# **ENTSO-E Working Group**

## Survey on Ancillary Services Procurement & Balancing market design

### September 2012



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#### **ENTSO-E** Ancillary Services Procurement & Imbalance Charges Survey

The purpose of this survey is to provide an overview of the different market arrangements in place throughout Europe with regard to Ancillary Services and Imbalance Charges. The maps illustrate how different approaches have been taken to the design elements of Ancillary Services and Imbalance Charges across Europe.

This update for 2012 includes a number of improvements and has been extended to cover imbalance charges.

The Ancillary Services Working Group members who responded to the questionnaire are as follows:

Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland & NI, Italy, Latvia, Lithuania, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, United Kingdom.

Note: please print in colour for distinction between answers



The results highlights the great diversity of arrangements that exist for ancillary services and imbalance charges across Europe - which will be one of the biggest challenges when designing XB Balancing schemes.

This document is expected to inform the works on the Network Code Balancing and related consultations. It is meant as a quite comprehensive but user-friendly set of information on the existing arrangements.

Caveats:

- This is a relatively high-level exercise (not all details are captured).
- When developing a single set of definitions for the purpose of this survey, we
  experienced the difficulty to match the various concepts used in different countries. As
  a consequence, in some specific cases, the position of a country in a certain group
  might be debatable.
- This is based on information updated in September 2012 and describes the mechanisms in place in 2012, irrespective of any updates which might already be foreseen for the future.





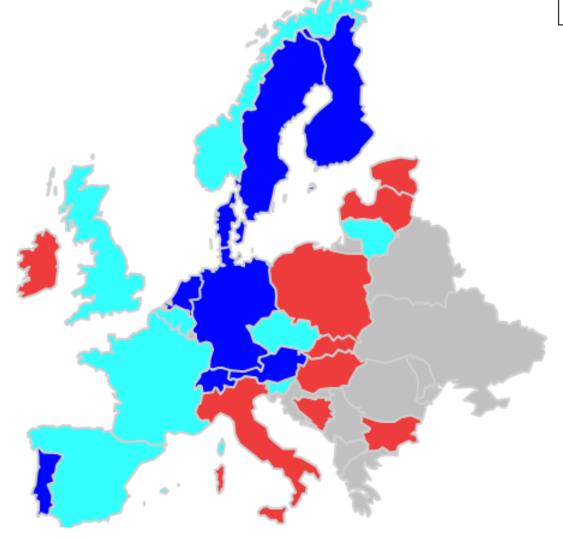
- Central Dispatch
  - Dispatch instructions issued by the TSO to all parties. The TSO carries out the commitment process based on selected criteria (usually minimum production cost)
- Self-Dispatch Portfolio Based Balancing
  - A portfolio of units/generators (or other plant types) follow an aggregated schedule of actions to start/stop/increase output/decrease output in real time, including aggregated incremental instructions by the TSO
- Self-Dispatch Unit Based Balancing
  - Generators follow a schedule of actions to start/stop/increase output/decrease output in real time, including plant-per-plant incremental instructions by the TSO



#### **Balancing Process in Place**

#### Legend

Central Dispatch Self-Dispatch - Portfolio Based Self-Dispatch - Unit Based





## **Imbalance Charges**

Please note:

- Imbalance Charges do not apply to a number of countries which is why they remain grey.
- Also some countries only have one portfolio in place meaning they are on a different map to those that have more than one.



#### Nature of the Balancing Obligation

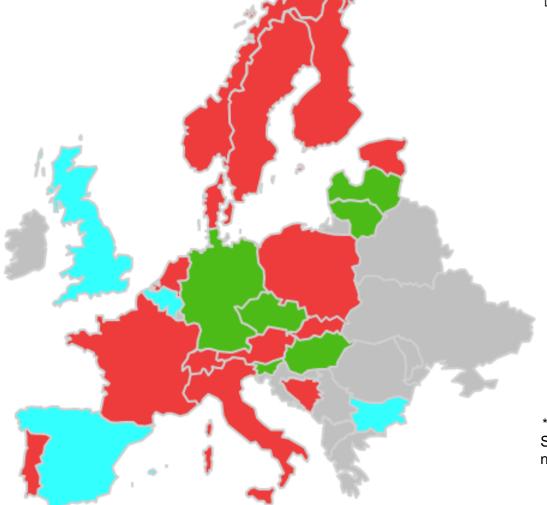






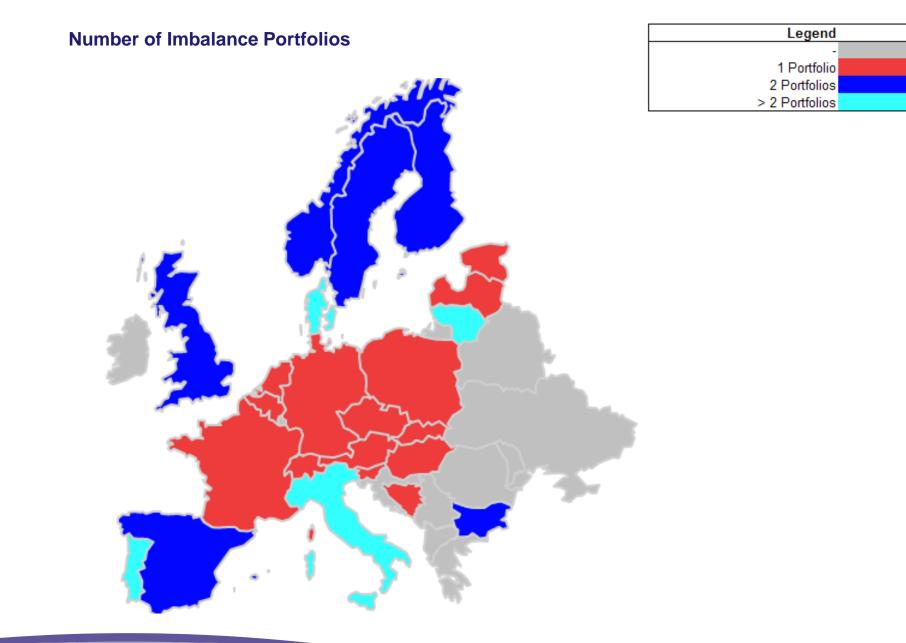
#### Exemptions

Legend	
-	
None	
RES	
Other	



\*Other – Belgium Special regimes for off-shore wind and new entrants respectively







#### **Settlement Time Unit**

Legend	
-	
15 min	
30 min	
1 hour	
*Other	

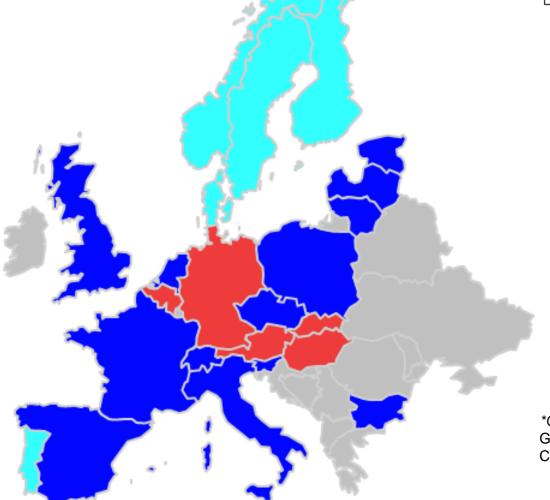
\*Other – Italy Settlement Time Unit for Generation licensed to participate in the AS market is **15 min** Settlement Time Unit for Consumption and

Settlement Time Unit for Consumption and Generation not licensed to participate in the AS market is **1 hour** 



#### **Number of Prices**

Legend	
-	
Single Pricing	
Dual Pricing	
Other	



\*Other – Countries with 2 Portfolios Generation is **Dual Pricing** Consumption is **Single Pricing** 



Main component of Imbalance Prices If 1 portfolio\* - Aggravating imbalances



Legend	
-	
Average Control Energy Price	
Marginal Control Energy Price	
Day-Ahead Market Price	
Intraday Market Price	
Other	



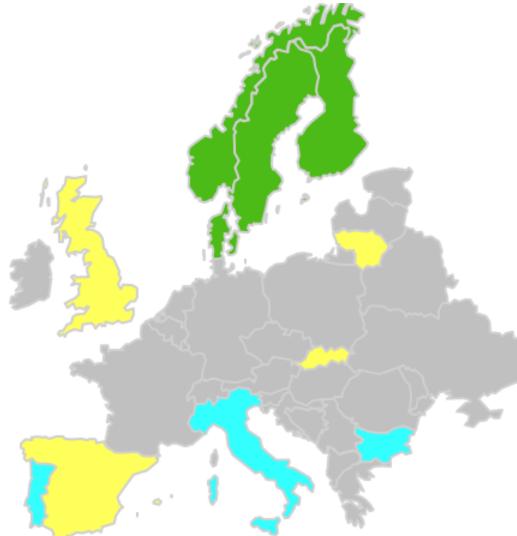
#### Main component of Imbalance Prices If 1 portfolio\* - Reducing Imbalances



Legend	
-	
Average Control Energy Price	
Marginal Control Energy Price	
Day-Ahead Market Price	
Intraday Market Price	
Other	



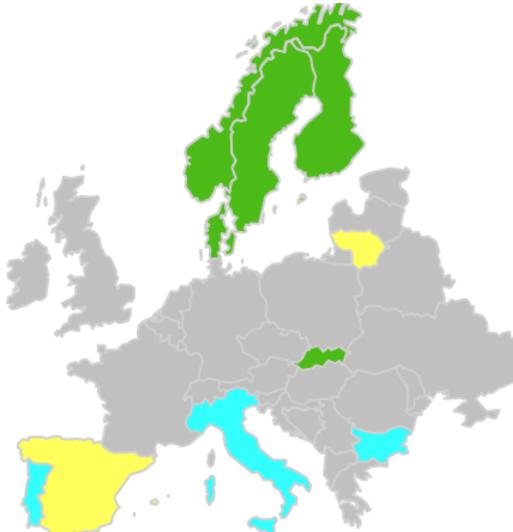
Main component of Imbalance Prices	
If 2 portfolios* - For generation "aggravating imbalance"	



Legend	
-	
Average Control Energy Price	
Marginal Control Energy Price	
Day-Ahead Market Price	
Intraday Market Price	
Other	



