ACER Public Workshop on the Amendments of the mFRR, aFRR and IN Implementation Frameworks

31 May 2022

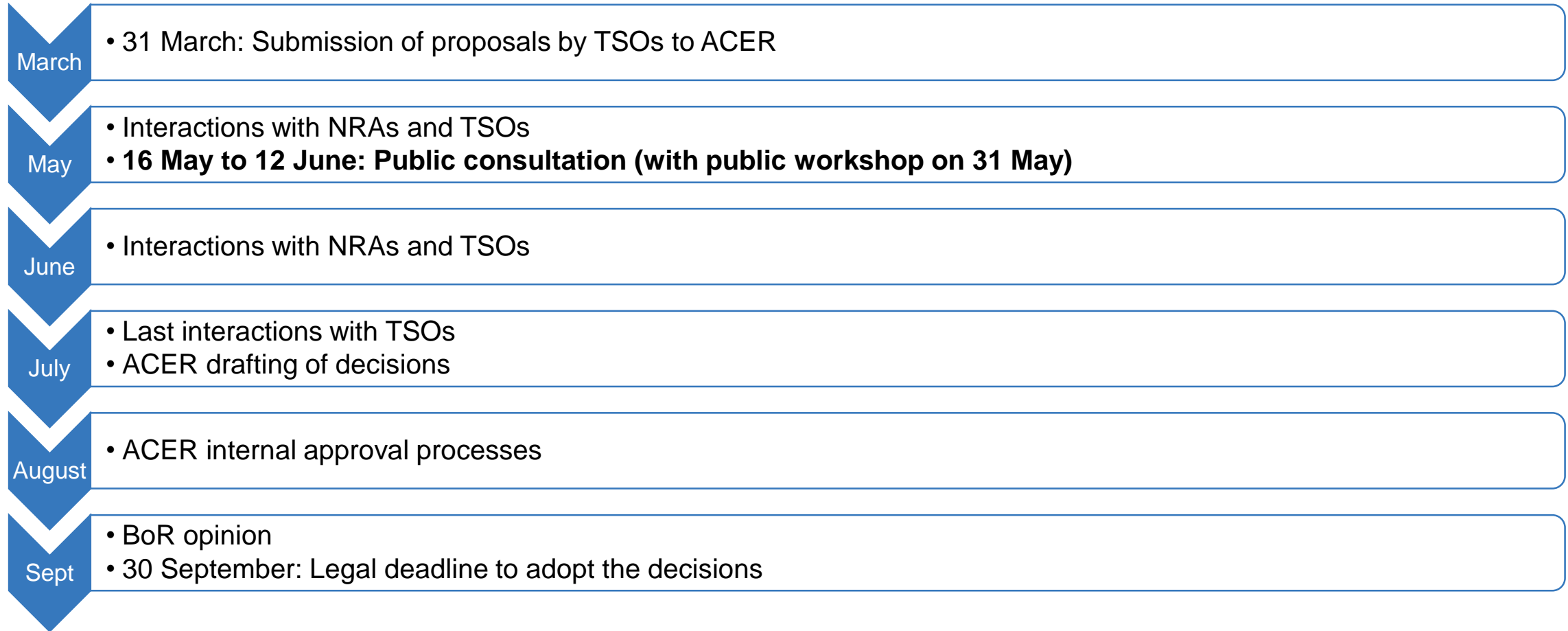# Opening

Agenda

Housekeeping rules

Planning

DRAFT AGENDA		
13.45 - 14.00	**Dial-in time**	Starts promptly at 14.00
14.00 - 14.05	**Opening**	
14.05 – 14.10	**Introduction**	
	Q&A, discussion	
14.10 - 14.25	**Topic 1**: TSOs' Amendment Proposals on the designation of entities performing the functions of the EU balancing platforms	
	Q&A, discussion	
14.25 - 14.45	**Topic 2**: TSOs' Amendment Proposal on mFRRIF technical changes	
	Q&A, discussion	
14.45 – 14.55	**Q&A on other topics**, discussion	
14.55 - 15.00	**Closing**	

- Please keep your **mic muted** and your **camera off** throughout the workshop.

- Please **raise your hands** to ask the questions; you will be kindly asked to open your mic (and camera if you wish) and ask the question/provide comment during the **Q&A session;** please remember to **mute the mic** once clarifications have been provided.

- In case further clarifications are needed, you may pose questions via **chat;** all attendees will view all questions (and replies given in the chat).

- After each agenda-item we have time for a **Q&A session** for this agenda-item.

- The slide pack will be shared with you after the end of the workshop.

