

# Electricity Balancing Workshop

Ljubljana, 30 January 2014



European Federation of Energy Traders

EFET comments on the  
Electricity Balancing NC



# Ensure efficient market functioning in the Electricity Balancing NC



- **TSOs should not be able to offer Balancing Services** themselves, since this implies long-term ownership of a generation asset and as such goes against unbundling.
  - **Article 21.1** should instead focus on the role of TSOs to ensure that the balancing market works sufficiently efficient to attract the necessary Reserve Capacity.
- The **procurement methodology for Balancing Capacity should be made explicit** instead of merely referring to being 'market based'. This avoids confusion during implementation about whether a methodology is actually market based or not.
  - **Article 33.2** should explicitly refer to a 'call for tender', since this is the only acceptable interpretation of a 'market based methodology'.
- The **BSP should act in concert with the BRP(s)** in whose perimeter it is active. This will avoid logical but counterproductive actions by the BRP.
  - In **Article 9.1(f)** the wording of 'act independently' creates confusion about the rights but also obligations of both parties.
  - In **Article 26.3(c)** it should be stressed that this is done through cooperation between BSP and BRP(s)
- The **European Integration Models should apply to all TSOs** and not a subset of selected or participating TSOs. This is in order to ensure full harmonization of the Internal Electricity Market.
  - There should not be a list of participating TSOs in **Articles 13.4(a), 15.4(a), 17.4(a) and 19.4(a)**.

# Self dispatch forms a central element of the European Target Model



Good market design is essential in electricity markets given the characteristics of electricity such as a natural monopoly for distribution, balancing and common quality responsibility.

Self dispatch is favourable to further enhance market functioning because it...

- Allows **producers and consumers to interact directly** with each other in the market and is thus more conducive to Demand Side participation.
- Allows for **development of more sophisticated products** enabling new technologies, new processes and better optimisation.
- Results in **more transparency on network management** and it creates incentives for optimal management of the network by TSOs.
- Allows for **better integration of intermittent sources** through balancing incentives and the possibility to adjust prices.
- Gives **direct price incentives** towards market parties to ensure the Security of Supply.

The European Target Model describes the market design for the European Internal Electricity Market. Self dispatch is the market design that is best in line with the target model:

- Producers are able to **optimize across borders**
- Producers are free to **decide on 'make or buy'**

To ensure self dispatch by market parties in the future, we ask ACER to consider the following changes to the NC Electricity Balancing.

- **Central Dispatch**, which is a different market design and not compatible with the European Target Model, should be considered as an exception and not an additional model that TSOs/NRAs can choose.
  - It should not be referred to in **Article 21.1** since it is to be a transitory model.
  - The choice to become a Central Dispatch System should not be possible in **Article 27.1**.
- BRPs should be provided with **information that allows them to optimally perform self dispatch**, including balancing their perimeter and helping the network.
  - The publication of this information should be included in **Article 7**.
  - BSPs should also provide the necessary information as part of their role in **Article 23.2**.
- **BRPs should be given every opportunity to balance** their own perimeter before the TSO solves any residual imbalances.
  - BRP's right to change its position (**Art. 24.7 and Art 26.7(e)**) and trade out any remaining imbalances (Intraday GCT) should be as close as possible to Real time.
  - Balancing Energy GCT should be as close as possible to Real time (**Article 31.3**) and should not interfere with Cross-Zonal Intraday GCT (**Article 31.4(b)**).
  - Activation by TSOs of Replacement Reserve (RR) or RR procurement are likely to interfere with the market and should be limited to what is required for system security reasons

# Thanks for your attention

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