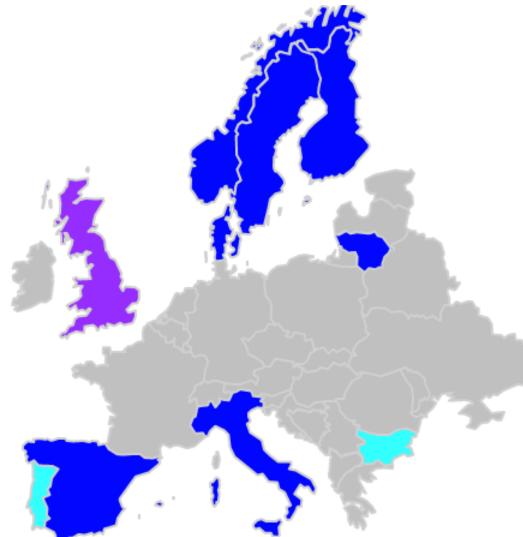
#### Main component of Imbalance Prices If 2 portfolios\* - For consumption "aggravating imbalance"



Legend	
-	
Average Control Energy Price	
Marginal Control Energy Price	
Day-Ahead Market Price	
Intraday Market Price	
Other	



#### Main component of Imbalance Prices If 2 portfolios\* - For generation "reducing imbalance"



Legend	
-	
Average Control Energy Price	
Marginal Control Energy Price	
Day-Ahead Market Price	
Intraday Market Price	
Other	



#### Main component of Imbalance Prices If 2 portfolios\* - For consumption "reducing imbalance"

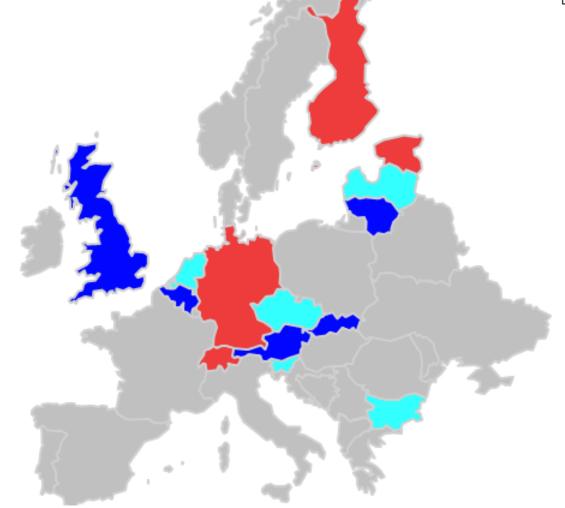


[	Legend	
	-	
	Average Control Energy Price	
	Marginal Control Energy Price	
	Day-Ahead Market Price	
	Intraday Market Price	
	Other	



#### Main component of Imbalance Prices Additional Components

Legend	
-	
Constant Component	
Variable Component	
Other	



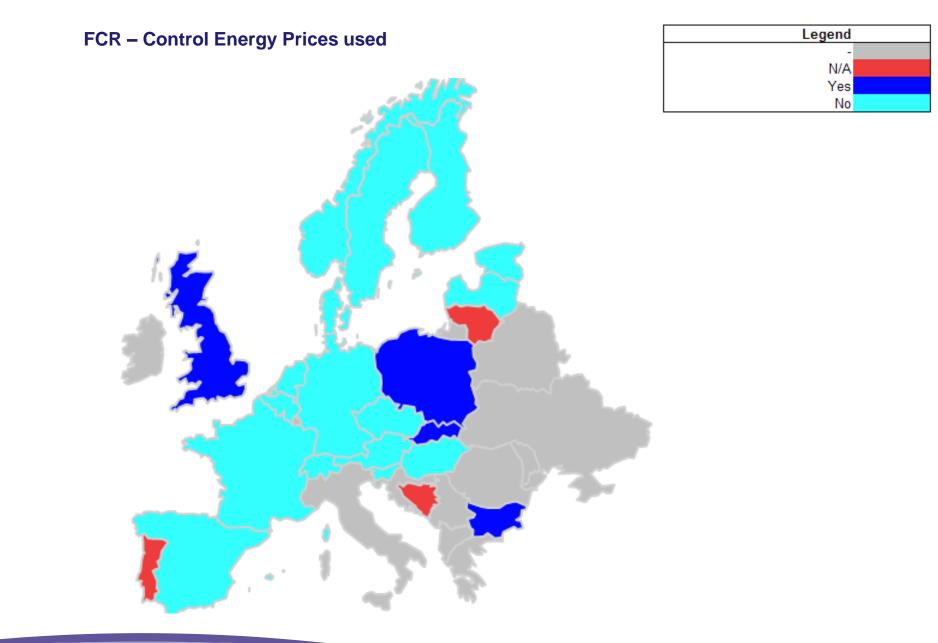


#### Is there a minimal incentive?

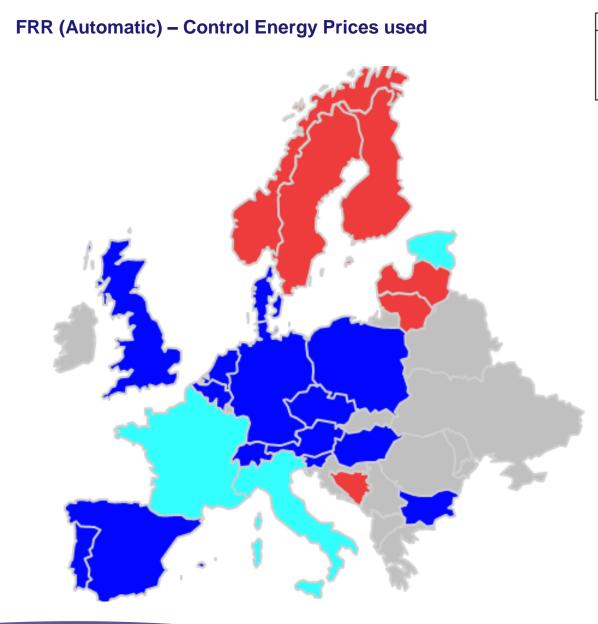
Legend	
-	
N/A	
Yes	
No	

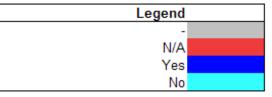














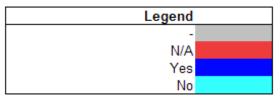
#### FRR (Manual) – Control Energy Prices used

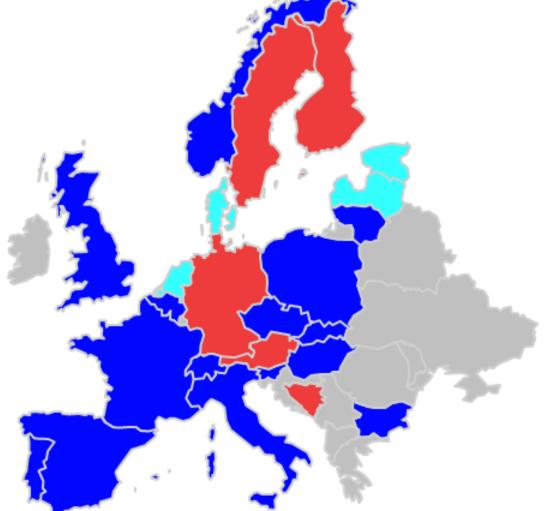
Legend	
-	
N/A	
Yes	













#### Start/Stop costs in Imbalance Charges

#### Legend -Not Included Implicitly Included





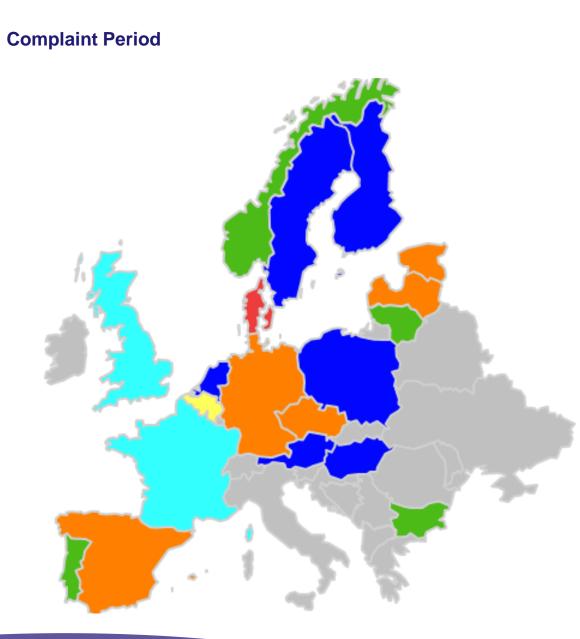
#### **Publication**

#### Legend -N/A Prior to Delivery < 1 hour after delivery

- < 1 day after delivery
- < 1 week after delivery
- > 1 week after delivery







Legend	
-	
N/A	
<= 1 Day	
<= 1 Week	
<= 1 Month	
<= 1 Year	
> 1 Year	

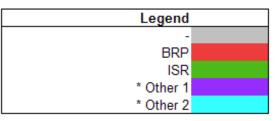


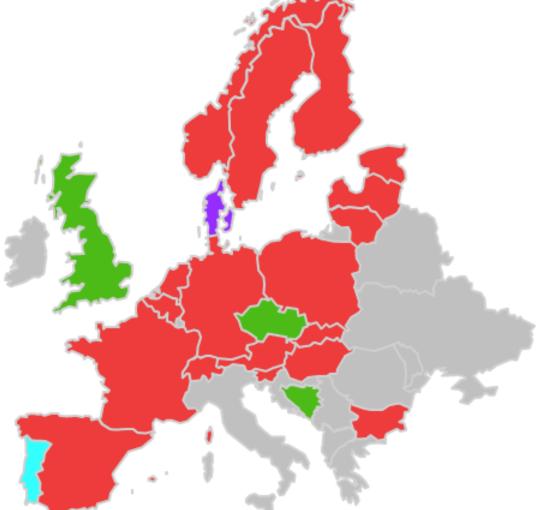


- Settlement
  - The financial scaling of the imbalance charges
- Balance Responsible Party (BRP)
  - A party that has a contract proving financial security and identifying balance responsibility with the imbalance settlement responsible of the market balance area entitling the party to operate in the market.
  - ISR
    - A party that is responsible for settlement of the difference between the contracted quantifies and the realized quantifies of energy products for the BRPs in a Market Balance Area CRR
- Trade Responsible Party (TRP)
  - A party who can be brought to rights, legally and financially, for any imbalance between energy nominated and consumed for all associated Accounting Points
- CRR
  - A party who can be brought to rights, legally and financially, for any imbalance between energy nominated and consumed for all associated Accounting Points



#### Settlement





\* Other 1 – Denmark Generation is **PRP** Consumption is **CRR** 

\* Other 1 – Portugal Generation is **PRP** Consumption is **TRP** 





## **Ancillary Services**





- Operating reserves used to restore the required level of operating reserves to be prepared for a further system imbalance.
- This category includes operating reserves with activation time from 15 minutes up to hours.
- Please see table below for further details



