

ENTSO-E's final draft Network Code on Electricity Network (NCEB)

The Regulatory Assistance Project (RAP) fully supports ENTSO-E's efforts in facilitating a move to wider balancing areas and welcomes the publication of their final draft NCEB. Balancing over wider areas will benefit consumers by reducing costs and will also make a significant contribution to the cost-effective integration of variable-output renewable sources in the coming years. However, given these benefits, RAP would encourage ENTSO-E to make faster progress and to comply with the original 6-year delivery timescale set out in the Framework Guidelines. While not underestimating the difficulties of integrating balancing activities, given the progress made in integrating market operations in the day ahead and intra-day timescales, the programme set out in ENTSO-E's implementation plan seems positively pedestrian.

While in general supporting the provisions of the draft NCEB, RAP does do have concerns about Article 27. These concerns relate to the involvement of stakeholders in drawing up terms and conditions for balancing, and also the participation of the demand side in balancing arrangements and, in particular, the role that aggregators can play in this area.

Stakeholder involvement

Article 27 leaves the development of detailed terms and conditions relating to the role of Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs) to individual TSOs. In developing these terms and conditions, connecting TSOs are required to co-ordinate with other concerned TSOs, but not with concerned stakeholders. While Article 5 does appear to require that individual TSOs consult on proposed terms and conditions nationally, RAP does not believe that this is sufficient. Stakeholders should be fully involved in the development of these terms and conditions and not just consulted on proposals once they have been developed by TSOs. RAP believes that this a clear omission and that the NCEB should require TSOs to involve stakeholders at every stage in the development of these terms and conditions.

Supporting the participation of demand and aggregation in the provision of balancing services

While Article 27 usefully requires TSOs to ensure that the terms and conditions allow demand facilities and demand aggregators to become BSPs and be able to offer balancing services, the draft provides no guidance on how this should be achieved. While a TSO could comply with the wording of the Code by developing terms and conditions that did not prevent demand facilities or aggregators from becoming BSPs or offering balancing services, those terms and conditions might still be insufficient to allow participation in practice. It would be helpful if the NCEB established clear principles to be adopted to drawing up those terms and condition, ie principles of cost-reflectivity, non-discrimination and the ability of BSPs to act independently of BRPs in all cases. The terms and conditions should aim to actively overcome the barriers to demand side participation and aggregation that exist in many jurisdictions.

With regards to this latter point, Article 27 (k) requires the terms and conditions should allow BSPs to act independently of BRPs where required by national legislation. Why is this caveat required? BSPs should always be able operate independently of BRPs and the Code should require that this is universally the case, provided that the genuine interests of both parties are protected through cost-reflectivity and non-discrimination.

Article 27 (k) also refers to the need for the terms and conditions to define the modalities of the financial settlement between BSPs and BRPs, again only when required by national legislation. This caveat should be removed. It would be extremely helpful if the terms and conditions established these modalities without exception, on the basis of the principles set out above.