

Deliverable I.4 Cross-border balancing model among TSOs -TERRE project-

(14th IG SWE, Madrid, February 25th 2014)

Updated status of TERRE Pilot Project

Presentation made during the ENTSO-E balancing pilot projects coordination meeting held on February 11th (SPOC meeting)

Context

Description of working axes for the design phase

Status of the project's design phase

Milestones of TERRE project

The Design of TERRE solution aim to be compliant with the requirements of:

- **The first proposal of standard product**
- **The NC on Electricity Balancing**
 - Centralised and automatic management of XB capacity
 - In a first phase, offer based on “cheapest” internal bids. In a second phase, all internal bids should be offer.
 - Improved matching process...

Balit solution is being extended to the SWE region end of February 2014

Discussions were launched between TERRE project participants, Swissgrid and REE. Proposal to join the project as participant or observer

TERNA

Definition of the standard TERRE products

RR offer

RR need

RTE

Definition of matching process and settlement procedure

TSOs RR needs Netting

«FCFS» or «Algorithmic optimization»

Marginal price or Pay as bid

NGET

Financial issues

Definition of Financial settlement between the TSOs

Study of the potential financial benefit

REN

Timing and scheduling

**RTE &
NGIC**

ATC management

Centralized ATC management
Interaction between the Intra-day market and the TERRE process

**All
LGWG**

Governance issues

Preparation of the NRAs approval process
Preparation of the Implementation Phase

Status of the project's design phase



MoU and NDA which cover the design phase

Signature process launched end 2013






RTE → OK



Studies launched

Detailed plan decided

Milestones of TERRE Project

 High level Business Process and the result of the TERRE solution design	May 2014
 Functional and Non-Functional specifications	June 2014
 Detailed project implementation plan	June 2014
 Drafting of NDA agreement of implementation phase	June 2014
 Drafting of Cooperation agreement of implementation phase	June 2014
 Drafting of PMO procuring process for implementation phase	June 2014
 Launching of regulatory approval	July 2014

- **WG AS reporting**
 - every 2 months
- **SPOC meeting**
 - every 3 months
- **Market Participant consultation**
 - from May 2014

Future interference between BALIT and TERRE projects

TERRE will replace BALIT for the exchange of Replacement Reserves

- The TERRE process, which is being specified during the design phase of project, is foreseen to replace BALIT in 2016
- The BALIT IT tool will be dismantled by RTE, and will not coexist with TERRE IT tool (no overlap)

Transition from the current BALIT process to TERRE process

- Transition from a bilateral to a multilateral mechanism, allowing trades between non-adjacent TSOs
- Higher economical benefit expected
- Transition to a more efficient matching process
- Implementation of an improved capacity management process in TERRE
- Exchange of new cross-border balancing products, which are being defined during TERRE's design phase

Critical choices are being made in TERRE project's design phase

In order to better anticipate the transition from BALIT to TERRE, it is welcomed the participation of REE in the TERRE initiative

REE's participation to TERRE project's Design Phase

Different scenarios regarding REE's participation:

Option	Prerequisites	Consequences
Non participation	-	REE's position will not be taken into account during the design phase. It might be difficult to do so during the implementation phase without delaying significantly the target date, with the risk of not reaching ACER's expectations REE's experience on the subject will be missing: active participation to the elaboration of the paper on XB balancing enduring solution
Participation as observer	New NDA to be defined and signed by REE	Access to all information, no right to vote for decision in the Steering Committee
Participation as full member	Existing MoU and NDA to be signed by REE	Access to all information, right to vote for decision in the Steering Committee





Rte

Associazione Nazionale Gestori Reti



Terna
Rete Italia

TERNA GROUP



REN



nationalgrid

Appendix

Definition of standard Products (TERNA)

STEP 1: Definition of TERRE product (RR offer and need) basing on the definition made by the AS Working Group

