

# BALANCING PILOT PROJECTS & EARLY IMPLEMENTATION

Market European  
Stakeholder Committee

Brussels, 29 September 2015

1

Pilot projects achievements  
and learnings

2

Standard products – aFRR  
study

3

Imbalance Settlement  
Period - CBA

4

CoBA Imbalance Netting

# Update from Balancing Stakeholder Group meeting

**Pilot Projects:** Publication of Reports has been appreciated. Request for earlier involvement in decisions in some pilot projects has been repeated.

**CoBA Imbalance Netting:** Stakeholders feel the need to be involved in the implementation as settlement will also affect them. It was mentioned that the IN CoBA should be the same as the aFRR to guarantee a fair settlement.

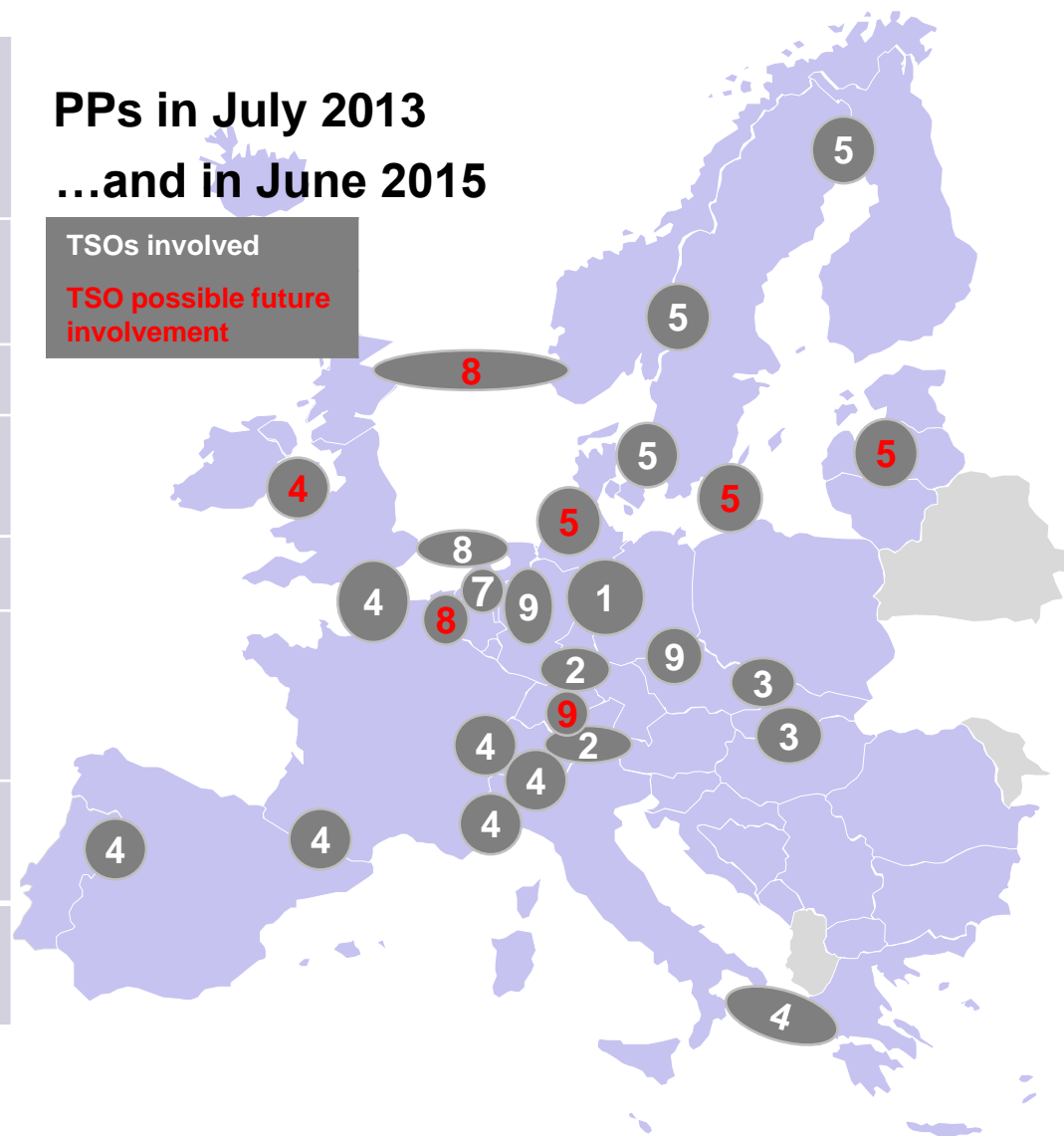
**Products:** Stakeholders appreciated the open discussion of the further reduction of products at an early stage.

