18th CSE ERI Implementation Group meeting

Electricity Balancing Framework Guidelines

AEEG – European regulatory affairs
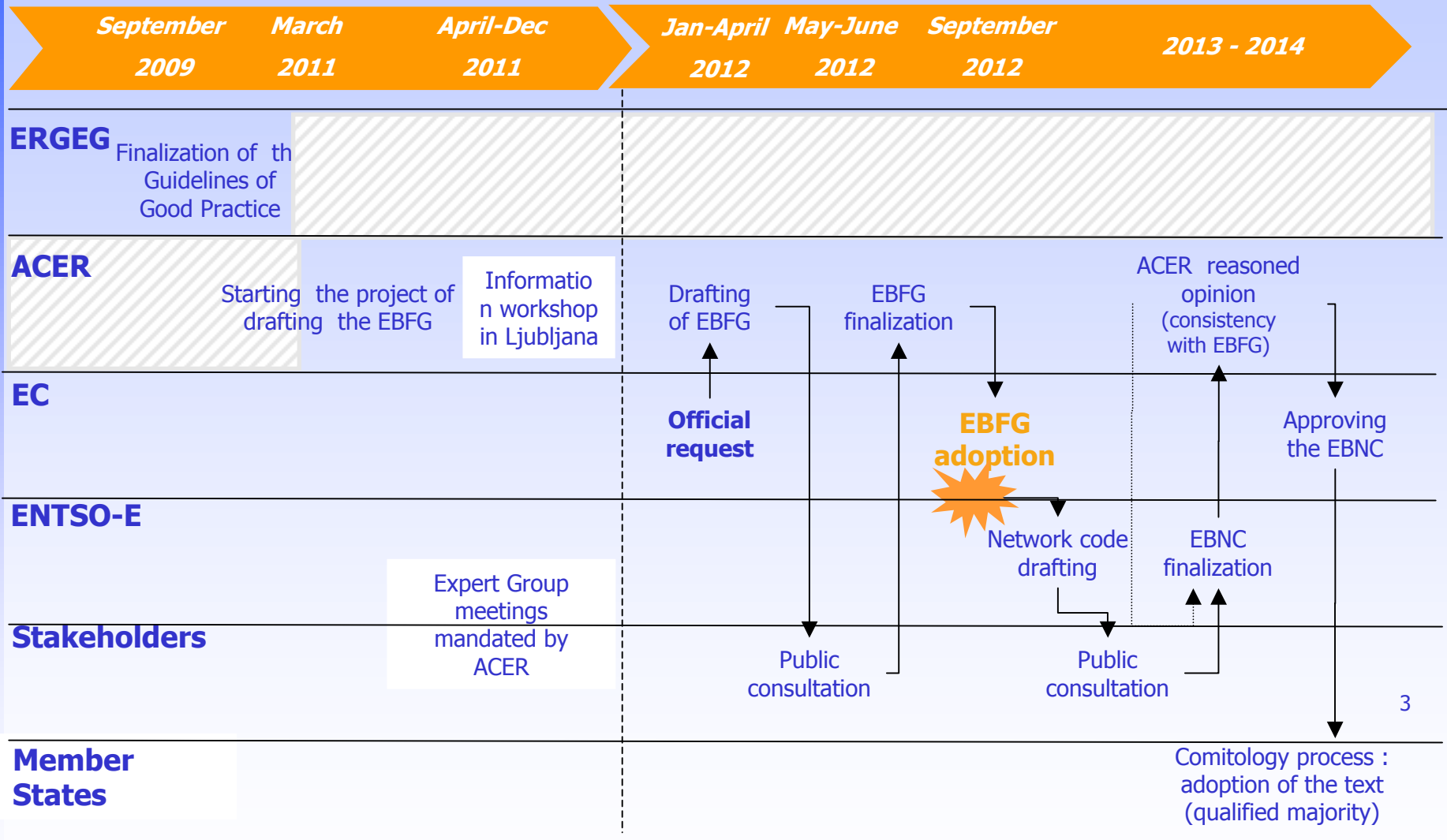
25 September 2012

Summary

- **Process**

- **Public consultation: main inputs and outcomes**

- **Final document**

Process

September 2009	March 2011	April-Dec 2011	Jan-April 2012	May-June 2012	September 2012	2013 - 2014