### **Frequency Restoration Reserve**

- Operating reserves necessary to restore frequency to the nominal value and power balance to the scheduled value after sudden system imbalance occurrence.
- This category includes operating reserves with an activation time typically up to 15 minutes (depending on the specific requirements of the RG).
- Operating reserves of this category are typically activated centrally and can be activated automatically or manually.
- Please see table below for further details



### **Frequency Containment Reserve**

- Operating reserves necessary for constant containment of frequency deviations (fluctuations) from nominal value in order to constantly maintain the power balance in the whole synchronously interconnected system.
- Activation of these reserves results in a restored power balance at a frequency deviating from nominal value.
- This category includes operating reserves with the activation time typically of 30 seconds (depending on the specific requirements of the RG).
- Operating reserves of this category are usually activated automatically and locally.
- Please see table below for further details



Sync. Area	Process	Product	Activation	Local/Central	Dynamic/ Static	Full Activation Time
BALTIC	Frequency Containment	Primary Reserve	Auto	Local	D	30 s
Cyprus	Frequency Containment	Primary Reserve	Auto	Local	D	20 s
lceland	Frequency Containment	Primary Control Reserve	Auto	Local	D	variable
Ireland	Frequency Containment	Primary operating reserve	Auto	Local	D/S	5 s
Ireland	Frequency Containment	Secondary operating reserve	Auto	Local	D/S	15 s
NORDIC	Frequency Containment	FNR (FCR N)	Auto	Local	D	120 s -180 s
NORDIC	Frequency Containment	FDR (FCR D)	Auto	Local	D	30 s
RG CE	Frequency Containment	Primary Control Reserve	Auto	Local	D	30 s
UK	Frequency Containment	Frequency response dynamic	Auto	Local	D	Primary 10 s / Secondary 30 s
UK	Frequency Containment	Frequency response static	Auto	Local	S	variable
BALTIC	Frequency Restoration	Secondary emergency reserve	Manual	Central	S	15 Min
Cyprus	Frequency Restoration	Secondary Control Reserve	Auto/Manual	Local/Central	D/S	5 Min
lceland	Frequency Restoration	Regulating power	Manual	Central	S	10 Min
Ireland	Frequency Restoration	Tertiary operational reserve 1	Auto/Manual	Local/Central	D/S	90 s
Ireland	Frequency Restoration	Tertiary operational reserve 2	Manual	Central	S	5 Min
Ireland	Frequency Restoration	Replacement reserves	Manual	Central	S	20 Min
NORDIC	Frequency Restoration	Regulating power	Manual	Central	S	15 Min
RG CE	Frequency Restoration	Secondary Control Reserve	Auto	Central	D	≤ 15 Min
RG CE	Frequency Restoration	Direct activated Tertiary Control Reserve	Manual	Central	S	≤ 15 Min
UK	Frequency Restoration	Various Products	Manual	D/S	N/A	variable
BALTIC	Replacement	Tertiary (cold) reserve	Manual	Central	S	12 h
Cyprus	Replacement	Replacement reserves	Manual	Central	S	20 min
lceland	Replacement	Regulating power	Manual	Central	S	10 Min
Ireland	Replacement	Replacement reserves	Manual	Central	S	20 Min
NORDIC	Replacement	Regulating power	Manual	Central	S	15 Min
RG CE	Replacement	Schedule activated Tertiary Control Reserve	Manual	Central	S	individual
RG CE	Replacement	Direct activated Tertiary Control Reserve	Manual	Central	S	individual
UK	Replacement	Various Products but the main one is Short Term Operating Reserve (STOR)	Manual	D/S	N/A	from 20 min to 4 h



- Procurement Scheme
  - How the services are procured
- Activation Rule
  - How the frequency restoration reserves are activated i.e. by a Pro-Rata system or on the basis of a Merit Order (cheapest being activated first)
- Minimum Bid Size
  - The minimum bid size into the balancing market
- Timeframe for Product
  - The minimum timeframe for which the product can be bid into the market or to which general agreement refers to
- Timing for offers for Capacity/Gate Closure for Energy
  - The timeframe for which the capacity is procured (Procurement Cycle) and for which the energy is procured (gate closure)

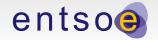


- Capacity & Energy Provider
  - Generation/Combination of Generation and Load
- Settlement Rule
  - The pricing rules for settlement
- Cost Recovery Scheme
  - From whom are the costs recovered
- Capacity & Energy Monitoring
  - Refers to the type of monitoring in place by the system operator to ensure performance of plant
- Secondary Market for Reserve Obligations
  - This is where a market for reserves can exist between other parties other than the TSOs



### **Procurement Scheme**

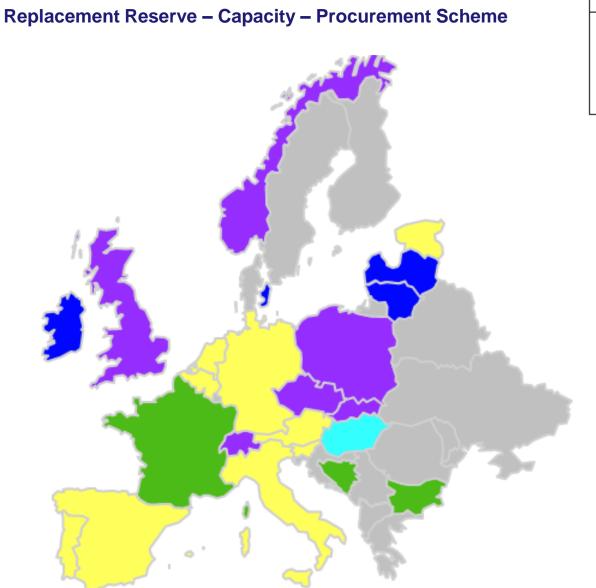
- Mandatory Offers
  - Generators connected to the grid are obligated to offer the remaining capacity/available capacity
- Mandatory Provision
  - Generators connected to the grid are obligated to reserve a certain amount of capacity in order to meet TSO requirements, for a fixed price set by TSO, NRA or for free
- Mandatory Provision without Reservation
  - Generators are mandated to provide balancing services without reservation of capacity
- Bilateral Market
  - A grid user and TSO negotiate a contract regarding the offered service and price/price system
- Organised Market
  - There is no contract or obligation for a grid user to offer the reserve (before the offer). The grid user can voluntary participate in the market (e.g. tender, auction, market platform (like PX)) and bid a price or customize his offer (e.g. the volume, timeframe). The market result may lead to a bilateral contract.
- Hybrid
  - Combination



### **Replacement Reserves - Capacity**

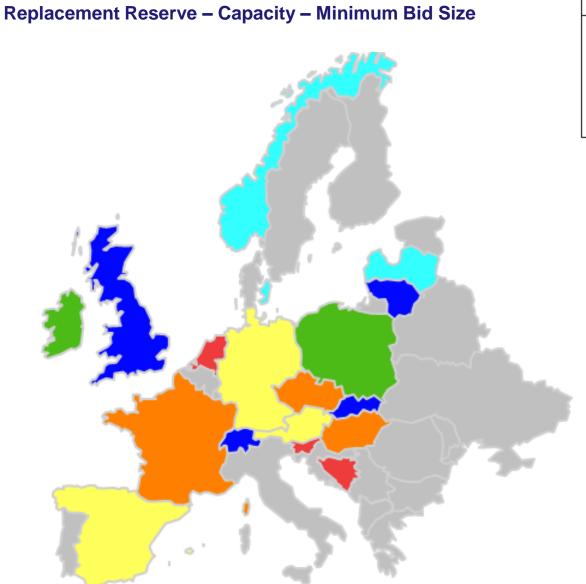
- Procurement Scheme
- Minimum Bid Size
- Timeframe for Product
- Timing for offers for Capacity
- Capacity & Energy Provider
- Settlement Rule
- Cost Recovery Scheme
- Capacity & Energy Monitoring
- Secondary Market for Reserve Obligations





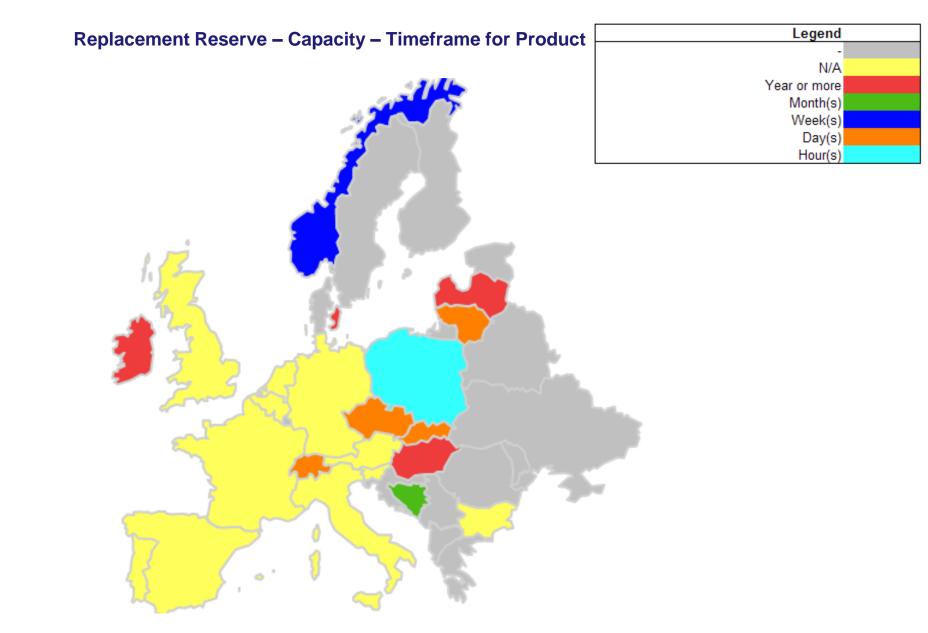
Legend	
-	
N/A	
Mandatory Provision	
Bilateral Market	
Organised Market	
Mandatory Offer	