**CBA – ISP:** Stakeholder questioned if the analysis of the cases with partial harmonization make sense. Consultant should be involved. Discussion on possibility of another case with one ISP per synchronous area. For the data request an additional workshop will be held.

# Overview of the Pilot Projects (PP)

1	Common Merit Order (CMO) for mFRR and aFRR with real time flow based congestion management
2	Cross-border market for FCR based on TSO-TSO model
3	E-GCC ( <b>project on hold</b> )
4	TERRE: Trans-European Replacement Reserves Exchange
5	Development of the Nordic RPM
7	Design and evaluation of a harmonised reactive balancing market with XB optimisation of Frequency Restoration
8	BritNed / TenneT / National Grid Balancing Services ( <b>project on hold</b> )
9	IGCC Imbalance Netting, aFRR-Assistance and Flow-Based Congestion Management.

## PPs in July 2013 ...and in June 2015



mFRR – manual Frequency Restoration Reserves  
aFRR – automatic Frequency Restoration Reserves  
RPM – Regulating Power Market  
IGCC – International Grid Control Cooperation  
E-GCC - Grid Control Cooperation in CZ, SK and HU

# Contributions of Pilot Projects

Differences in the  
balancing markets

Different market and system design features and consequent different operating principles

Regulatory Issues

Differences in national legislation may create asymmetries for both bidding processes and Imbalance settlement

Several processes  
in the same CoBA

Working example and potentially a basis for a step-by-step implementation in Pilot 1

Flow based  
approach

Overview of the flows created by the CMO activation in Pilot 1

Standardization of  
products

Products for Pilot Projects 1, 5, 4, and 7 are aligned with the current proposal of ENTSO-E on manual products

# Barriers identified in the development of Pilots

## Lengthy implementation process

- Pilot 1 in one country with a consistent regulatory framework needed 2 years for the implementation
- For Pilot 4 the design phase is still ongoing, the increasing number of TSO's participating be one of the reasons (differences in needs, local products, local regulatory frameworks, timings and processes)
- Pilot 7: discussions for 2 years due to differences in control blocks and bidding zones

## Relation to different market timeframes

- Lack of harmonized XB ID market in Europe is an important issue for defining common timing and scheduling for balancing

## Regulatory elements

- National market design rules may allow settlement via a pay-as-bid or a marginal pricing scheme
- Cap and floors in pricing exist in some areas

# Early implementation – Standard products aFRR study

A proposal with reduced number of mFRR / RR standard products has been discussed with ACER and stakeholders. This new proposal is subject to an adequacy analysis and approval within ENTSO-E.

