Load Frequency Control & Reserve Network Code

Initial EFET comments and questions

12 March 2013

Overall summary of issues

- Definitions unclear \ missing (e.g. reserve products, exhaustion, network splitting, system imbalances)
- Figures without methodologies or explanations
- Incomplete specification of processes and requirements on TSOs
- Lack of read across and inconsistency with other network codes and framework guidelines (Operational Security and Balancing)
- Text still needs tidying up and editing

Article 3 – Regulatory Aspects

Many articles refer to Article 3:

Article 9 §4, Article 15 §2 and §3, Article 16 §1, Article 18 §5, Article 27 §1, §4, §5, §8, Article 28 §2, Article 30 §1 and §4, Article 31 §1, §2, Article 32 §4 and §5, Article 33 §1 and §5, Article 34 §1 and §2, Article 35 §2 and §4, Article 37 §6, Article 41 §3, Article 42 §2, Article 45 §3, Article 50 §2, Article 52 §2, Article 50 §2

Article 3 §1. The requirements established in this Network Code and their applications are based on the principle of non-discrimination and transparency as well as the principle of optimisation between the highest overall efficiency and lowest total cost for all involved parties.
Article 3 §2. Notwithstanding the above, the application of the principle of non-discrimination and the principle of optimisation between the highest overall efficiency and lowest total costs …

Q: « Principle of optimisation » not defined or described in the code:

Q: Who do these paragraphs apply to?

-Article 3 §3. Where reference is made to this paragraph, the TSO shall, after consultation with its national regulatory authority, establish the terms and conditions or actions necessary to ensure Operational Security in accordance with the principles of transparency, proportionality and non-discrimination. The establishment of these terms and conditions or actions necessary to ensure Operational Security shall be performed in compliance with and respecting the TSO's responsibility to ensure system security according to national legislation.

Q: Regulatory approvals not transparent neither process of consultation with market participants is described → reference to article 8 "regulatory approvals" in CACM NC

Q: What takes precedence? The network code or "national legislation"?

Other Articles have "TSO multi-party agreement": Who is approving it ? Impact on the market ? Impact on cross-borders? Public consultation ? Transparency and involvement of market participants is needed!

Principles and numbers used without explanation or methodologies

Article 9

Table 1

- No justification neither explanation of the values, neither an approval process for the data
- Some of the items are clearly only for GB or IRE, why not for the other synchronous areas ?

Table 2

- Why are these figures lacking? At what moment will they be completed, and what will be the process to define them ? Add “Maximum Frequency Standard Deviation ” (current criteria ?)

Article 12 §3

- What are the consequences of this common methodology ? After having assessed the risk: what is the next step ?

Article 18

How is this synchronous – control area – control block delimitation decided?

Article 30 and Article 31

- No methodologies neither arguments for the figures on FRR dimensioning: why 30%?
- Automatic FRR Full Activation Time of the LFC Block: what does it mean in absolute terms?

Lack of reference to other Network Codes (Operational Security, Electricity Balancing, Emergency)

Article 15

- Why reference to ancillary services markets? It should be left for the Network Code on Electricity Balancing
- Why reference to rules for the behaviour of market participants? It should be left to competition laws
- §2 and §3: impact assessment of TSO intervention on output changes of generation units. If emergency situation, it should be covered in the Network Code on Emergency

Article 22

- Imbalance netting should be covered in the Network Code on Electrcity Balancing?

Article 23 §7 and Article 24 §7

- What are the fall back mechanisms? Why should it not be covered in the Network Code on Emergency ?

Article 32

- System states: Why no link to the area states defined in the Network Code on Operational Security ? Where do these definitions come from?
- What are the predefined actions of LFC Blocks ? Why no reference to the Network Code on Emergency?
- What are TSO changes request in active power production or consumption? Why no reference to the Network Code on Electricity Balancing and the use of bids in the balancing market?

Transparency and definitions

Set-point value: What does it mean? Who is approving it ? Can it can lead to a distortion between markets ?

Frequency Quality Target Parameers: why TSO can amend the definition? What impact on market participants?

Definition of Virtual Tie-Line and reference to Article 22 §3: What does Virtual Tie-Line means? Does it imply use of cross-border capacity? Is it in line with the congestion management guidelines?

Maximum insensitivity: What does it mean ? Is it the measurement or dead band ?

RR Full Activation time: What is it? Where is it defined?

Transparency of information:

- Why not use the ENTSO-E transparency platform ?
- More time need (e.g.: 6 months) between publication on website and beginning of the operation

A lot of other questions remaining…

General

- What is the significance of the FCR, FRR and RR products. Are other products allowed? or is this prohibited?

Article 33

- Does TSO have the possibility to have RR? Code never refers to procurement or contracted RR?
- What does mean article 33§5? Why reference to market illiquidity? It should be tackled in network code on electricity balancing and/or emergency. Network code on Load Frequency Control & Reserves should be limited to technical requirements!

Article 35

- Each TSO has the right to exchange FCR-FRR-RR obligations. Does each FCR-FRR-RR providers have the right to participate to each TSO FCR-FRR-RR tendering? (legal issue)
- Table 4: why is "avoiding internal congestions" a condition only in the case TSO of LFC area of the same LFC block ? There is no definition of network splitting.
- What is this common threshold ? No common methodology? Is informing NRA enough? No approval needed?

Article 50

- What is the TSO optimization of the cross-border activation of FRR or RR balancing energy? What are the limits set by the TSOs? Is it limited to real time cross-border available capacity? How those limits are in place with article 39/41/42on exchange/sharing reserves? What is the link with the network code on electricity balancing? What are the links to Articles 23 and 24?

Overall summary of issues

- Articles still needing major attention
  - Article 2: definitions
  - Articles 3-7: overall regulatory framework, extent of coordinated decision making
  - Article 8-12: respective roles of TSO\regulators in defining quality target parameters
  - Article 15: mitigation (overlap with Balancing NC)
  - Article 21\Missing Article 34 bis: incomplete RR activation process
  - Articles 23 and 24: fall back?
  - Articles 30 and 33: ”market liquidity?”
  - Article 35/37: TSOs may buy reserves across border, but direct from a BSP. Not TSO-TSO exchange
  - Article 50: How does this relate to Articles 23 and 24?