Legend	
-	
N/A	
No minimum bid size	
<= 1MW	
<= 5MW	
<= 10MVV	
> 10MW	

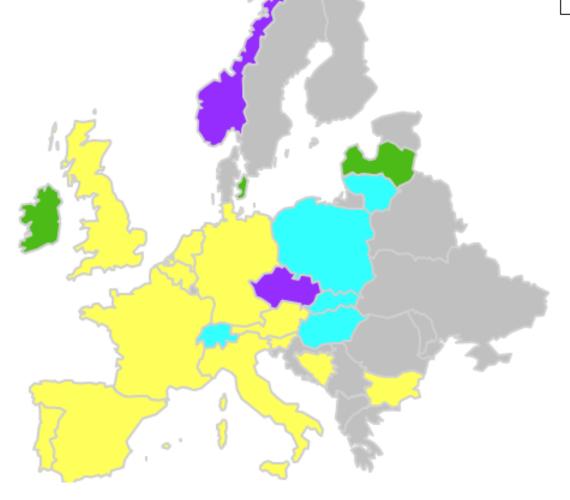




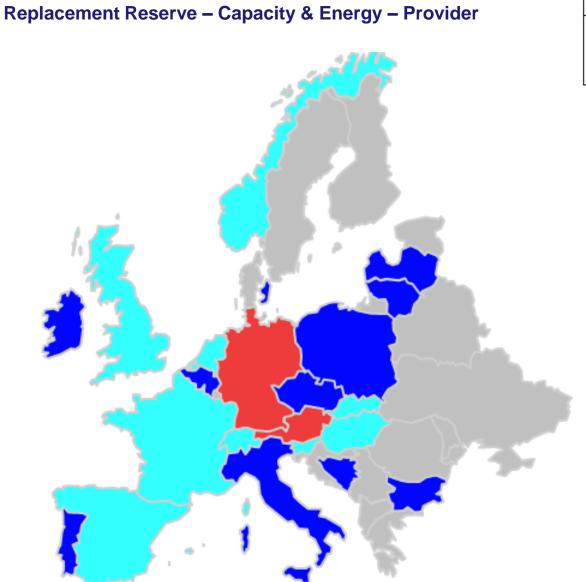


### Replacement Reserve – Capacity – Timing for offers for capacity

Legend	
-	
N/A	
Year or more	
Month(s)	
Week(s)	
Day(s)	







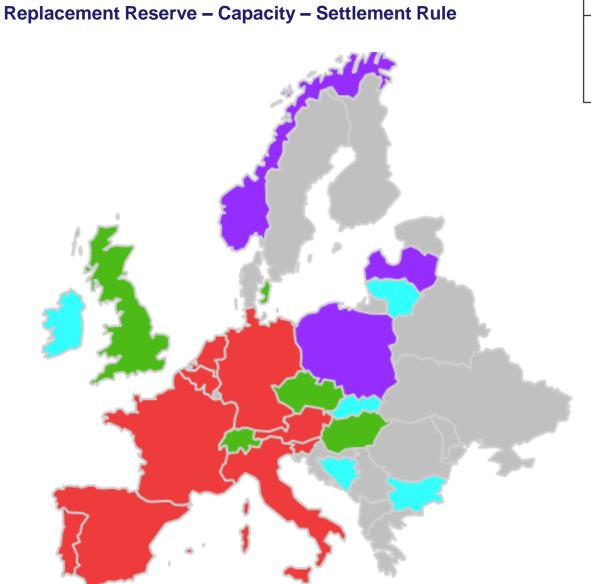


Legend	
-	
N/A	
Generators Only	
Generators + Load	



- Pay as Bid
  - Contracted parties who provide a service are paid based on their offer price
- Marginal Pricing
  - Marginal pricing is the change in total cost that arises when the quantity produced changes by one unit
- Regulated Price
  - Price for this service is based on a price that is set by the relevant regulatory authority
- Hybrid
  - Combination





Legend	
-	
N/A	
Pay as Bid	
Marginal Pricing	
Regulated Price	



Replacement Reserve – Capacity – Cost Recovery Scheme	

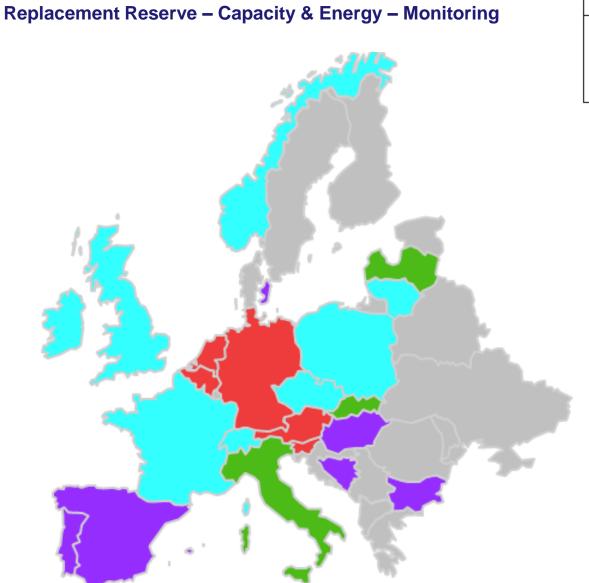
Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	





- Ex-post Check
  - Is monitoring of performance of plant carried out after the event?
- Real-time Monitoring
  - Monitoring of delivery of ancillary services in real time





Legend	
-	
N/A	
Real-Time Monitoring	
Ex-Post Check	
Hybrid	



### Replacement Reserve – Capacity – Secondary Market for Reserve Obligations

Legend	
-	
N/A	
No	



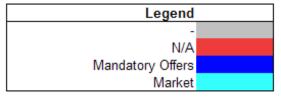


### **Replacement Reserve - Energy**

- Procurement Scheme
- Activation Rule
- Minimum Bid Size into Balancing Market
- Timeframe for Product
- Gate Closure for Energy
- Settlement Rule
- Cost Recovery Scheme



### Replacement Reserve – Energy – Procurement Scheme





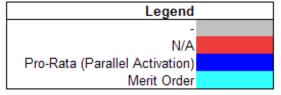


# **Activation Rule**

- Pro-Rata (Parallel Activation)
  - In Proportion (Parallel Activation)
- Merit Order
  - A merit order is a way of ranking available sources of energy in ascending order of their short run marginal costs of production, so that those with the lowest marginal costs are the first ones to be brought online to meet demand



#### **Replacement Reserve – Energy – Activation Rule**





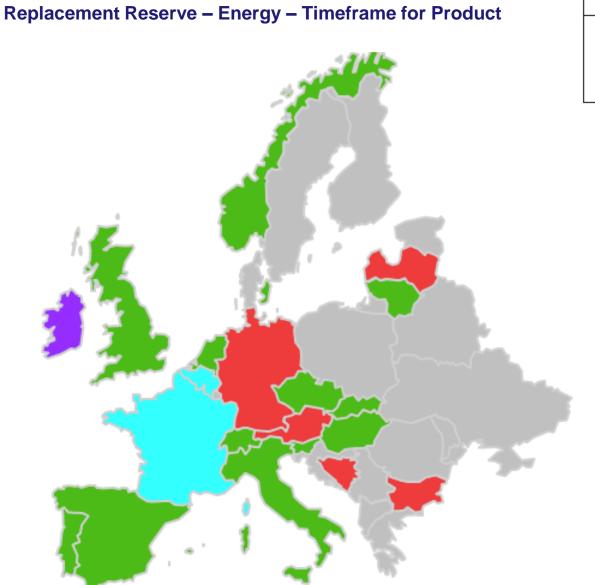


#### Replacement Reserve – Energy – Minimum Bid Size into Balancing Market



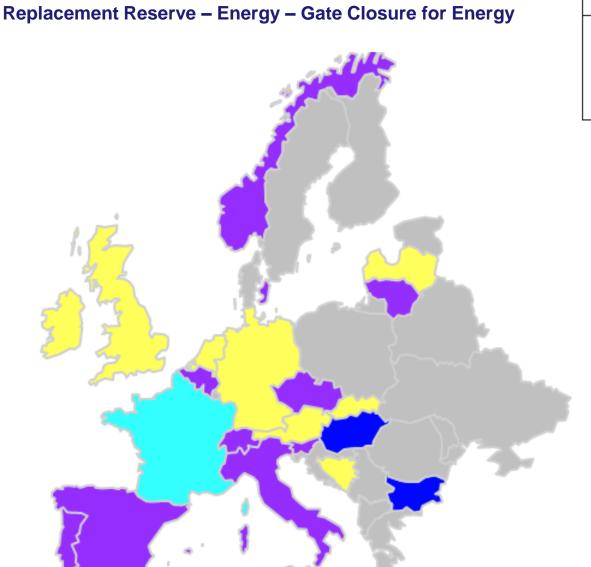
Legend
-
N/A
No minimum bid size
<= 1MW
<= 5MW
<= 10MW
> 10MW

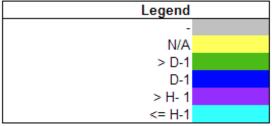




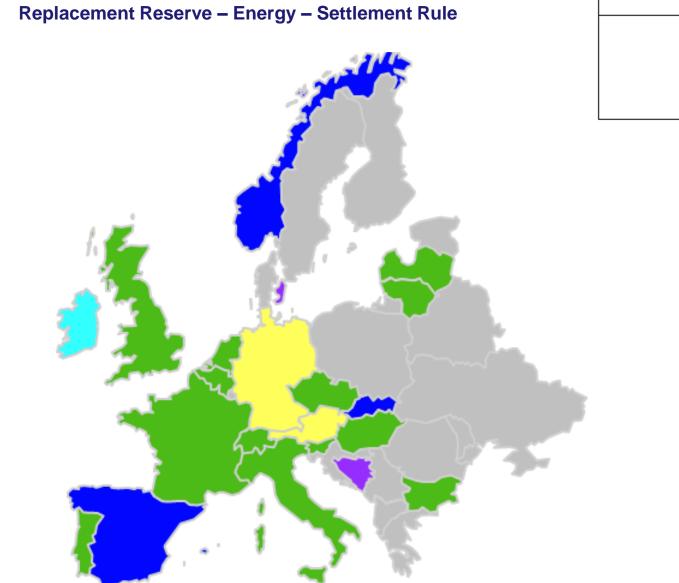
Legend	
-	
N/A	
Hour (or Blocks)	
30 minutes	
15 minutes	





