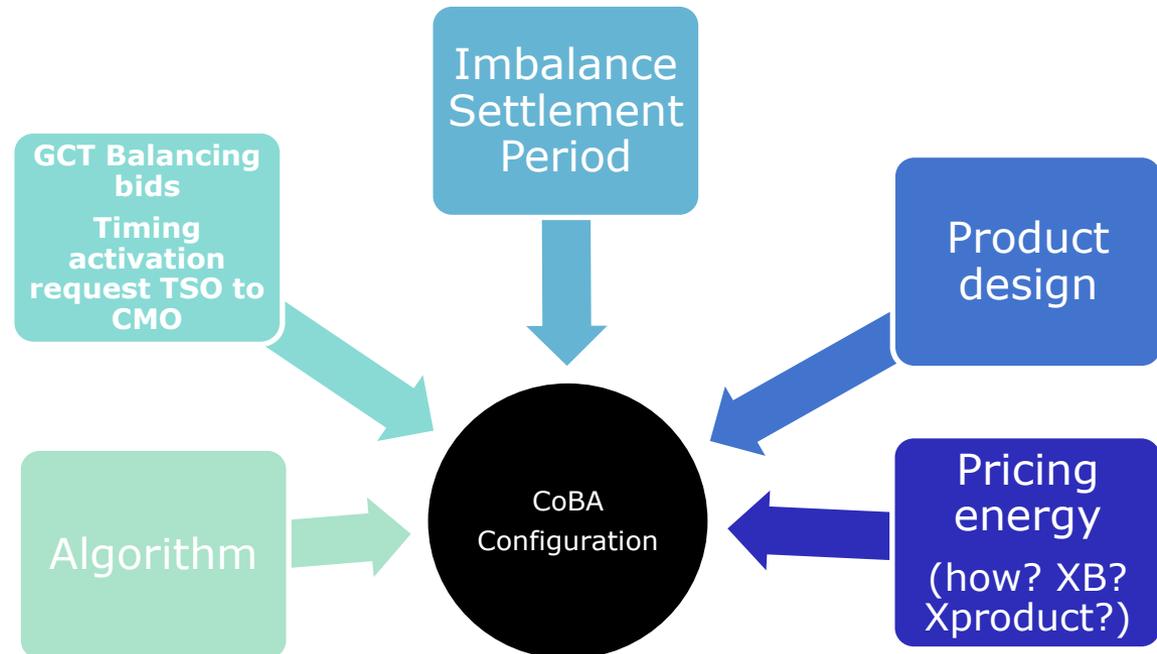
● **The target is a <u>single EU-wide balancing market</u> for IN, aFRR, mFRR and RR (where needed)**

● **Regional implementation is an <u>unavoidable</u> interim step**

● **To avoid getting stuck in incompatible regions prior harmonisation and standardisation is needed:**

   a) **<u>Standard products</u> per process must be implemented in all CoBAs**

   b) **<u>Principles for algorithms</u> that must be respected in all CoBAs**

   c) **<u>Pricing method</u> for balancing energy that must be applied in all CoBAs (with possibility for an exemption during RIM-phase)**

   d) **<u>Gate closure times</u> for the each process must be harmonized per CoBA**

   e) **<u>Imbalance settlement period</u> must be the same in all CoBAs (subject to CBA)**

   f) **<u>TSO-TSO settlement rules</u> for the intended exchanges of balancing energy must be the same in all CoBAs**

Product definition is leading processes into COBA's

- **Imbalance Settlement Period -> assumption: to be set by CBA**
- **Pricing -> marginal pricing but XB & X-product? -> linked to product definition**
- **Algorithm -> 2 options: continuous or clearing? -> linked to product definition**
- **Gate closure time & timing activation? -> linked to product definition**
- **Conclusion: if we define products we can define COBAs**

GCT Balancing bids

Timing activation request TSO to CMO

Imbalance Settlement Period

Product design

Algorithm

CoBA Configuration

Pricing energy (how? XB? Xproduct?)