ERGEG — Finalization of th Guidelines of Good Practice

ACER — Starting the project of drafting the EBFG | Information workshop in Ljubljana | Drafting of EBFG | EBFG finalization | | ACER reasoned opinion (consistency with EBFG)

EC — Official request | | EBFG adoption | | Approving the EBNC

ENTSO-E — Network code drafting | EBNC finalization

Stakeholders — Expert Group meetings mandated by ACER | Public consultation | | Public consultation

Member States — Comitology process : adoption of the text (qualified majority)

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Current status

EBFG under consultation

Energy from:	RR and/or FRR
3 years after NC	**TSO-TSO CMO w margins for RR** **(a regional approach possible)**
5 years after NC	**Coordination between TSOs to activate FRR**
7 years after NC	**EU-wide TSO-TSO CMO from FRR & RR w/o margins** **(unless a CBA demonstrates that it is not positive)**
7 years after NC	**(when the CMO is implemented for balancing energy exchanges) - Main features of Imbalance Settlement to be harmonized**

3-year derogation possible

CMO = Common Merit Order   RR = Replacement Reserves (>15 minutes)
FRR = Frequency Restoration Reserves

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EBFG under consultation

Topic	Previously
Pricing	The method shall be based on marginal pricing (pay-as-cleared)
Products	Common standard products defined in the network code + specific products to be shared in the CMO
"Margins"	most expensive + take into account the requirements from the Network Codes on Load-Frequency Control and Reserves and on Operational Security
Balancing responsibility	obliged to provide a balanced program in day ahead
Imbalance settlement	main features of the imbalance settlement are harmonized at the latest when the TSO-TSO model with CMO is implemented for all balancing energy exchanges
Imbalance settlement period	ENTSO-E shall carry out a cost-benefit analysis on whether imbalance settlement period shall be harmonized across Europe and report its results to the Agency. Imbalance settlement period shall not exceed 30 minutes.

Public consultation: main outcomes

- **Timing of implementation**
- **Targets: CMO for RR, manual and automatic FRR**
- **Pricing method(s)**
- **Imbalance settlement and pricing**
- **Aggregation, unit vs portfolio bidding**
- **Central vs self dispatch markets**
- **Definition of CMO and definition of margins**
- **Derogations**
- **Consideration of specific products in CMO**
- **Probabilistic approach for exchanges of reserves**
- **Up and down reserve differentiation**
- **References to intraday / LFC&R NC**
- **Treatment of FCR**
- **Obligation to be balanced in day-ahead**
- **Reporting requirements**

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Final document

Energy from:	Manual reserves	Automatic reserves
2 years after NC	TSO-TSO CMO with margins for RR	Imbalance netting
3 years	CBA for 6yr target	Target model for 6y target
4 years after NC	TSO-TSO CMO with margins for RR & FRR	Coordination / optimisation of aFRR
6 years after NC	EU-wide TSO-TSO CMO w/o margins for RR & FRR	Target model for aFRR, CMO or similar

2-year derogation possible

More flexible

CMO = Common Merit Order   RR = Replacement Reserves (>15 minutes)
FRR = Frequency Restoration Reserves (<15 minutes activation) a=automatic

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Final document

Topic	New proposal
Pricing	**process to define, review and change the common pricing method +** marginal pricing (pay-as-cleared), **unless TSOs provides to NRAs a detailed analysis demonstrating that another pricing method is more efficient for EU-wide implementation...**
Products	Common proposal for standard products **1 year after NC** + specific products to be shared **unless cannot be described in the CMO**
"Margins"	most expensive **and unshared** + **shall not exceed the volumes of reserves defined by rules** foreseen in the Network Code on Load Frequency Control and Reserves
Balancing responsibility	**may be** obliged to provide balanced programs in the day-ahead timeframe **subject to changes in intraday**
Imbalance settlement	main features of the imbalance settlement are harmonised no later than **three years after the entry into force of the Network Code**
Imbalance settlement period	ENTSO-E shall carry out a cost-benefit analysis on whether imbalance settlement period shall be harmonised across Europe and report its results to the Agency. Imbalance settlement period shall not exceed 30 minutes. **However, in case TSO provides a detailed cost-benefit analysis to its NRA, the NRA may decide to have a longer imbalance settlement period.**

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