

Date 14 January 2015

Dear Mr [REDACTED],

COGEN Europe welcomes this consultation opportunity regarding the Network Code on Electricity Balancing (NC EB), resubmitted by ENTSO-E to ACER (16th September 2014.), launched by ACER on December 3rd, 2014.

Recognising the considerable size of the task involved in harmonizing the European Electricity Balancing markets we acknowledge the constant and determined progress made by all parties and encourage the European level organizations entrusted with the task to further progress towards openness and the widest participation of stakeholders in the ongoing process.

COGEN Europe believes that achieving additional clarity and further defining scope on key elements of the CODEs at the European level, in consultation between the stakeholders, is a significant advantage. Hence, COGEN Europe supports ACER's proposal that at least the five crucial elements below should be further addressed before the code is passed to the European Commission.

- the proposals for Coordinated Balancing Areas (COBAS) for the implementation of the regional targets defined in the NC EB,
- the proposal for Standard Products for Balancing Capacity and Standard Products for Balancing Energy for Frequency Restoration Reserves and Replacement Reserves, according to Article 29 of the proposed draft NC EB,
- the pricing methodology of Standard Products for Balancing Energy, according to Article 39 of the proposed draft NC EB,
- the joint development of a list regarding the activation purposes of Balancing Energy bids from the Common Merit Order Lists, including a description of each activation purpose as foreseen in Article 40 of the proposed draft NC EB,
- the high-level principles for the algorithms applied for Imbalance Netting Process Function, Capacity Procurement Optimisation Function, Transfer of Balancing Capacity Function, and Activation Optimisation Function, according to Article 66 of the proposed draft NC EB.

The cogeneration principle has a specific role in EU policy, as it raises the energy efficiency of the power system as a whole. Hence COGEN Europe encourages ACER to ensure that the Energy Efficiency Directive requirements are given due consideration in the review of the Balancing Code and are properly incorporated. Of particular relevance for the Balancing Code are paragraphs 4, 5 and 6 of Article 15 and its related Annexes XI and XII, which specifically address the inclusion of High Efficiency CHP operators in the Balancing markets.

The interests of the cogeneration sector cover the widest possible scope in terms of electricity generation capacity with more than 80% of the installations in Europe being below 10 MW. In addition, High Efficiency CHP plants serve different heat hosts with a

significant fraction of the fleet designed to export cogenerated electricity to the network (at TSO or DSO level) and a growing amount of HE CHP plants servicing onsite electricity requirements. COGEN Europe believes that the Network Code on Electricity Balancing should facilitate the full participation of all generators, including those smaller generators connected at the DSO level, even when cross border exchanges are the first mentioned concern.

COGEN Europe thanks all parties concerned for their ongoing efforts and looks forward to the conclusions of the consultation.



Yours Sincerely,



Managing director