1- Request time

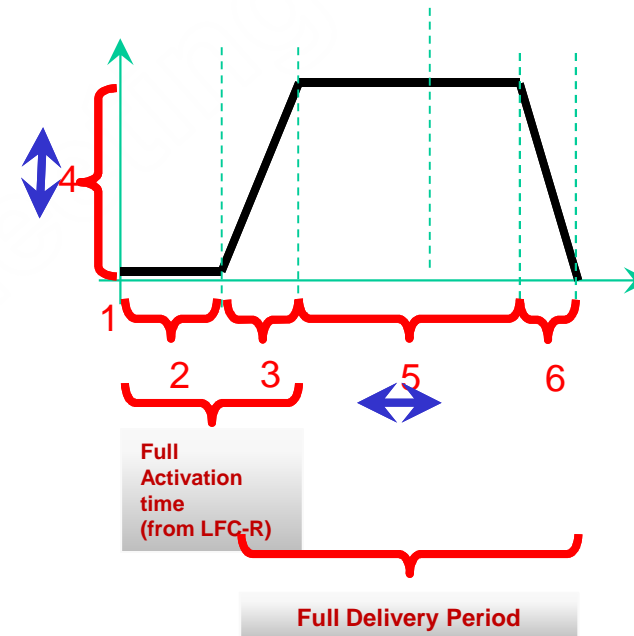
2- Preparation period

3- Ramping period

4- Min & max bid size

5- Min & max delivery period

6- Deactivation period



STEP 2: Each TSO makes an internal check defining each characteristic

STEP 3: Basing on TSOs definitions, Terna will merge all the peculiarities of each market and will define a proposal for the minimum requirements of TERRE products

Definition of standard Products (TERNA)

June 2014

Definition of standard products

Week 9/10
V1 Study

Week 14



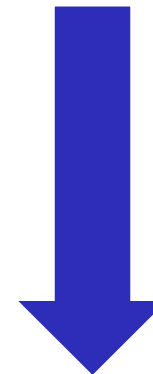
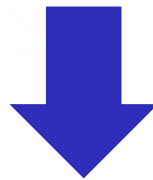
Week 20
final V

Week 22



First draft of
TERRE balancing
products

Review of
the study



Final version of
TERRE balancing
products



Matching process (RTE)



TERNA GROUP

Two main choices:

- **First Come / First Serve process**
- **Algorithm Optimisation process**

Two studies will be performed:

- **Qualitative study based on the experience of TSOs related to the XB exchanges of energy, internal balancing management and Network Code Electricity Balancing requests**
- **Quantitative study will complete the qualitative study with simulation results**

Proposed criteria need for qualitative study

- **Economic efficiency**
- **Needs netting**
- **Security of system**
- **Compatibility with operational constraints**
- **Compatibility with network constraints**
- **Transparency**
- **Easiness to implement**
- **ATC management efficiency**
- **Compatibility with ramping balancing product**
- **Firmness of balancing offer**

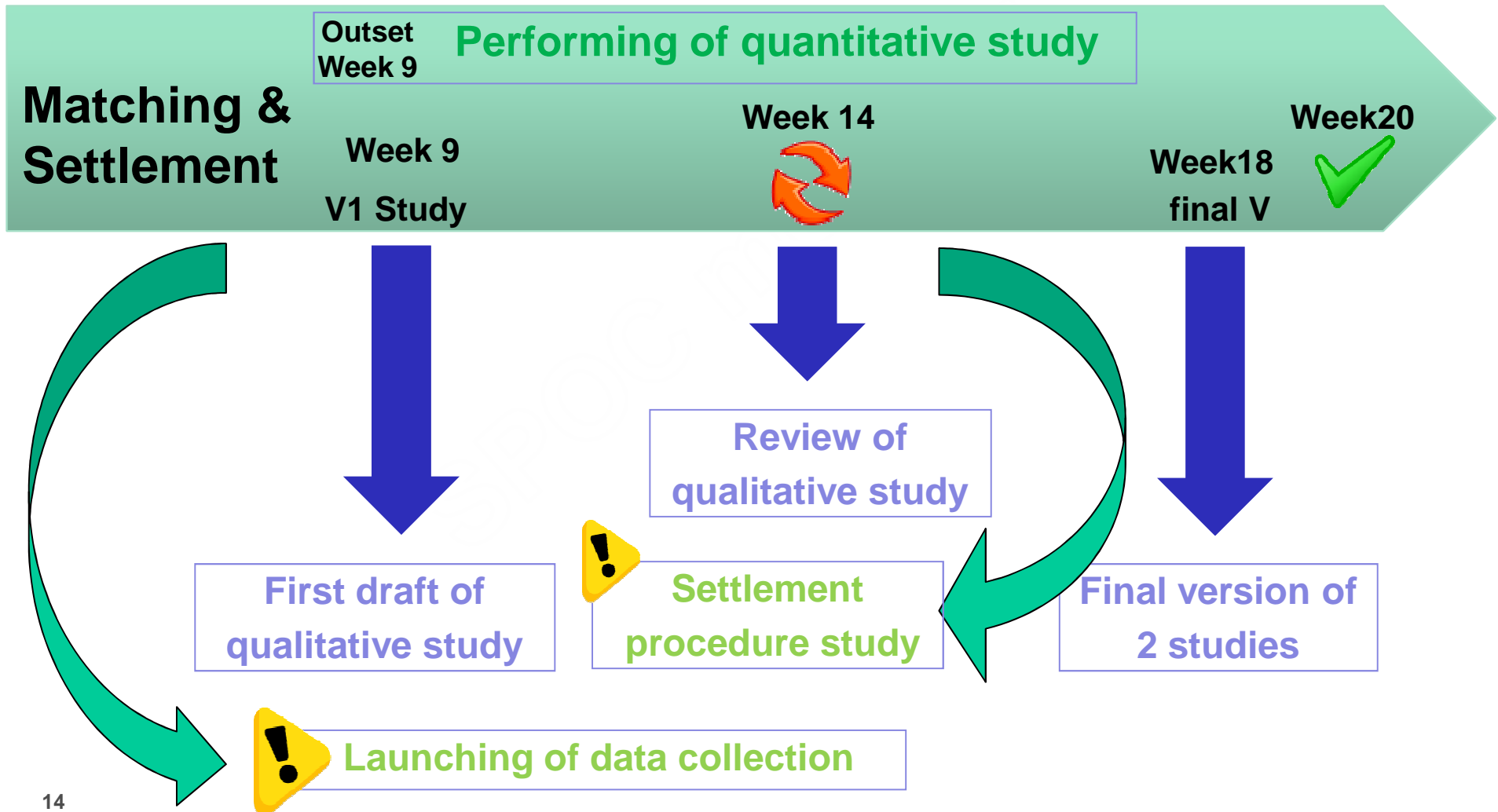
1 Step 1: RTE will propose a documented answer for each criteria

