

ENTSO-E Stakeholders Advisory Group for the Network Code on Electricity Balancing (EBSAG)

4th Meeting

Date: 23 September 2013

Time: 10h00 – 15h30

Place: ENTSO-E premises, Brussels

MINUTES

Participants

1.	Bernt Anders Hoff	ENTSO-E
2.	Candice Richaud	CECED
3.	Christian Todem	ENTSO-E
4.	David Trebolle Trebolle	Eurelectric
5.	Emmanuel Watrinet	ACER
6.	Florian Chapalain	EDSO4G
7.	Francesco Cariello	ACER
8.	Frank Nobel	ENTSO-E
9.	Javier Alonso	Eurelectric
10.	Jessica Stromback	SEDC
11.	Jimmy Bourdrel	ENTSO-E
12.	Joachim Matthys	Eurelectric
13.	Johannes Thies	ENTSO-E
14.	Kjell Barmsnes	ENTSO-E
15.	Marcelo Torres	SEDC
16.	Martin Schroeder	ENTSO-E
17.	Matti Supponen	EC
18.	Nigel Hawkins	Eurelectric
19.	Olivier van den Kerckhove	EFET
20.	Paul de Wit	CEDEC
21.	Paul Wilczek	EWEA
22.	Pavla Erhartova	Eurelectric
23.	Peter Campbell	ENTSO-E
24.	Philip Bloomfield	Eurelectric
25.	Pierre Castagne	Eurelectric
26.	Roland Tual	SEDC
27.	Ruud Otter	Eurelectric
28.	Thomas Schultz	SEDC
29.	Tomáš Bednár	ENTSO-E
30.	William Chan	IFIEC

1. Welcome

The meeting is opened at 10.15 by Kjell Arne Barmnes, Convenor of the ENTSO-E Working Group Ancillary Services.

Presentations from the meeting can be found at:

<https://www.entsoe.eu/major-projects/network-code-development/electricity-balancing/>

2. Public Consultation on the Draft Network Code Electricity Balancing: Key issues and the current amendment process

Christian Todem, Convenor of the NC EB Drafting Team, gives an overview of the outcome of the Public Consultation. 2178 comments from more than 40 stakeholders were received by the Public Consultation deadline on 16 August 2013. Apart from the four key issues identified for discussion at this EBSAG meeting a large number of comments were raised on:

- Product Definitions
- Participation of Demand Side Response
- The Central Dispatch Systems
- Length of the Consultation Period
- The number of Regulatory Approvals
- The need for algorithms

A brief discussion on the length of the consultation period follows.

- Jessica Stromback, SEDC, notes that the EC and ACER are pushing for short deadlines and quick implementation but questions if stakeholder can provide a detailed consultation response in 4 weeks.
- Pierre Castagne, Eurelectric, suggests a doubling of the consultation period.
- Jessica Stromback proposes that cooperation could be improved by publishing the consultation topic in advance of the actual publication of the consultation to allow stakeholders to prepare a position.

Christian Todem highlights important dates in the final stages of the drafting process. Stakeholders will be provided with an updated version of the draft NC EB a week in advance of the Public Workshop on 23 October.

3. Structural changes in the Code

Tomáš Bednár, member of the NC EB Drafting Team, presents the revised structure of the draft NC EB and the content of new articles introducing intermediate targets.

EBSAG members raise a number of questions:

- Jessica Stromback, SEDC: How do you within these models look at the roles and responsibilities for BSPs and BRPs?
 - o Christian Todem: The new articles approach the intermediate and final targets from a TSO perspective. BSP and BRP roles are defined elsewhere.

- Ruud Otter, Eurelectric: Can the implementation framework be understood as a road map for implementation and will it include a geographical component? Does it define who is in the lead, who manages the integration process?
 - o Kjell Arne Barmnes: The implementation framework is a road map. However, it does not directly contain a geographical component but it requires CoBA (geographical) configuration to be based on a CBA. The TSOs are jointly responsible for reaching the targets. ENTSO-E and TSOs are steering and guiding the future configurations through the 9 Pilot Projects.
- Pierre Castagne, Eurelectric: How can sufficient learning from the intermediate model be used in the target model if the target model should be modified before implementation of intermediate model?
- Emmanuel Watrinet, ACER: ACER appreciates the intermediate targets and suggests that the implementation framework could be used by TSOs to propose principles for the algorithms that should be ready one year after entry into force of the NC EB.
 - o Christian Todem: The Drafting Team will consider and discuss the proposal from ACER.

4. Key Issue I: Procurement of Balancing Reserves

Christian Todem gives an update on the Chapter on Procurement of Balancing Services. EBSAG members raise a number of questions on involvement of Distribution System Operators (DSOs), Central Dispatch Systems (CDS) and the facilitation of Demand Side Response (DSR)

DSO involvement

- David Trebolle, Eurelectric: To what extent have DSOs been taken into account in the chapter and what will be the interaction between TSOs, DSOs and market parties? See slides included in presentation.
 - o Christian Todem: The presentations shows only the very high level principles on how the cooperation works, but the NC EB will include an article detailing DSO roles and responsibilities.