## aFRR study as input for aFRR standard products and CoBA definition:

Task 1: Overview over current aFRR situation

Task 2: Technical capabilities aFRR providers

Task 3: Qualitative impact aFRR activation method (from pro rata to merit order)

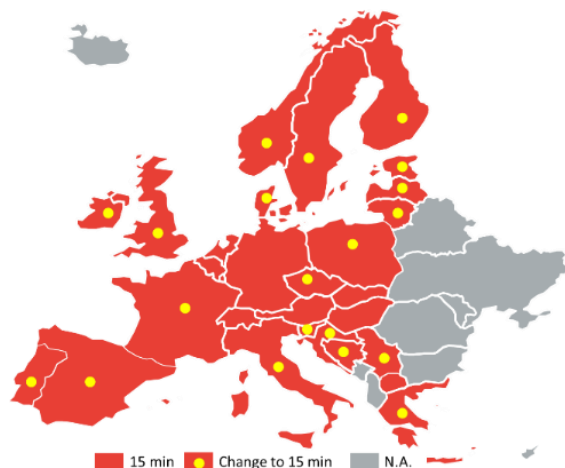
Task 4: Qualitative elaboration change activation scheme

- The draft outcome of the aFRR study shall be presented and discussed with stakeholders in a BSG meeting end November
- The final report is foreseen to be ready mid February 2016

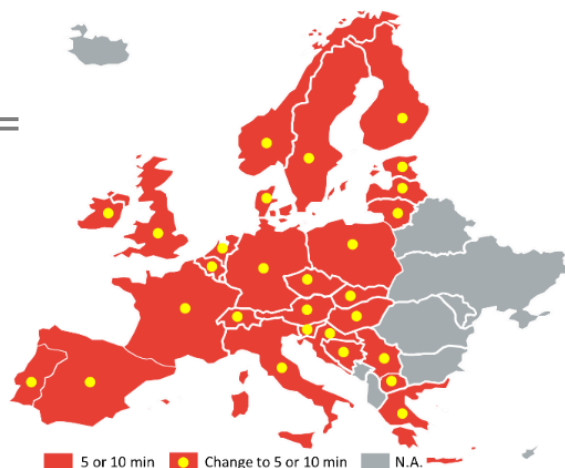
# Early Implementation – CBA ISP Planning Cases

## Harmonization of ISPs throughout Europe

All TSOs  
implement ISP  
= 15mins

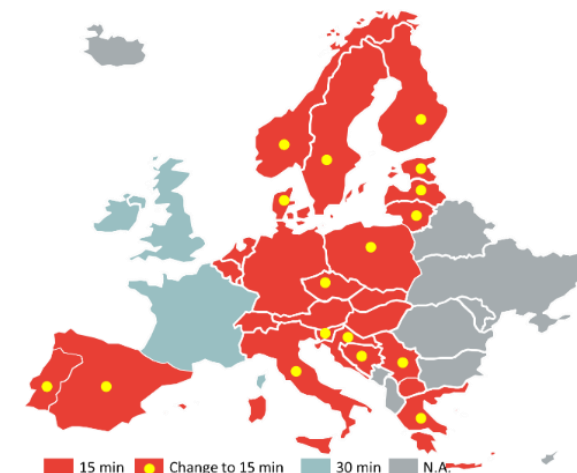


All TSOs  
implement ISP =  
5mins

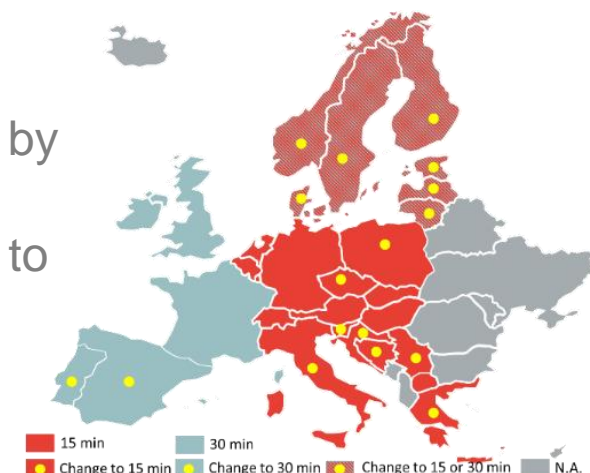


## Reduction of ISP to max 30mins

PC\* – Minimize  
Costs Change  
all ISP > 30min  
to ISP = 15min



PC – maximize benefits by  
harmonising ISP  
Change all ISP > 30min to  
ISP = 15min or 30 min  
(depending on  
neighbouring ISP)



