



# **EFET-Eurelectric input for the NC Balancing**

**EBSAG meeting 26 February 2013**

## Context

- **Balancing market integration should be flanked by measures enabling BRPs to balance their own account (liquid intraday markets, gate closure close to real time, products in PTU-intervals) in order to cope with increased intermittent generation and allow for demand response**
- **The NC Balancing and other codes should create a solid and clear basis for this**



## Two topics

1. **Explanation of the EFET-Eurelectric proposal**
2. **High level response to new ENTSO-E code proposals**



# **EXPLANATION OF THE EFET- EURELECTRIC PROPOSAL**

## Background of our proposal

- **ENTSO-E specifically asked for concrete text proposals**
- **The codes should give regulatory certainty and clarity**
- **The input is a proposal for codification of an ambitious market based target model**
- **We foresee a high level of harmonisation realise efficient integration**

## Status of the proposal

- It is *not* a formal position (as the drafts of ENTSO-E are not), although it is based on earlier positions of Eurelectric
- It is to be considered as work in progress
- We would like to start a *dialogue*: What would be the problems with this target
- We know that it cannot be implemented overnight and will require a careful implementation plan
- This presentation gives some of the highlights of the proposal and we look forward to further discussion

## Key principles target model

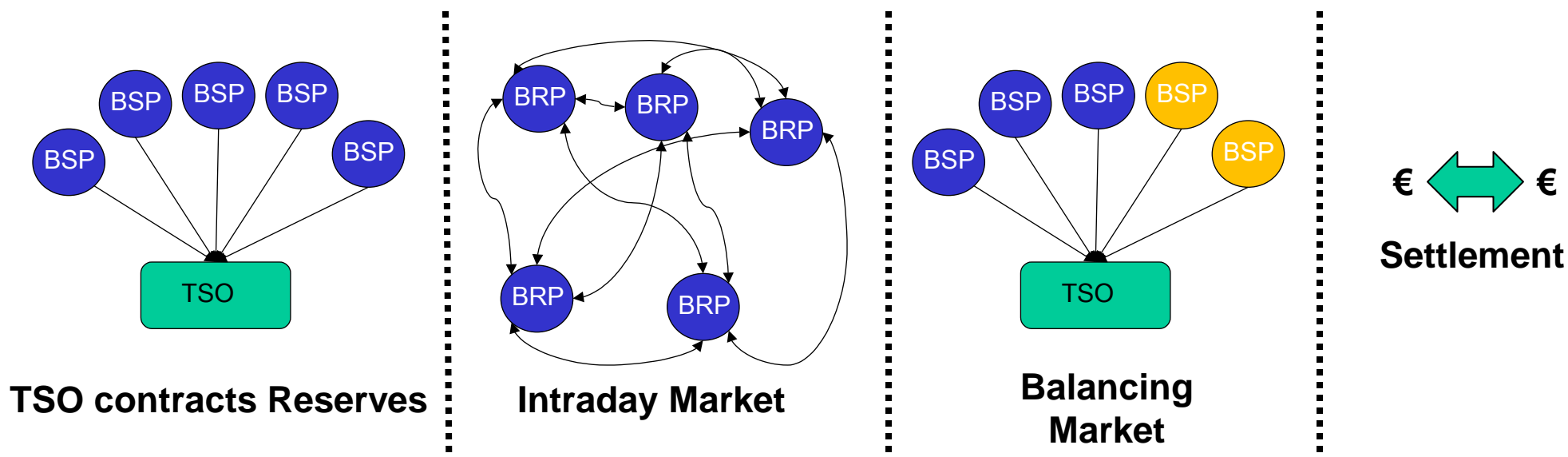
- TSO responsible for system security
- Each market party (BRP) responsible for its own demand and supply
- TSO has minimum interference with market and takes over responsibility after gate closure of the ID market
- congestion management (or other system services) by TSO shall not influence the balancing price
- Integration based on TSO to TSO solution with a common merit order (for interim period the NC shall allow for TSO to BSP model)

# Our view on trading after day ahead

Day Ahead  
Gate Closure

H-1

H



All prequalified BSPs can participate in the balancing market, not only precontracted reserves

1

2

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4



## PTU

- PTU should be the same on all borders
  - preferably 15 min
  - **bids** on the balancing market (FRR) should be based on this common PTU
- **Settlement** could be based on other PTU basis
  - local TSO should make a conversion of the marginal price per XB PTU to local PTU
  - this conversion should ensure consistency of the marginal pricing incentives

## Standard *market* products

- All prequalified BSPs can participate in the balancing market, not only precontracted reserves
- No energy component for FC
- Manual FRR
  - MWh/time unit (activation time: 15min?)
- Automatic FRR
  - Continuous activation (activation time: ~5min?)
- Several products possible for RR
  - 15 min – 1 hour
  - Activation speed

## **Price, payment and settlement**

- **Price should reflect the real time value of energy = marginal price**
- **Ensures a consistent and effective pricing and settlement, leading to a robust system**
- **Payment for the energy of activated bids based on marginal price**
- **Payment of RR depends on product (multiple products are possible depending on e.g. lead time and speed)**
- **Settlement of combined load/generation portfolio's based on marginal price**

# Balancing energy pricing and settlement

|             |       | Marginal pricing system is enough                      |  |  |
|-------------|-------|--|--|--|
|             |       | only long  | only short   |  |
| B<br>R<br>P | long  | BRP receives<br><b><math>MP_{BAL\downarrow}</math></b> | BRP receives<br><b><math>MP_{BAL\uparrow}</math></b> |  |
|             | short | BRP pays<br><b><math>MP_{BAL\downarrow}</math></b>     | BRP pays<br><b><math>MP_{BAL\uparrow}</math></b>     |  |

$MP_{BAL\downarrow}$ : Market Price for downward regulation

$MP_{BAL\uparrow}$ : Market Price for upward regulation



# **RESPONSE TO NEXT ENTSO-E VERSION**

## General

- Detailed comments will be sent later
  - We also have many members
- Does this code give the required regulatory certainty?
  - Many “to be defined” issues
  - No process to converge
  - No vision on the target
  - What will happen if dead lines are not met?
- Does this code ensure non-discriminatory access?
- Does the code secure momentum in developing cross-border trade of balancing services?

## First detailed comments

- The proposed codes are so far too vague and unambitious
- Market rules and principles should be implemented in these codes now, not later.
- How are our previous comments taken into account?
- How can we ensure that Coordinated Balancing Areas lead to a wider integration and harmonisation?
- Stakeholder involvement should be addressed more clearly
- Increase focus on harmonisation. The proposal opens up for different national solutions that may prove impossible to integrate in the future
- Set clear targets and milestones for development