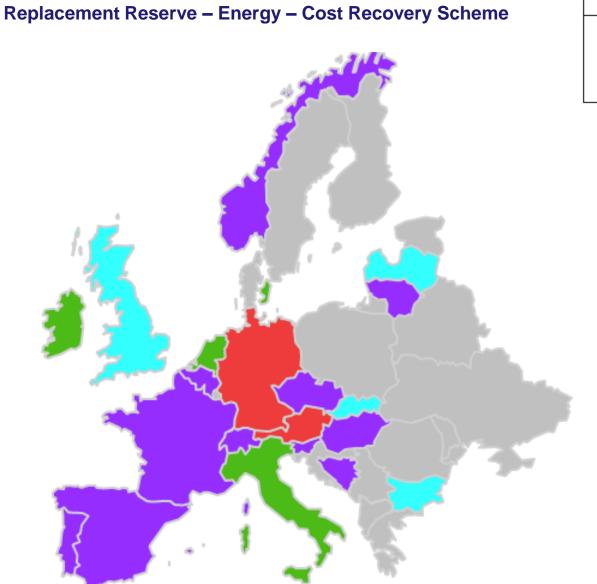








Legend	
-	
N/A	
Pay as Bid	
Marginal Pricing	
Regulated Price	
Hybrid	



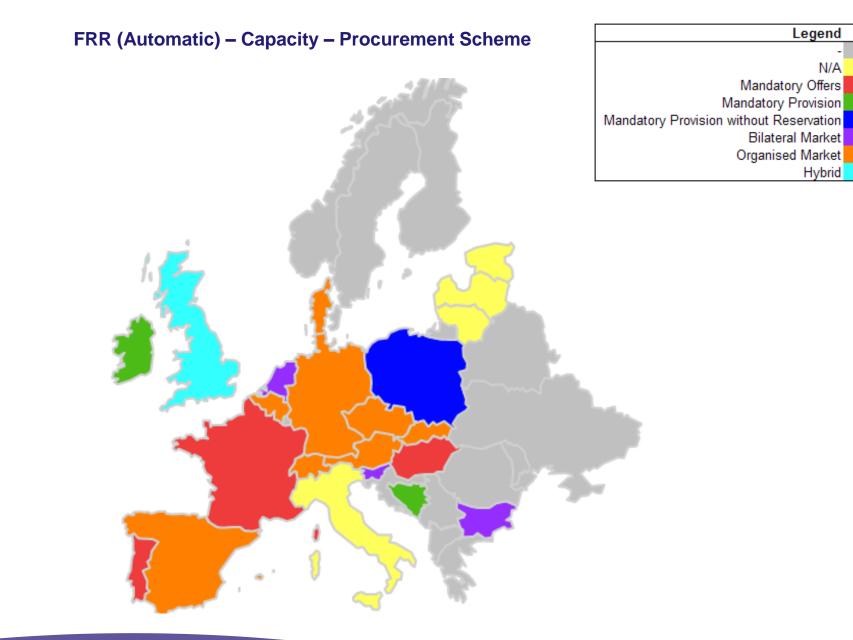
Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	



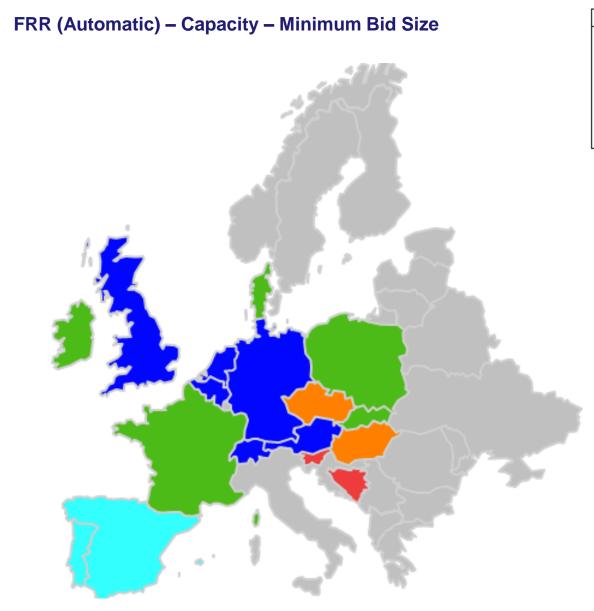
# Frequency Restoration Reserve – Automatic - Capacity

- Procurement Scheme
- Minimum Bid Size
- Timeframe for Product
- Timing for offers for Capacity
- Capacity & Energy Provider
- Settlement Rule
- Cost Recovery Scheme
- Capacity & Energy Monitoring



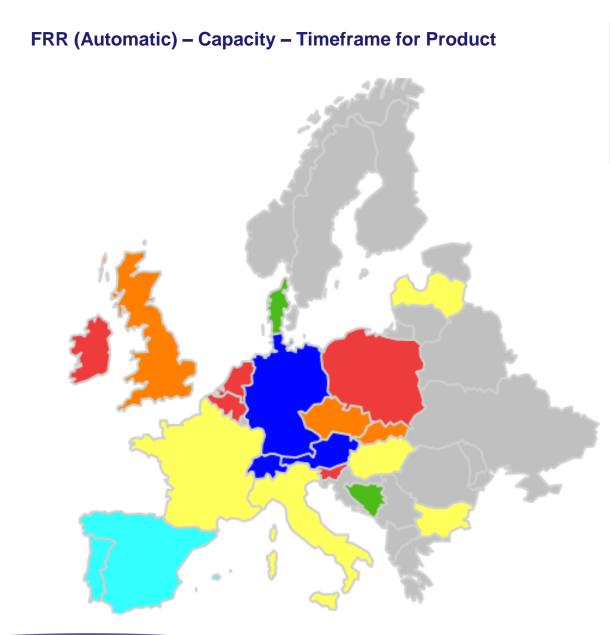






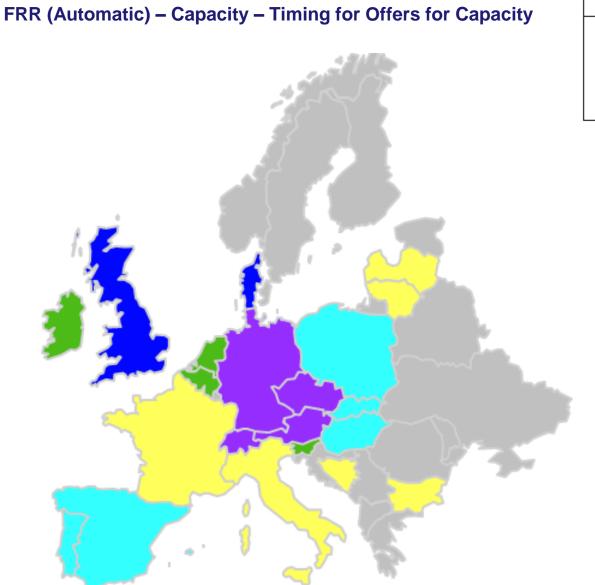
Legend	
-	
N/A	
No minimum bid size	
<= 1MW	
<= 5MW	
<= 10MW	
> 10MW	





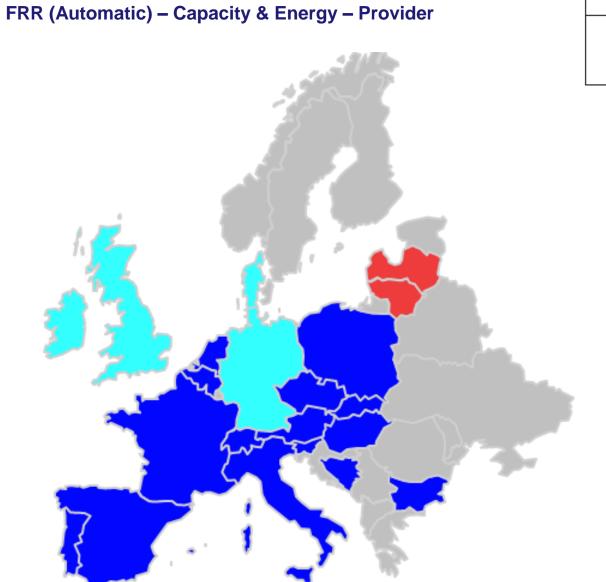
Legend
-
N/A
Year or more
Month(s)
Week(s)
Day(s)
Hour(s)

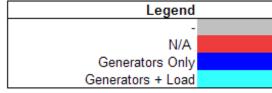




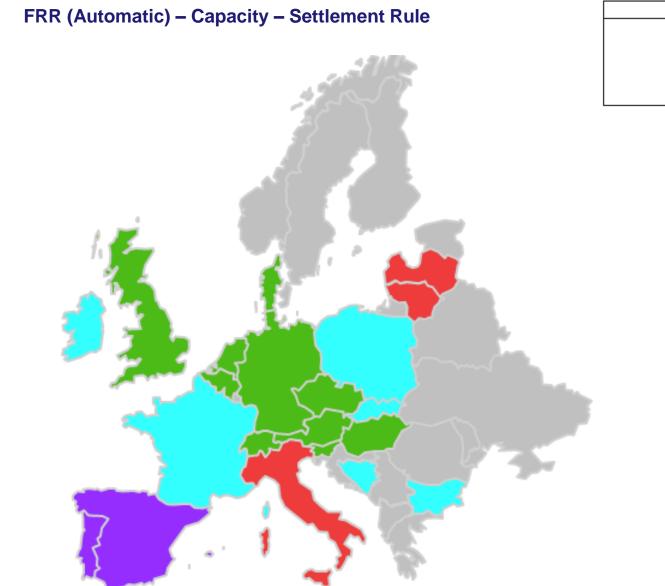
Legend	
-	
N/A	
Year or more	
Month(s)	
Week(s)	
Day(s)	