Central Dispatch Systems

- Javier Alonso, Eurelectric: How will the code handle CDS cross border integration?
- Nigel Hawkins, Eurelectric: More clarity on CDS is needed.
 - o Christian Todem: More clarity is provided in a CDS article in the updated version of the code. CDS TSOs will have to explain their systems in detail.

Demand Side Response

- Jessica Stromback, SEDC: The article 20.1 in the Public Consultation version of NC EB on Balancing Bids states that if bids cannot be entirely fulfilled by the Balance Service Provider they are completely discounted. This practice hinders DSR participation.
 - o Johannes Thies, member of the Drafting Team: The NC EB allows for updating bids up until Gate Closure Time, but after this the bids will have to be firm.
- Tom Schultz, SEDC: There are many differences between generators and DSR. How do you measure how much energy was not used? There is no meter that can physically measure what is not used. Is there something in the code that standardizes measure of DSR?
 - o Christian Todem: This is not defined in the code and will be part of the Coordinated Balancing Area (CoBA) Terms and Conditions. In different CoBAs there might be different rules. TSOs must be allowed the possibility to measure what is being delivered.

- Jessica Stromback, SEDC: The NC EB allows TSOs to require all BSPs to offer unused balancing resources to the market - but how can a consumer do that? SEDC cannot see how to measure or enforce rules on small units (consumers etc.) while it is easy on large units.
 - o Christian Todem: All will have to be treated equally and the NC EB cannot define different rules for different BSPs. However, a strong and clever information flow between parties will be needed.
- Matti Supponen, EC: It is very fundamental to the market that all participants should be treated equally. But is that possible in the future -should all be placed in same category? The EC is not sure as different technical possibilities could mean that different treatment is necessary.
 - o Kjell Arne Barmsnes: This is why the NC EB will allow for a range of standard products and the use of several Common Merit Order Lists.
- Javier Alonso, Eurelectric: Balancing Energy payments should equal the needs of the system and the product characteristics should fit the needs of the TSOs. We should not limit ourselves to only fast products as a deep market and activation of many small bids could provide the same speed.

5. Key Issue II: Imbalance Pricing and Settlement

Frank Nobel, member of the NC EB Drafting Team, presents an update on the use of area terminology in the code, the current pricing methods and the basic principles for settlement between TSOs, BSPs and BRPs.

David Treballe, Eurelectric highlights DSO have not been considered from information exchange point of view. David asked about DSO involvement on this due to DG and DSR participation. BAU approach is not going to be valid for the future, so that the code should be flexible in order to recognize this..

Matti Supponen, EC, expressed that the code should give a flexible answer to allow DG and DSR vs DSO consideration.

6. Key Issue III: Definition of Gate Closure Times and interaction with intraday timeframe

Johannes Thies, member of the NC EB Drafting Team, presents an update on Gate Closure Times and the interaction with intraday markets. EBSAG members raise a number of questions.

- Ruud Otter, Eurelectric: Will it also be necessary to calculate capacity internally and externally?
 - o Johannes Thies: We do not need to calculate internal capacity, but it is necessary to calculate capacity between areas as this information is currently not automatically available.
- Jessica Stromback, SEDC: In the current code Balance Service Providers are allowed to modify balancing bids before gate closure time unless it is activated - but why would it be activated before gate closure time?
 - o Johannes Thies: It would mostly happen in redispatch situations and in many systems bids are not activated before the relevant Gate Closure Time.
- Ruud Otter, Eurelectric, notes that TSOs will interfere and in reality activate bids before gate closure time if it is activated for an activation duration of more than 15 minutes.
- David Treballe, Eurelectric, as security of supply was referred by ENTSO-E, asked about DSO involvement in SoS based on our significance and influence on the security of supply.

7. Key Issue IV: Reservation of cross-zonal capacity for Balancing Reserves

Bernt Anders Hoff, member of the NC EB Drafting Team, presents an update on Chapter 4 of the draft NC EB concerning the reservation of cross-zonal capacity. EBSAG members raise a number of questions:

- Ruud Otter, Eurelectric: Would the Drafting Team consider to use the term purchase instead of allocation or reservation of capacity and will it be based on a use-it-or-loose-it principles – will TSOs give capacity back to market?
 - o Bernt Anders Hoff: No, it is not likely as the use will take place after the day-ahead timeframe. But maybe a reassessment of the value of capacity could be done.
- Ruud Otter, Eurelectric: How can you decide to buy capacity on individual border in TSO-TSO model? With common merit order list, how do you assess where you would need capacity?
 - o Bernt Anders Hoff: The rules are made for transfer of obligations between BSPs and they would of course know where capacity is needed.

