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02 May 2016

Cost Benefit Analysis on the Imbalance Settlement Period

Dear Nicolas,

Please find attached the final report on the Cost Benefit Analysis on the harmonization of the Imbalance Settlement Period. Due to the limited time available for developing the report and limited availability of data, the report is based on central assumptions, like:

- Basing the analysis only on the feedback from stakeholders and stylised analysis and not on a market or grid model;
- having an energy market product in the intraday market that fits to the relevant ISP length but no change on gate closure time for the intraday market and no change of market time unit in day ahead;
- general assumptions for the transfer of Energy from the Balancing timeframe to the intraday timeframe that does not take optimisations of the TSOs between those timeframes into account;

The consultant has invited stakeholders in the EU plus three countries to provide their estimations on costs and benefits for their respective country and sector. This data request led to a good indication on estimated costs for several countries however very little views have been expressed on benefits. On the costs side data has been sense-checked and scaled up per country. Medium costs have been applied to countries without information. The calculation of benefits followed a top down approach and focused mainly on benefits from shifting the activation of balancing energy into intraday markets which are expected to have lower prices. The monetary benefits from further items such as frequency excursions are not reflected in the study due to the complexity to estimate these. Due to the top down approach on benefits not each countries individual situation can be fully reflected in the study.

The above should be considered when interpreting the report and we are happy to further explain the report and discuss any questions.

Kind regards,

Alexander