2 Step 2: TSOs will express their views on RTE proposal

3 Step 3: RTE will merge all feedbacks and will send a first draft of qualitative study

Matching process (RTE)

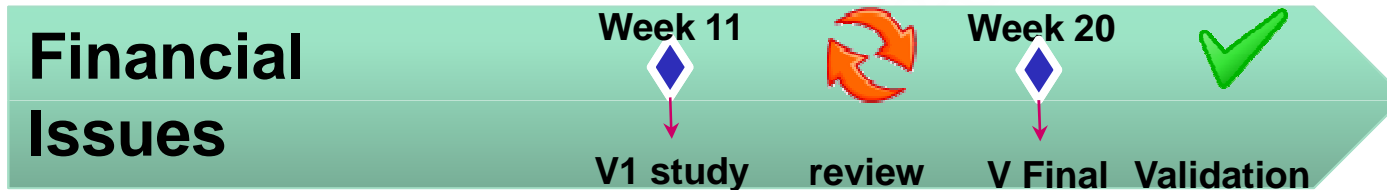
June 2014



3

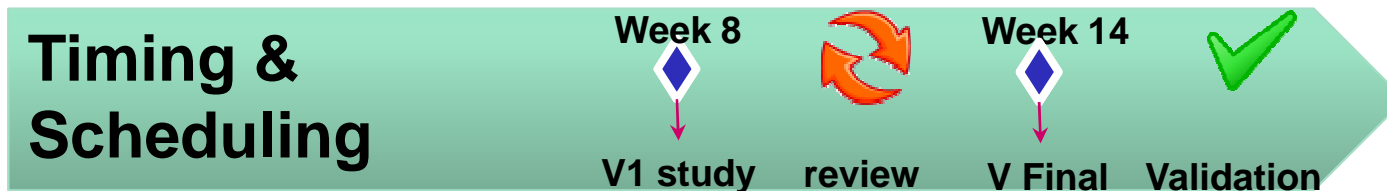
Financial issues led by NG

- Definition of Financial settlement between the TSOs
- Study of the potential financial benefit



4

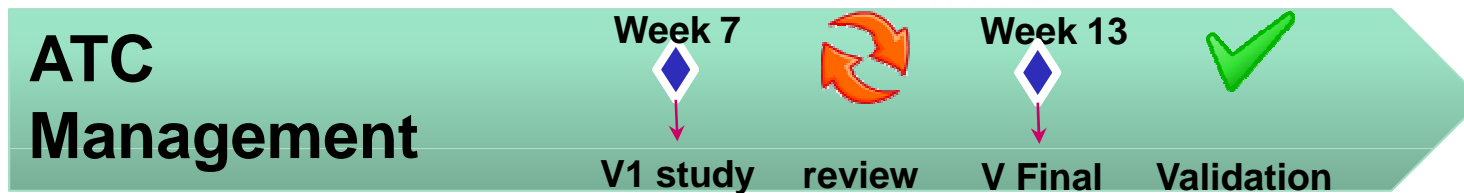
Timing and scheduling led by REN



5

ATC management led by RTE & NGIC

- **Centralized ATC management**
- **Interaction between the Intra-day market and the TERRE process**



6

Governance issues by L&G WG

- **Preparation of the NRAs approval process**
- **Preparation of the Implementation Phase**