8. Pilot Project Roadmaps and NC Implementation

Kjell Arne Barmsnes presents an update on the nine Balancing Pilot Projects. A brief description is given and a more detailed presentation is provided during AESAG on 24 October. Further questions to the Pilot Projects can be directed to the ENTSO-E Secretariat.

EBSAG members raise a number of questions:

- Jessica Stromback, SEDC: Will the Pilot Projects explicitly take into account DSR?
 - o Kjell Arne Barmsnes: Not specifically and it is not an overall aim. However, reducing costs is of course important to TSOs and DSR is continuously taken into account.
- Ruud Otter, Eurelectric: When are market parties involved - will there be a consultation? Will ENTSOE coordinate?
 - o Kjell Arne Barmsnes: Most of the Pilot Project setup is up to local TSO arrangements, but ENTSO-E will monitor the Pilot Projects.
- Jessica Stromback, SEDC: Clear cross pilot KPIs that shows how the Pilot Projects interact should be defined and it should be ensured that these KPIs relate to the Framework Guidelines.
 - o Kjell Arne Barmsnes: ENTSO-E will ask the projects to define ‘success criteria’.
- David Trebolle, Eurelectric: Eurelectric is overall happy with the content of the Pilot Projects, but is missing the possibility of active DSO involvement.
 - o Kjell Arne Barmsnes: As mentioned before, the current pilot projects were volunteered by TSOs. Related DSOs can contact the project leaders if they think there could be additional benefit for their involvement in the future. ENTSO-E is open to suggestions.
- Pierre Castagne, Eurelectric: Depending on the Pilot Project, most consequences will be for TSOs, but for some there is a direct impact for market players that should be considered from the beginning
- Emmanuel Watrinet, ACER: DSR and DSO involvement should be covered nationally, so their participation is not needed in cross border projects. Coordination should ensure that Pilot Projects (especially in case they form the future CoBAs) are based on same methodologies. They should converge around the same tools and methodologies so larger CoBAs can eventually be formed.

9. Open discussion

Kjell Arne Barmsnes chairs the 30 minutes open discussion. A number of issues were raised, mostly concerning reservation of transmission capacity, gate closure times and the interaction with other timeframes.

- Matti Supponen, EC: With the use of capacity reservations some energy could be held back until after the intraday gate closure time and if TSOs reserve capacity early the gate closure times are somehow overlapping.
 - o Christian Todem: Reservation markets needed even if this can lead to some overlaps.
- Francesco Cariello, ACER: There is still an unclear relationship between intraday and balancing markets. Is there time enough to perform all the necessary calculations in one hour? Could the Capacity Management Module currently being designed for intraday be used?
 - o Christian Todem: The TSOs need an hourly process for the capacity calculation and it cannot be handled solely by the intraday Capacity Management Module.
- Javier Alonso, Eurelectric: Couldn't TSOs simply expect that capacities left over from ID?
 - o Johannes Thies: Yes, that is exactly what TSOs plan to do, but still a calculation is necessary.
- Jessica Stromback, SEDC: The NC EB needs to clarify on the roles and responsibilities for different market participants - as it is now it is unworkable. As an example there is only one Balancing Responsible Party (BRP) role throughout the code, though in reality there is a BRP-Consumption and an Aggregator-BRP. These roles and their relationship would have to be defined in the code.
- William Chan, IFIEC: If you can provide aggregated DSR across borders (and therefore with different BRPs) all BRPs will be thrown out of balance. This will have to be solved by defining relationships between the parties in the NC EB.
 - Kjell: Encourages drafting team to take the above issues with them.
- Nigel Hawkins, Eurelectric: Is the list of Central Dispatch Systems going to be hardwired into the code?
 - o Kjell Arne Barmsnes: No, in the current draft, there will be a set of criteria.
 - o Francesco Cariello ACER: The Public Consultation draft version lacked a clear definition of the central dispatch and self-dispatch. TSOs should in the updated code define the two systems.
- David Trebolle, Eurelectric: Emphasized that none of the remarks done by the four DSO associations (Eurelectric, EDSO4SG, CEDEC and GEODE) were considered in this 4th EBSAG. As a summary of these remarks David reminded: information exchange, constraints management, terms and conditions and settlement.

10. Wrap up and joint conclusions

Kjell Arne Barmsnes sums up the input from the meeting and encourages the Drafting Team to take today's input and discussions into account while working on the new draft.

11. Next Steps & AOB

Martin Schroeder from the ENTSO-E Secretariat presents the next steps in the drafting process.

- All stakeholders are invited to participate in the Public Workshop on 23 October in Brussels.
- A new draft version of the NC EB will be released to the public around one week in advance of the workshop, i.e. around 16 October.

-
- In end-November and early December the NC EB is expected to go through the internal approval processes in ENTSO-E.