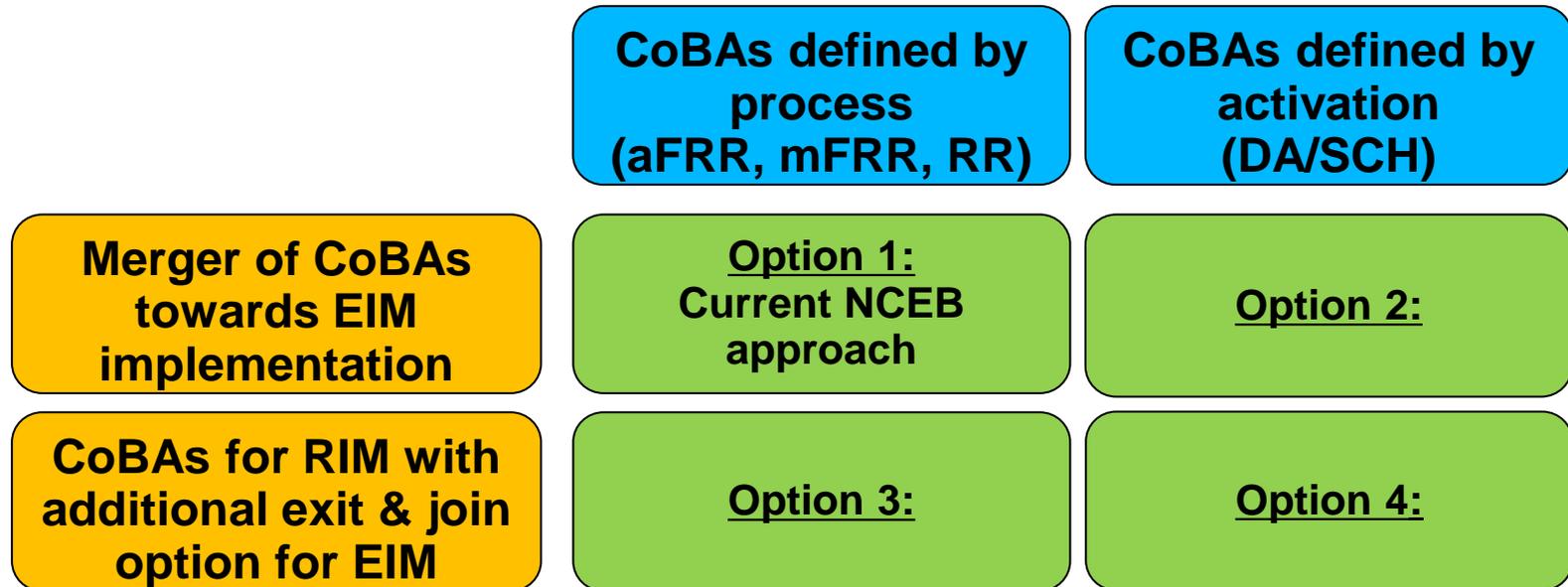# Time to restore frequency of 15 minutes is the core

- **every TSO needs to restore balance in 15 minutes**
- **Every TSO uses a combination**
  - In the period for up to 15 minutes ahead of DA aFRR and DA mFRR
  - In the period for more than 15 minutes ahead of SCH mFRR and SCH RR
- **TSOs use different (non exclusive) activation strategies for their DA products**
  - Some TSOs use DA aFRR and mFRR in parallel – one on top of the other
  - Some TSOs use DA mFRR to replace DA aFRR within 15 minutes
  - Some TSOs rely on the market that used DA aFRR bids are available for the next 15 minutes period
- **TSOs use different (non exclusive) activation strategies for their SCH products**
  - Some TSOs use SCH mFRR to replace the DA aFRR and DA mFRR
  - Some TSOs use SCH RR to replace SCH mFRR
  - Some TSOs use SCH RR to replace forecasted imbalances > 30 min ahead

Conclusion: define a common set of products for
  - DA aFRR and DA mFRR for the timeframe up to 15 minutes ahead
  - SCH mFRR and SCH RR for the timeframe more than 15 minutes ahead

COBA proposal & roadmap

- **ACER and NRAs like to engage in open interaction on the possibilities to define COBAs and a roadmap for regional integration.**

- **ACER & NRAs currently see two decision layers in defining options on COBAs:**

	CoBAs defined by process (aFRR, mFRR, RR)	**CoBAs defined by activation (DA/SCH)**
Merger of CoBAs towards EIM implementation	**Option 1:** Current NCEB approach	**Option 2:**
CoBAs for RIM with additional exit & join option for EIM	**Option 3:**	**Option 4:**

Exit & join: CoBA can decide to exit the obligation to implement its own RIM and join another CoBA and be given one additional year for RIM implementation

Alternative "Exit and Join"-option

- **Each CoBA can decide to <u>exit</u> the obligation to implement its own RIM and <u>join</u> another CoBA:**

  … 1 Y after the deadline, and

  … subject to consent of the other CoBA

- Each TSO may be attributed to only one CoBA for each RIM (except DK)

- CoBAs for IN/aFRR/mFRR do not need to be equal, but consistent

- A maximum number of 5 CoBAs for aFRR/mFRR.

- **After RIM implementation, remaining CoBAs should merge into EIM**

- **<u>Sub-option:</u> predefine the pilot CoBA, shorten its deadline and disallow it to take the 2nd option**