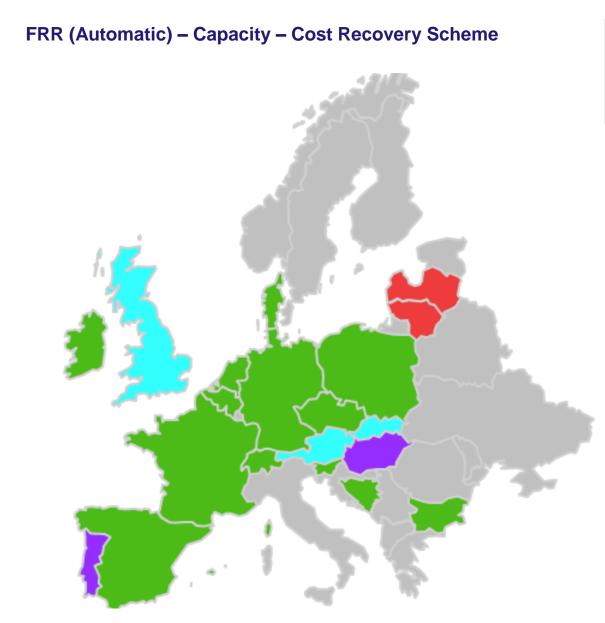






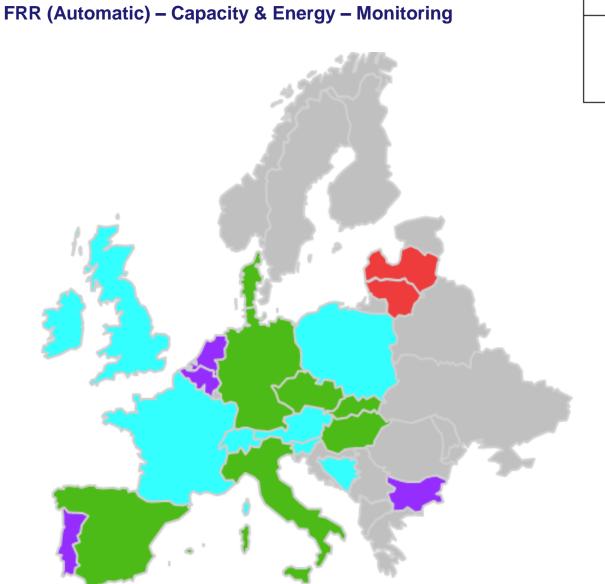






Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	





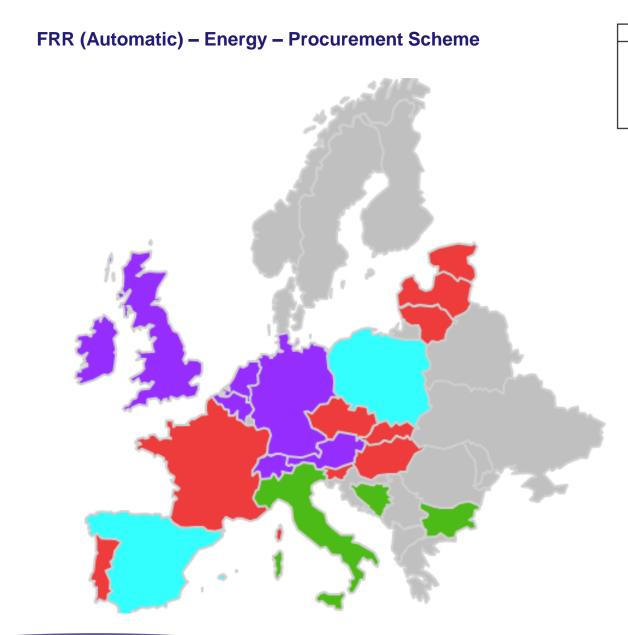
Legend	
-	
N/A	
Real-Time Monitoring	
Ex-Post Check	
Hybrid	



# Frequency Restoration Reserve – Automatic - Energy

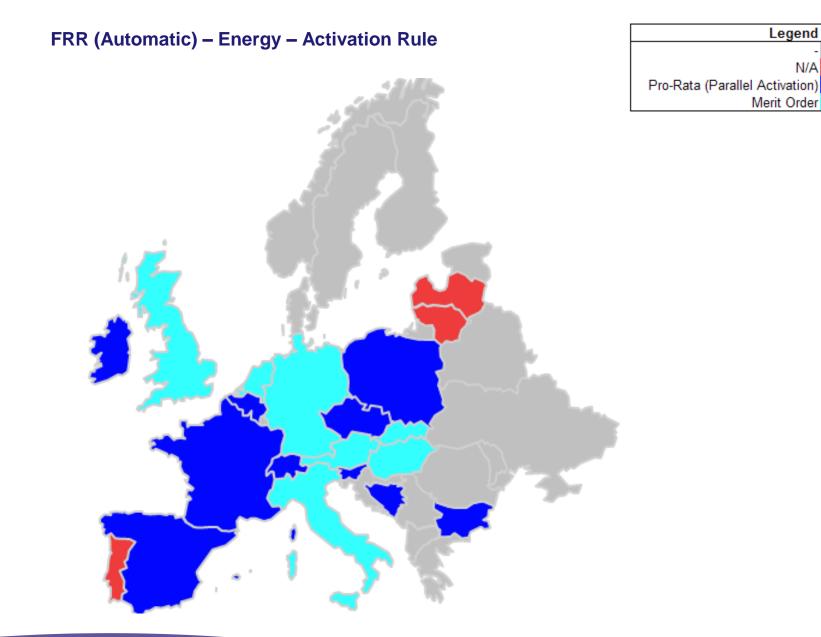
- Procurement Scheme
- Activation Rule
- Minimum Bid Size into Balancing Market
- Timeframe for Product
- Gate Closure for Energy
- Settlement Rule
- Cost Recovery Scheme











