



Stakeholder Workshop: Network Code on Electricity Balancing

Nicolas Pierreux

EUROPEX Working Group Power Market

17 July 2013



General comment

Although Europex appreciates the technical complexity of this NC Balancing and the interrelation with the NC CACM and the NC LFCR, improvements are required w.r.t. the overall document readability

Postponing the establishment of methodologies or algorithm developments deprives the NC of its substance to a large extent

➔ Difficult for stakeholders to have a clear picture of what the draft NC foresees, hence to provide valuable feedback

Residual balancing and role of BRPs

It is essential that the NC Balancing clearly recognises as a Target Model that the BRPs are primarily responsible for keeping their own electricity portfolios in balance and that TSOs are tasked “only” to take residual balancing actions to handle balancing in real time

Flexible means should therefore made available to BRPs on the competitive, two-sided wholesale (WS) market before the single buyer/seller balancing market inasmuch as possible:

- Incentivise BRPs to balance on the DA and ID markets
- Aim at developing liquidity on all markets (not balancing in particular, cf. art. 34(1))
- Don't book reserve capacity in advance of DA market clearing and ID GCT unless absolutely necessary. In this case, TSOs should be fully transparent about reserved capacities (location & volume) ; Co-Optimisation process is not relevant
- Don't book LT reserves if not absolutely necessary (22(4))
- Compare the availability of balancing services with actual needs (cf. 57(7))
- Etc.

Synergies/interferences with other markets

Synergies/interferences with other markets are insufficiently explored. The aim should be to increase the liquidity on all markets, in particular the competitive forwards, DA and ID markets

- Risk of “cannibalisation” of intraday market by balancing market can be high in some countries if the systems used for balancing and intraday are different: market parties might be incentivised to only provide flexibility on the balancing market instead of offering it on the WS market first

Art. 20(4) (*“The Balancing Gate Closure Time shall be after Intraday Cross Zonal Gate Closure Time”*) and art. 13(4) (*“Balancing Energy Standard Products cannot be activated prior to the Balancing Energy Gate Closure Time”*) are going in the right direction

However, a better integration of the intraday and the balancing systems allowing orders remaining in the intraday market to, if orders are suitable/allowed to use in Balancing, be automatically made available for balancing purposes (RR) could contribute to the efficiency of both the ID and the Balancing markets. Therefore, that should be part of the target model

- Each provision of the NC should be read with a view to identify possible impact on other market timeframes (e.g. What if the Relevant Area for Imbalance pricing is different from the Bidding Zone? Isn't there a risk of distortion in market price formation?)
- Reporting on performance (57(7)) and CBAs (59(5)) should look at the impact of balancing market design and functioning on the other market timeframes

ENTSO-E to acknowledge the role of MOs

ENTSO-E has been mandated to draft NC balancing but should be careful not to usurp Market Operators' role w.r.t. balancing by ignoring national specificities

Europex supports rules harmonisation to the extent they improve market functioning. However, the NC objectives can be reached more efficiently without transferring current responsibilities from MOs to TSOs

The FG EB recognise the role of “other responsible entities where relevant” to a large extent, without it being the result of a delegation by a TSO of tasks it is primarily responsible for (FG 2.3, 5.2). This issue should be solved as soon as possible in the NC drafting process (NC11(4), 16(4), 47-50,...), as already stated during the EBSAG meetings and at the Florence Forum

Europex invites ENTSO-E to closely cooperate with the concerned PXs or other market operators to amend the draft NC in an appropriate way and will provide concrete proposals for text amendment through the public consultation tool

Thank you for your Attention

secretariat@europex.org