

Energy UK's response to ACER's call for comments on the revised Network Code on Electricity Balancing

8 January 2015

About Energy UK

Energy UK is the Trade Association for the energy industry. Energy UK has over 80 companies as members that together cover the broad range of energy providers and suppliers and include companies of all sizes working in all forms of gas and electricity supply and energy networks. Energy UK members generate more than 90% of UK electricity, provide light and heat to some 26 million homes and last year invested over £11 billion in the British economy.

General comments

Energy UK welcomes the release of the revised Network Code on Electricity Balancing (NC EB), which was submitted to ACER on 16th September 2014 and the opportunity to express our views on this new version of the Code.

An efficient integration of balancing markets, focused on increasing cross-border competition in the balancing timeframe and on the overall efficiency of balancing the electricity system, while safeguarding the security of supply, will be an important step in completing the single European energy market.

We notice that the revised NC EB contains a number of significant modifications, in comparison to the previous versions of the Code. In that respect, our response shall be read in conjunction with the comments made by Eurelectric that Energy UK broadly supports¹ and which highlight both the positive evolutions of the Code but also some outstanding areas of concern.

Energy UK's input, included in the remainder of this document, focusses on the issues that are more specific and particularly important to the GB market.

¹ Although we recognise that the solution put forward by Eurelectric for the provision of (near) real-time information of current balancing position of individual BRP (Article 27) could be a very significant implementation task in GB, given existing metered data collection arrangements do not operate in real time.

Comments on specific NC EB areas

1) Standard and specific products

Energy UK recognises that the network code allows for standard and specific products. In our view the use of specific products should always be the exception, as opposed to the rule and must be used with extreme caution. We would also like to see this point being further specified in the code itself and taken into consideration in deciding on the future NC EB implementation options².

2) TSO-TSO Model

Energy UK would favour a model in which the generators/ demand side response players are free to trade with parties in any jurisdiction. In the event that an intermediary (like a national TSO) is involved, it must be clear that a generator/ demand side response player offering services will get the same price as they would have if they had bid directly. Transparency and timeliness of information release should be the guiding principles.

3) Inconsistent definitions (Article 2)

We recognise that further precision in the NC EB will be needed. Therefore, we urge ENTSO-E and ACER to focus on specifying certain definitions, such as that of “*Position*” in particular.

As currently drafted, the definition of “*Position*” contains an ambiguity as it seems to allow two different types of imbalance across Europe. This in turn means that it is possible to interpret some of the other provisions in different ways depending on which imbalance definition is chosen.

4) Delegation of functions (Article 9)

In the interest of efficiency and as indicated in many other network codes, the NC EB should retain the right of TSOs to delegate tasks to third parties. Such an appointment / use of third parties by TSOs shall be subject to NRA approval.

Where economically proven the use should be made, to the largest possible extent, of existing market operators and implemented solutions. Therefore, we would like to see some additional improvements to the drafting of Article 9, in order to ensure that the existing national balancing and imbalance settlement administrators³ can continue their current roles.

5) Future NC EB implementation

While some time away, we urge regulators to analyse the implementation options at an early stage to identify the optimal approach, taking into account the impact on the system and the end consumers. All possible scenarios ranging from a Common Standard Market Model through to national Specific Markets with Border Conversions should be carefully analysed. Clearly, the stakeholders’ involvement in that process will be crucial.

² See also point 5 below.

³ Such as Ellexon in GB.

We trust that our comments are helpful to inform ACER's evaluation of the revised NC EB. We would be happy to discuss any of the points raised in our response in more detail, should you find it useful.

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