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Network Code on Electricity Balancing

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CECED expectations

- ❑ ACER Framework Guidelines offer the ideal context to discuss how network users can contribute to the grid stability.
- ❑ The Code shall enable all network users (including household consumers) to participate in the internal energy market.
- ❑ The Code shall pave the way to voluntary and rewarding demand side and frequency response.
- ❑ The market approach should be the governing rule.

ACER Framework Guidelines

❑ 2 General Principles:

- ❑ The Electricity Balancing Network Code(s) shall define common principles for the procurement of *reserves* and *balancing energy* ...
- ❑ The Electricity Balancing Network Code(s) shall foresee that the terms and conditions for balancing markets allow for load entities (whether through aggregators or not) as well as generation units from renewable and intermittent energy sources to become BSPs

❑ 3 Procurement of *balancing services* :

- ❑ The Electricity Balancing Network Code(s) shall define common standard *balancing energy products*
- ❑ The Electricity Balancing Network Code(s) shall define common principles regarding the pricing method and the selection process
- ❑ The Electricity Balancing Network Code(s) shall provide that the pricing method of the *balancing energy products* is *harmonised*

Electricity Balancing Code so far...

❑ 2 General Principles:

- ❑ The Electricity Balancing Network Code(s) shall define common principles for the procurement of *reserves* and *balancing energy* ...
- ❑ **Code:** No specific principle found in the code
- ❑ **Framework:** The Electricity Balancing Network Code(s) shall foresee that the terms and conditions for balancing markets allow for load entities (whether through aggregators or not) as well as generation units from renewable and intermittent energy sources to become BSPs
- ❑ **Code:** No later than x months after the entry into force of this Network Code all Transmission System Operators of a Coordinated Balancing Area shall develop a methodology for the establishment of the terms and conditions related to Balancing...

Electricity Balancing Code so far...

❑ 3 Procurement of *balancing services* :

- ❑ The Electricity Balancing Network Code(s) shall define common standard *balancing energy products*
- ❑ **Code:** No later than twelve months after entry into force of this Network Code, all Transmission System Operators shall prepare a common initial proposal for standard Balancing Reserve and Energy products
- ❑ The Electricity Balancing Network Code(s) shall define common principles regarding the pricing method and the selection process
- ❑ **Code:** No later than twelve months after the entry into force of this Network Code, all Transmission System Operators shall develop an initial proposal for the pricing method of Balancing Energy products
- ❑ The Electricity Balancing Network Code(s) shall provide that the pricing method of the *balancing energy products is harmonised*
- ❑ **Code:** After entry into force of the pricing method of Balancing Energy products as foreseen in paragraph 2, all TSOs shall be entitled to propose a change to the pricing method of Balancing Energy products

ACER Framework Guidelines:

EBC and interaction with other codes

- ❑ **Links and dependencies: the EBC shall deal with**
 - ❑ market-based selection of *balancing services* for load frequency control
 - ❑ the procurement and product specifications of *balancing services*
 - ❑ ensuring an efficient and market-based selection of *balancing services*

...to provide input to Codes on Operational Security, Operational Planning and Scheduling, Load-Frequency Control and Reserves

- ❑ **The Code is postponing some key definitions thus affecting all codes mentioned above:**
 - ❑ No later than (two years after the entry into force of this network Code) all Transmission System Operators of a Coordinated Balancing Area shall establish an Activation Optimisation Function and define rules for its operation.
 - ❑ The Activation Optimisation Function shall optimise the activation of Balancing Energy Bids from the Common Merit Order Lists...A Common Merit Order List shall consist of Balancing Energy Bids from a standard Balancing Energy product as defined in Article 14 of this Network Code.

Additional Comments on EBC Draft

- ☐ **More than a code, the current draft is like a good letter of intent, since all relevant topics are going to be defined after the approval of the code**
- ☐ **The current draft doesn't seem to fulfill to ACER guidelines and is giving to TSOs the possibility to define the most relevant elements of the code outside of the standard process**
- ☐ **Stakeholders rights not adequately safeguarded**
 - ☐ Involvement in all relevant discussions, happening after approval of the code, is very limited (4 weeks)
 - ☐ A simple written justification is enough to discard stakeholder's input
- ☐ **Although each TSO can define specific product for balancing the grid, services asked from same kind of products, like appliances, must be standardized across Europe.**