# Early Implementation – CBA ISP Data requirement

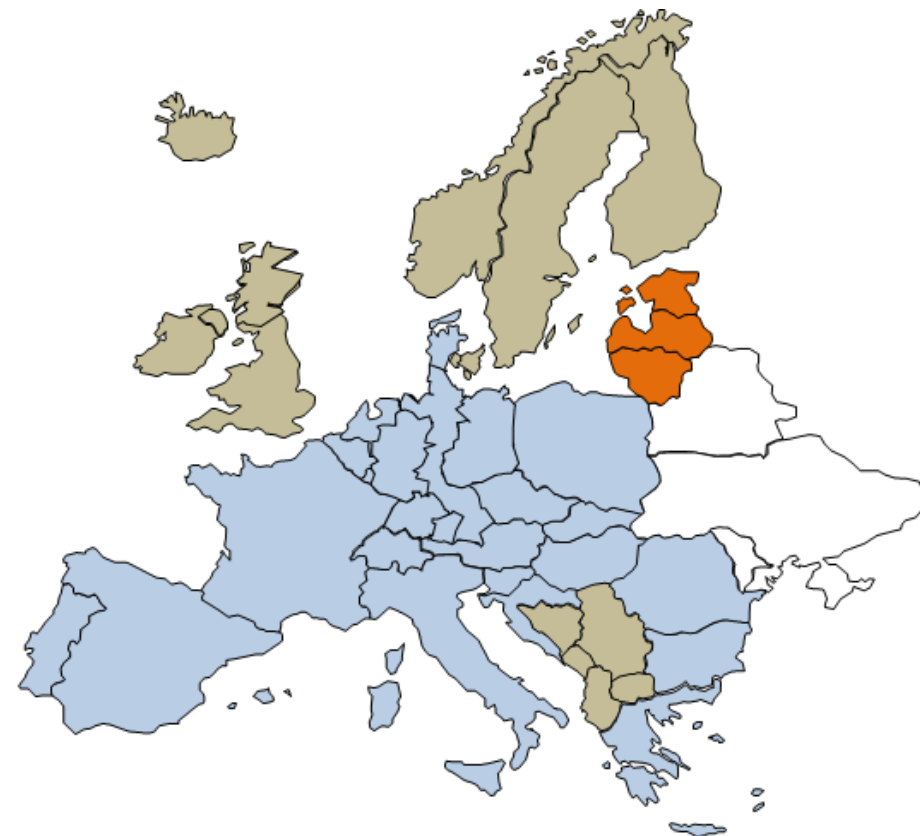
## Calculation of costs and benefits

- for the calculation of costs and benefits the relevant data need to be identified and collected
- ENTSO-E started to draft a first list of needed data, based on the CBA ISP methodology report, for further discussions within ENTSO-E as well as together with stakeholders
- Next to TSOs also stakeholders have to collect, prepare and deliver data
  - To be able to get a CBA result before EC starts their impact assessment in March 2016, all data need to be defined, collected, prepared and delivered before the end of the year

# Early implementation – CoBA definition

## 1 Single CoBA for Synchronous Area Continental Europe

- Compliant with NC EB
- Full flexibility for aFRR configuration (CoBA netting >>> CoBA aFRR)
- key learning from existing initiatives
  - No fundamental market design harmonization issues (e.g. no standard product)
  - Easy implementation even in case of differences in national legal and balancing frameworks
  - But complex to agree on a governance structure and on a decision making process
  - Difficulties to agree upon settlement of netted imbalances
- The choice of configuration of multiple CoBAs is likely to be more complex than expected settlement and governance issues



# Thank you for your attention



**Pascale Fonck**  
**ENTSO-E Market**  
**Committee Chair**