



**Response of Associations representing DSOs, namely  
CEDEC, EDSO for Smart Grids, EURELECTRIC and GEODE**  
*(and further referred to as the Associations)*

**to**

**ACER's call for comments on the revised  
Network Code on Electricity Balancing**

Brussels, 9 January 2015

The Associations welcome ACER's initiative to consult with stakeholders on the revised draft of the network code on electricity balancing (version of 6 August 2014) which was submitted by ENTSO-E to ACER on 16 September 2014.

On 24 January 2014 the Associations have sent a letter to ACER with their concerns on the ENTSO-E draft submitted to ACER on 23 December 2013.

In this former draft the Associations were particularly concerned about the article on "Cooperation with DSOs" which placed – without any attempt for a 'balanced' solution – the financial burden of the recovery of costs resulting from curtailment of schedules in distribution systems on DSOs.

The Associations' assessment on possible (financial) impacts on the DSOs, which was explained during the ACER workshop in Ljubljana on 30 January 2014 and ACER's reasoned opinion of 21 March 2014, stating: *"Furthermore, the Network Code, while maintaining a non-discriminatory approach for cooperation among TSOs, does not ensure non-discrimination when providing the cooperation framework with DSOs, in particular with relation to the definition of rules and the allocation of costs related to balancing."*, have both also contributed to a compromise text that was agreed between ENTSO-E drafting team and the Associations on 15 May 2014.

We are pleased to find that ENTSO-E has integrated this compromise text on cooperation with DSOs (in article 23 and consequently also in article 6) in its revised draft of 6 August 2014 and would like to recommend to ACER to keep this compromise text in its present form and content.

In the above mentioned letter to ACER, the Associations also highlighted a few additional remarks, in particular on articles 29(6) and 32(6), for which editorial amendment proposals were made.

ACER's reasoned opinion states clearly: *"The Network Code provisions on cooperation with DSOs as well as other network codes should also ensure that DSOs receive all data from BSPs which are necessary to evaluate the balancing service provided, at both the pre-qualification stage and real-time operation of the system, without hindering the participation of smaller units."*

The Associations agree with ACER's assessment and can only repeat what they already mentioned before. Network constraints may arise when flexibility connected to distribution grids is activated. It is thus key that the code puts in place adequate procedures that will allow DSOs to maintain operational security in their networks and ensure that they have access to information regarding possible constraints in their network at sufficient granularity when needed:

- Request for locational information within the standard product characteristics (art. 29(6)(c) is insufficient. The code should specify that information on location of the connection of every unit within a bid, including the electrical node (in transmission or distribution network) is required.
- DSOs need access to information from the bids, including operation schedules (as early as possible and at gate closure time at the latest) and activations of units in congested zones, in order to detect network constraints. The code should explicitly allow for this (art. 32(6)).

The editorial changes we propose to articles 29(6)(c) and 32(6) can be found in the annex.

On the targets for imbalance settlement, we noticed that ENTSO-E has integrated former article 58 in article 21, but added in 21(2) an extra paragraph (c): *"all boundaries of Market Time Periods shall coincide with boundaries of Imbalance Settlement Periods."*

It is not clear what is meant by "Market Time Periods". One might expect to find a definition in article 2, since the term is written in capital letters, but this is not the case.

We also checked other network codes and legislation and were not able to find a definition. The only related terms we found are:

- In Regulation 543/2013: 'market time unit' means the period for which the market price is established or the shortest possible common time period for the two bidding zones, if their market time units are different;
- In Guideline CACM – latest version: 'market time' means central European summer time or central European time, whichever is in effect;

However the ENTSO-E glossary mentions following definition: 'Market Time Period' means the time resolution for the delivery of energy. This might give us the answer, but it is still not clear whether this is what ENTSO-E means in the context of this paragraph.

A definition should at least be added in article 2.

Finally, we would like to emphasize the importance of a thorough CBA (as foreseen in article 21(2)), especially taking into account the costs resulting on DSOs and retail market participants, before making changes to the imbalance settlement period.

For any further questions and information, contact:

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Text amendments indicated in red.

### Article 29 – Requirements for standard and specific products

(6) The list of Standard Products for Balancing Capacity and Standard Products for Balancing Energy shall also define additional characteristics. The values of these additional characteristics are provided by Balancing Service Providers when submitting Balancing Capacity bids or Balancing Energy bids or for Prequalification or when requested by the TSO according to terms and conditions related to Balancing pursuant to Article 27. The additional characteristics shall at least include:

(a) price, positive, 0 or negative, of the bid;

(b) divisibility

(c) location of the connection of units located on the distribution grid within the Bid, including the electrical node. In case of aggregation, a forecasted individual contribution; and

(d) minimum duration between the end of Deactivation Period and the following activation.

### Article 32 – Balancing energy gate closure time

(6) Unexpected unavailable volumes of Balancing Energy bids of a Balancing Service Provider after the Balancing Energy Gate Closure Time shall be reported without undue delay by the Balancing Service Provider to the Connecting TSO and if applicable to the Connecting DSO by the Connecting TSO. Connecting TSOs shall qualify such Balancing Energy bids as invalid within the concerned Common Merit Order List.