Legend

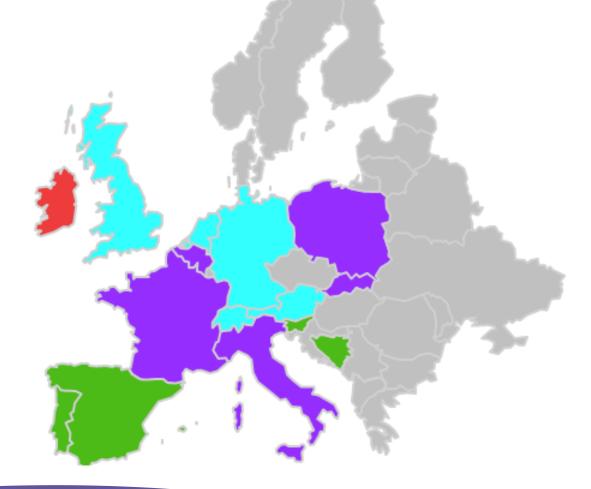
Merit Order

N/A

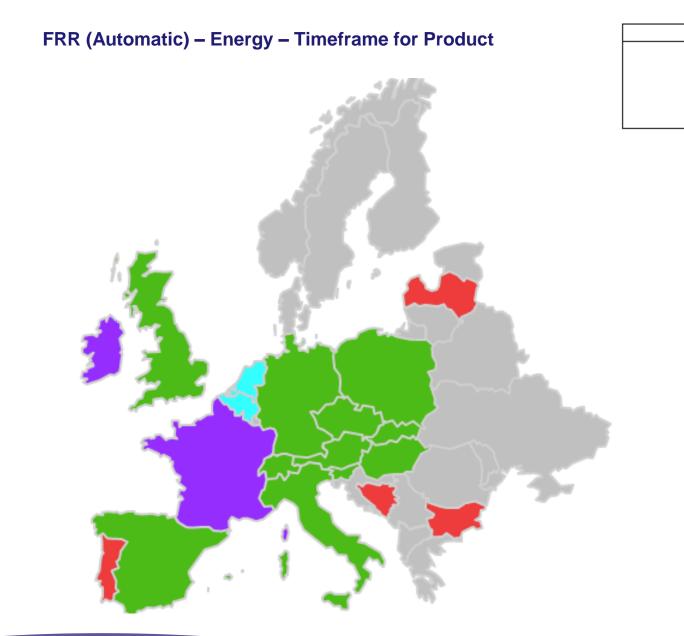


### FRR (Automatic) – Energy – Minimum Bid Size into Balancing Market

Legend	
-	
N/A	
No minimum bid size	
<= 1MW	
<= 5MW	





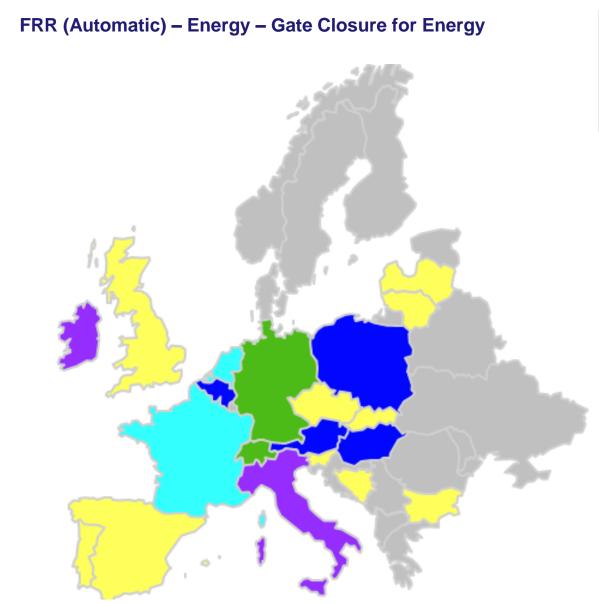


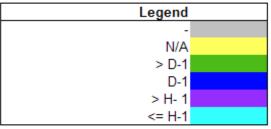
Legend

Hour (or Blocks) 30 minutes 15 minutes

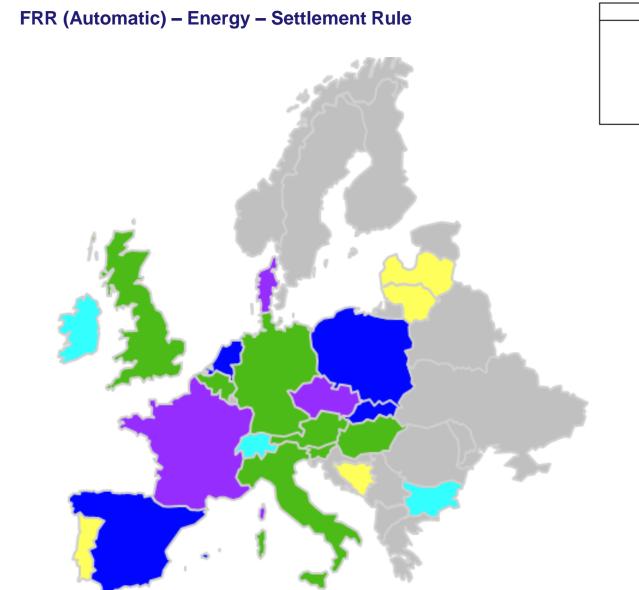
N/A





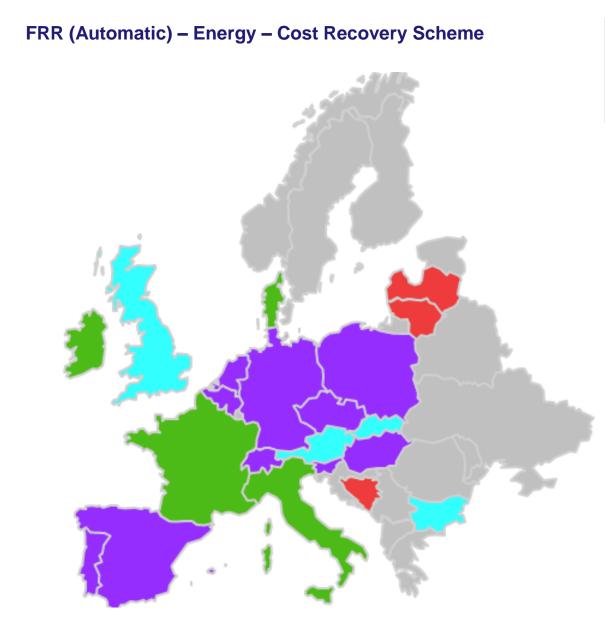






Legend -N/A Pay as Bid Marginal Pricing Regulated Price Hybrid





Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	



# Frequency Restoration Reserve – Manual - Capacity

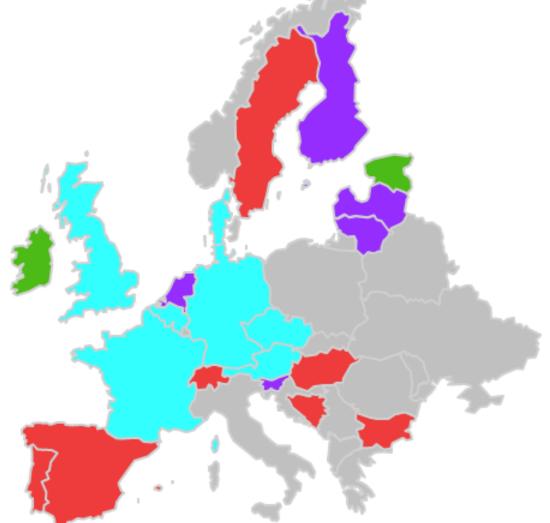
- Procurement Scheme
- Minimum Bid Size
- Timeframe for Product
- Timing for offers for Capacity
- Capacity & Energy Provider
- Settlement Rule
- Cost Recovery Scheme
- Capacity & Energy Monitoring
- Secondary Market for Reserve Obligations



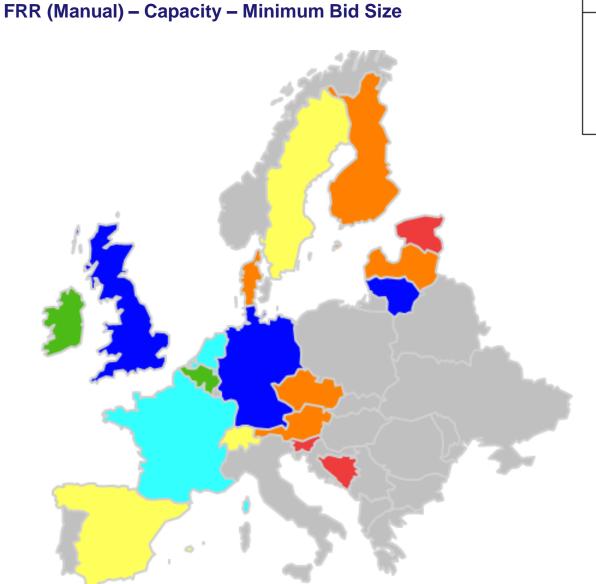
# FRR (Manual) – Capacity – Procurement Scheme

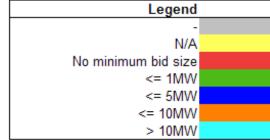
Legend	
-	
N/A	
Mandatory Provision	
Bilateral Market	
Organised Market	

.

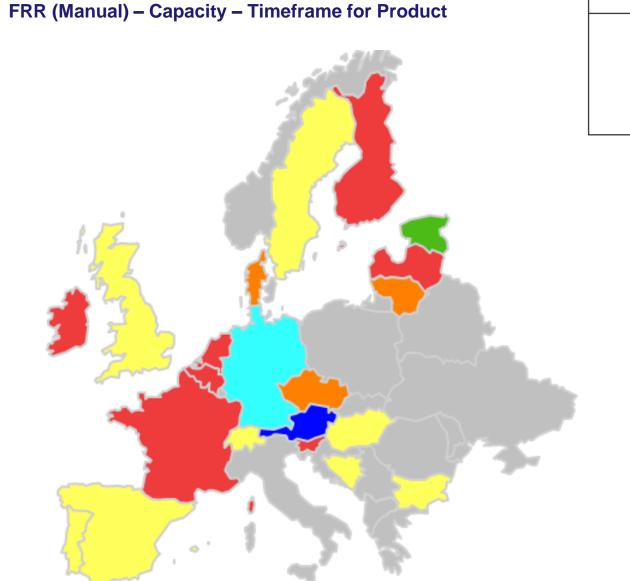






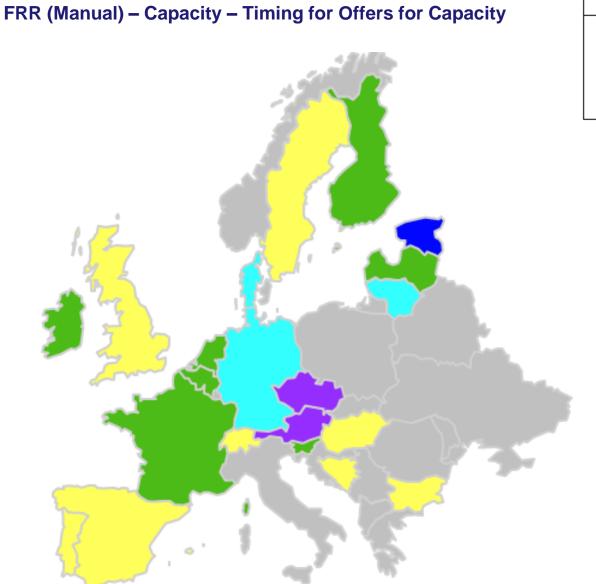






Legend -N/A Year or more Month(s) Week(s) Day(s) Hour(s)

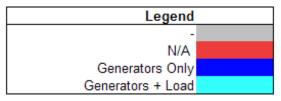


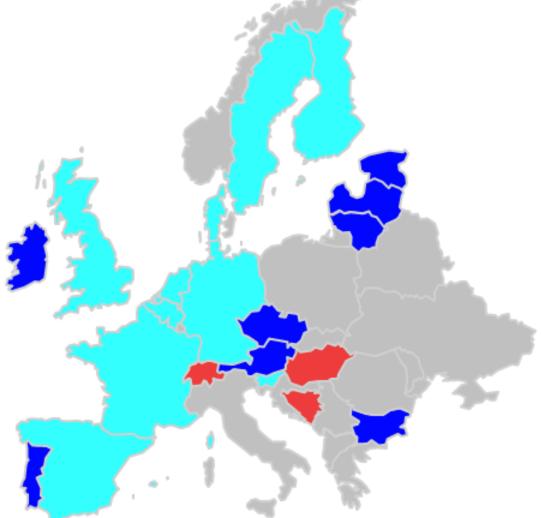


Legend	
-	
N/A	
Year or more	
Month(s)	
Week(s)	
Day(s)	

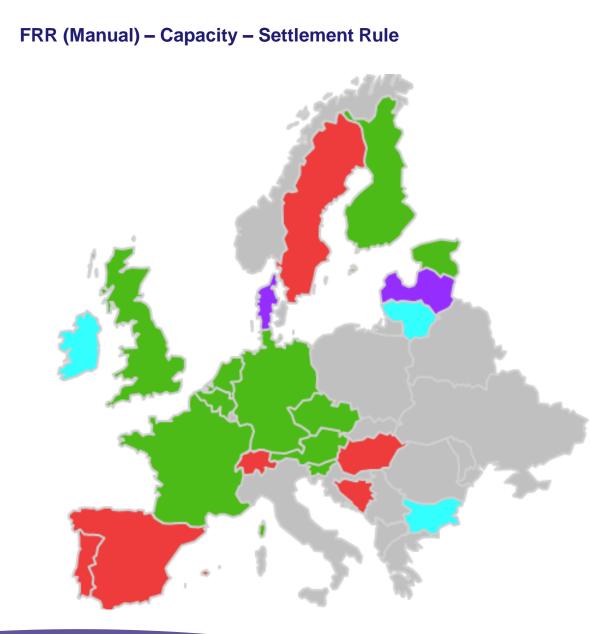


# FRR (Manual) – Capacity & Energy – Provider









#### Legend -N/A Pay as Bid Marginal Pricing Regulated Price

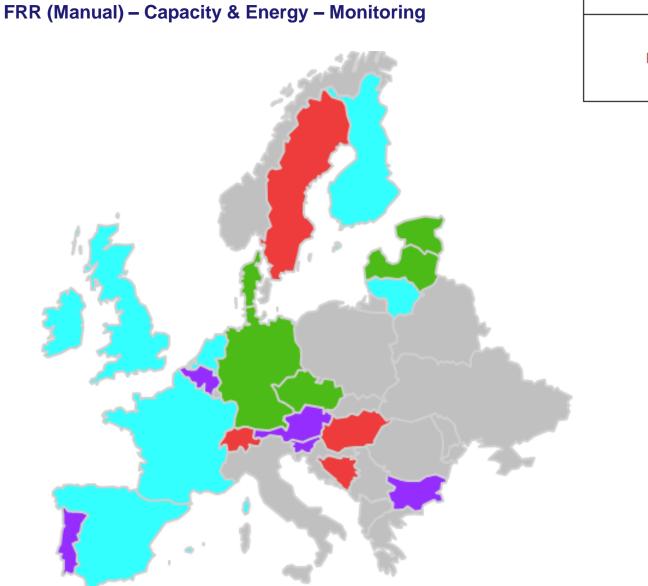


# FRR (Manual) – Capacity – Cost Recovery Scheme



Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	

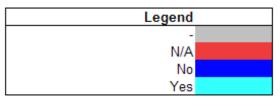




# entsoe

Legend -N/A Real-Time Monitoring Ex-Post Check Hybrid

#### FRR (Manual) – Capacity – Secondary Market for Reserve Obligations







# Frequency Restoration Reserve – Manual - Energy

- Procurement Scheme
- Activation Rule
- Minimum Bid Size into Balancing Market
- Timeframe for Product
- Gate Closure for Energy
- Settlement Rule
- Cost Recovery Scheme

