

Key principles from the Framework Guidelines on Electricity Balancing

Workshop on NCEB

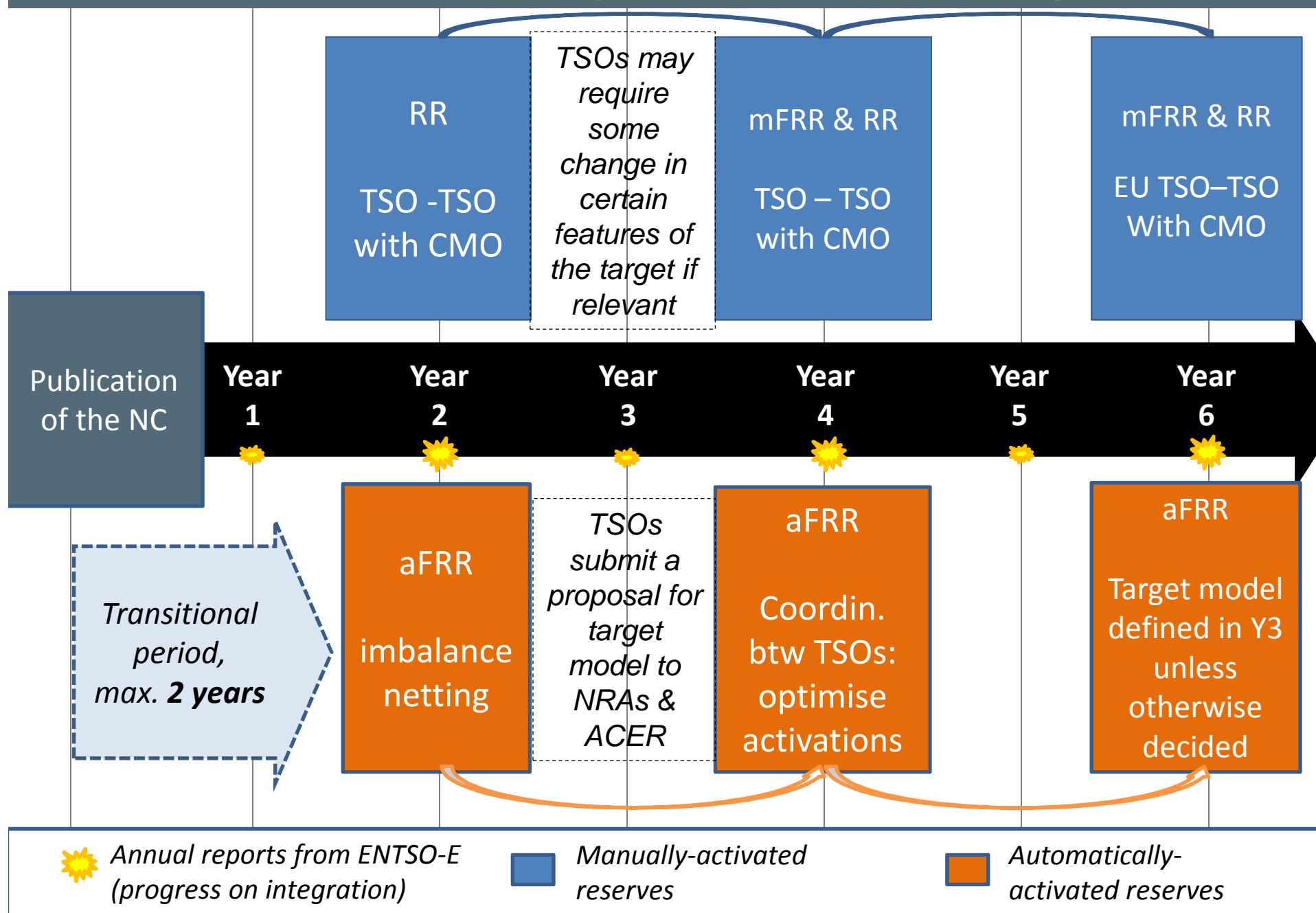
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Reminder: why integrating balancing markets?

- **Security of supply: accommodate RES**
 - » Massive penetration if wind and solar generation expected in EU;
 - » Do it without jeopardising the European system and inducing high additional balancing costs.
- **Mitigate the lack of competition**
 - » High level of concentration in some balancing markets;
 - » Limited participation for demand response;
 - » Reach a higher degree of cross-border integration, a reduction in entry barriers and an improvement in market efficiency.
- **Remove distortions in balancing markets**
 - » Wide variety of balancing market design existing in Europe;
 - » It may generate distortions with negative impacts on markets.

A need to define an ambitious text which sets a consistent regulatory framework to tackle current and coming issues in balancing markets.

Roadmap for the integration of balancing markets



Key features of the target model

- A clear and ambitious **target model** to integrate balancing markets
- A high level **roadmap** to pave the way for implementation
- A **strong but flexible harmonisation** to foster efficiency and integration
- An **improved coordination** between TSOs with regard to the balancing reserves

The NC must be compliant with these Guidelines

● Need for specifications

- » Not only follow the principles set in the Guidelines;
- » Provide more detailed arrangements related to the FG principles;

● Need for readability and enforceability

- » Each concept must be clearly defined and each requirement must be enforceable;
- » The flexible CoBA concept has potential, provided that
 - (i) it can guarantee that the targets are reached with a clear overview of the detailed roadmap
 - (ii) the functioning can be foreseen in any case (requirements, XB exchanges, etc.);
 - (iii) the desired level of harmonisation is obtained

● Need for transparency

- » Balancing algorithm (optimisation process, CMOs...);
- » Use of standard and specific products.

The NC should define intermediate steps

- **High-level roadmap could better streamline the integration process**
- **TSOs to define common proposals before the deadlines, including:**
 - Full description of the targeted mechanism (*common design, tool, algorithm...*);
 - Detailed roadmap;
 - Concrete definition of CoBAs including evolution and merging

ACER welcomes the development of pilot projects

- **If limited number of initiatives (based on key balancing products);**
- **If sufficient number of involved TSOs in each project;**
- **If there is a clear potential for extension;**
- **If the foreseen implementation timeline gives enough time to draw some lessons before the deadlines (still to be defined in the NC) for a EU-wide common proposal**
- **If ENTSO-E is committed to play a strong coordination role and to report transparently and regularly, in particular in the AESAG framework**

Thank you for your attention!



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