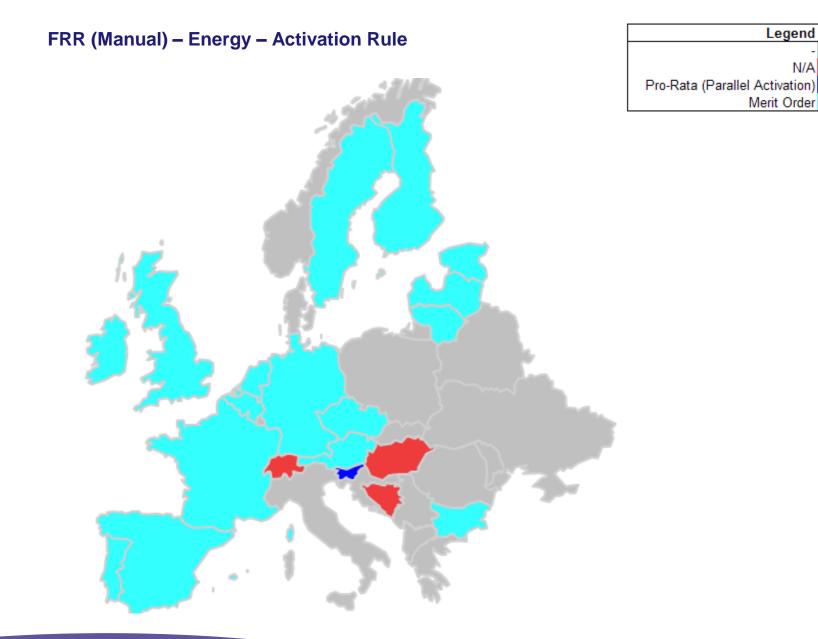


# FRR (Manual) – Energy – Procurement Scheme



Legend	
-	
N/A	
Pre-Contracted Offers only	
Pre-Contracted & Mandatory Offers	
Pre-Contracted & Free Offers	
Hybrid	
Market	





Legend

Merit Order

N/A

# entsoe

# FRR (Manual) – Energy – Minimum Bid Size into Balancing Market



Legend
-
N/A
No minimum bid size
<= 1MW
<= 5MW
<= 10MW
> 10MW

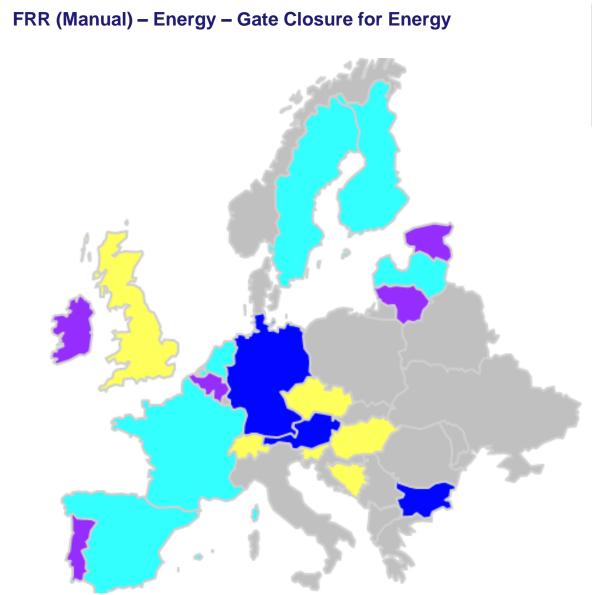


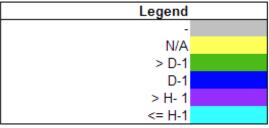
# FRR (Manual) – Energy – Timeframe for Product



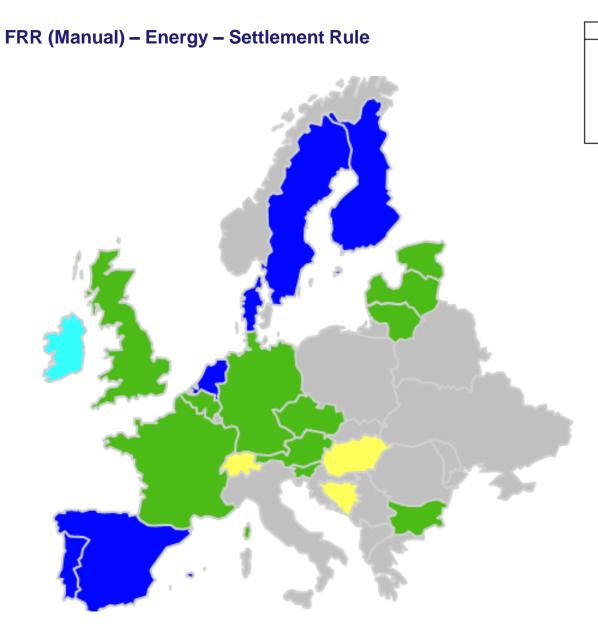
Legend	
-	
N/A	
Hour (or Blocks)	
30 minutes	
15 minutes	







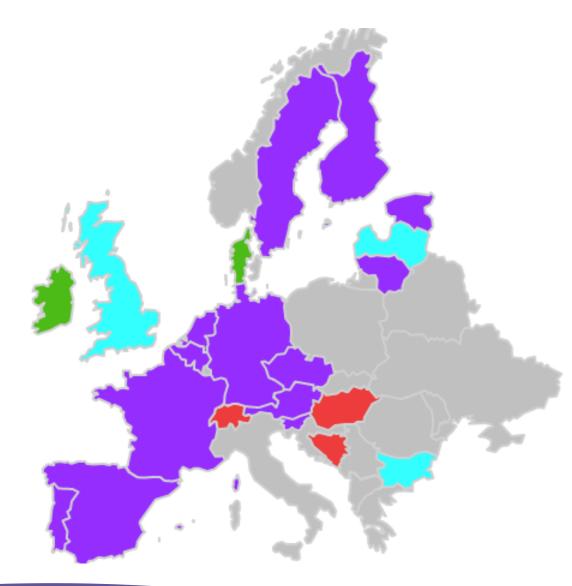




Legend -N/A Pay as Bid Marginal Pricing Regulated Price Hybrid



# FRR (Manual) – Energy – Cost Recovery Scheme



Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	



# **Frequency Containment Reserve - Capacity**

- Procurement Scheme
- Minimum Bid Size
- Timeframe for Product
- Timing for offers for Capacity
- Capacity & Energy Provider
- Settlement Rule
- Cost Recovery Scheme
- Capacity & Energy Monitoring
- Secondary Market for Reserve Obligations



#### Frequency Containment Reserve – Capacity – Procurement Scheme

Legend	
-	
N/A	
Mandatory Offers	
Mandatory Provision	
Mandatory Provision without Reservation	
Bilateral Market	
Organised Market	
Hybrid	



### Frequency Containment Reserve – Capacity – Minimum Bid Size

Legend	
-	
N/A	
No minimum bid size	
<= 1MW	
<= 5MW	





### Frequency Containment Reserve – Capacity – Timeframe for Product

Legend
-
N/A
Year or more
Month(s)
Week(s)
Day(s)
Hour(s)
Year or more Month(s) Week(s) Day(s)

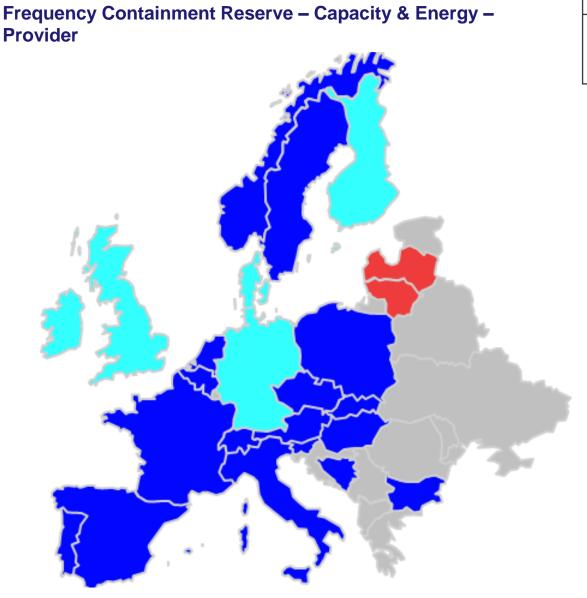


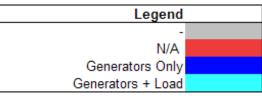
# Frequency Containment Reserve – Capacity – Timing for Offers for Capacity

Legend	
-	
N/A	
Year or more	
Month(s)	
Week(s)	
Day(s)	











# Frequency Containment Reserve – Capacity – Settlement Rule

Legend	
-	
N/A	
Pay as Bid	
Marginal Pricing	
Regulated Price	





# Frequency Containment Reserve – Capacity – Cost Recovery Scheme

Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	





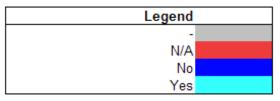
### Frequency Containment Reserve – Capacity & Energy – Monitoring



Legend	
-	
N/A	
Real-Time Monitoring	
Ex-Post Check	
Hybrid	



Frequency Containment Reserve – Capacity – Secondary Market for Reserve Obligations







# **Frequency Containment Reserve - Energy**

- Procurement Scheme
- Minimum Bid Size into Balancing Market
- Timeframe for Product
- Gate Closure for Energy
- Settlement Rule
- Cost Recovery Scheme



#### Frequency Containment Reserve – Energy – Procurement Scheme

Legend	
-	
N/A	
Mandatory Offers	
Market	
Hybrid	



Frequency Containment Reserve – Energy – Minimum Bid Size into Balancing Market

Legend	
-	
N/A	
No minimum bid size	
<= 1MW	
<= 5MW	





### Frequency Containment Reserve – Energy – Timeframe for Product

Legend	
-	
N/A	
Hour (or Blocks)	
15 minutes	





### Frequency Containment Reserve – Energy – Gate Closure for Energy

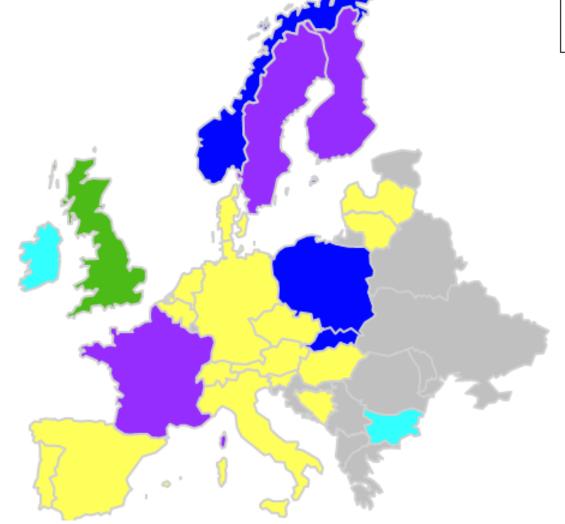
Legend	
-	
N/A	
> D-1	
D-1	





# Frequency Containment Reserve – Energy – Settlement Rule

Legend	
-	
N/A	
Pay as Bid	
Marginal Pricing	
Regulated Price	
Hybrid	





# Frequency Containment Reserve – Energy – Cost Recovery Scheme

Legend	
-	
N/A	
100% Grid Users	
100% BRP	
Mix of Grid Users and BRP	