March
- 31 March: Submission of proposals by TSOs to ACER

May
- Interactions with NRAs and TSOs
- **16 May to 12 June: Public consultation (with public workshop on 31 May)**

June
- Interactions with NRAs and TSOs

July
- Last interactions with TSOs
- ACER drafting of decisions

August
- ACER internal approval processes

Sept
- BoR opinion
- 30 September: Legal deadline to adopt the decisions

Introduction

- TSOs submitted 4 proposals for the amendment of the three Implementation Frameworks ('IFs') on 31 March 2022:

  - 3 proposals for amending each of the mFRR, aFRR, IN IFs to include the proposed designation of the entity that will perform the capacity management function ('CMF'), in accordance with ACER decisions No 02-2020, 03-2020, 13-2020 of January 2020 and June 2020;

    - Agenda '**Topic 1**'

  - 1 proposal for amending the mFRRIF with respect to technical amendments to clarify some formulations for the go-live of the mFRR-Platform)

    - Agenda '**Topic 2**'

- In case there are any questions, they should be addressed to ACER at:

  - ACER-ELE-2022-006@acer.europa.eu for all communication related to the amendments of the mFRR IFs (both related to entity and technical amendments);

  - ACER-ELE-2022-007@acer.europa.eu for all communication related to the amendments of the aFRRIF; and

  - ACER-ELE-2022-008@acer.europa.eu for all communication related to the amendments of the INIF.

Q&A (2')

Provide your questions on the subject in the chatbox

We will group the questions and try to provide an answer and may ask to further explain if necessary.

Topic 1: TSOs' amendment proposals on the designation of entities performing the functions of the EU balancing platforms

Articles 12 of the ACER Decisions on IFs:

"2. All TSOs shall appoint one entity being a single TSO or a company owned by TSOs that shall be entrusted to operate the activation optimisation function and the TSO-TSO settlement function of the mFRR-Platform. No later than eighteen months before the deadline when the capacity management function shall be considered as a function required to operate the aFRR-Platform pursuant to Article 6(4), all TSOs shall develop a proposal for amendment of this mFRRIF, which shall designate the entity performing the capacity management function in accordance with Article 20(3)(e) of the EB Regulation and clarify whether the mFRR-Platform will be operated by a single entity or multiple entities."

<u>Proposed amendment</u>

"2. In accordance with Article 20(2) of EB Regulation, the mFRR-Platform may be operated by TSOs or an entity they would create themselves. For the operation of the mFRR-Platform, TSOs shall designate:

i. one TSO for operation of the activation optimisation function and TSO-TSO settlement function;

ii. and a different TSO for operation of the capacity management function."

- The amendment on the entity to perform the CMF aims:

  - to clarify that the European platforms will be operated by multiple entities;

  - to address the additional requirements imposed by the EB Regulation (paragraph 3(e)(i)-(iii) of the respective platform Articles 20-22); and

  - to clarify that the CMF is a common function of all EU Platforms operated by one single entity.

Source: ENTSO-E's presentation "Amendment of the Implementation frameworks" from the EBCG of 4th November

Articles 20 to 22 of the EB Regulation:

"3.The proposal in paragraph 1 shall include at least:

*(e) the proposed designation of the entity or entities that will perform the functions defined in the proposal. Where the TSOs propose to designate more than one entity, the **proposal** shall **demonstrate** and **ensure**:*

(i) a coherent allocation of the functions to the entities operating the European platform. The proposal shall take full account of the need to coordinate the different functions allocated to the entities operating the European platform;

*(ii) that the proposed setup of the European platform and allocation of functions ensures efficient and effective **governance**, **operation** and **regulatory oversight** of the European platform as well as, supports the objectives of this Regulation;*

*(iii) an effective **coordination** and **decision making process** to resolve any conflicting positions between entities operating the European platform;"*

The proposal shall also be consistent with the objectives of the EB Regulation, defined in Article 3.

ACER's approach to TSOs' proposal

- Within its procedure, ACER will assess the TSOs' proposal for the multiple entity set-up against the legal requirements and objectives of the EB Regulation.

- For this, ACER has defined the high-level objectives related to the legal requirements and is consulting TSOs on further clarifications on the actual (or foreseen) implementation.

- Based on the proposals and the additional information (which have been and) will be provided during the consultation with TSOs, ACER will work on and amend, where necessary, the TSOs' proposal on the multiple entity set-up to ensure the legal requirements provided for by the EB Regulation are met.

Question 1

- Would you like to make any comments with respect to the Amendment Proposals on the multiple entity setup proposed to operate the EU balancing platforms?

Q&A (5-10')

Provide your questions on the subject in the chatbox

We will group the questions and try to provide an answer and may ask to further explain if necessary.

Topic 2: TSOs' Amendment Proposal on mFRRIF technical changes

- Technical amendments intend to bring clarity and consistency in the terminology used in the mFRRIF:

  - Definition of technical linking has been updated and changed to clarify that linking is only between quarter-hours ('QHs') and not within QHs;

  - New term 'conditional linking' added as a type of linking between QHs;

  - Term 'economic linking' replaced by 'complex bids';

  - Term 'parent-child linking' replaced by 'multipart bids';

- Multipart bids have been defined differently.

- 'technical linking' means links between bids of a BSP in consecutive QHs, **needed to avoid the underlying asset performing unfeasible activations**;

- 'conditional linking' means links between bids of a BSP in up to three consecutive QHs, **needed to represent technical restrictions and cost structure of the underlying assets**, due to the unavailability of information on the activation of bids from previous QHs at the balancing energy gate closure time;

Reasoning:

- Technical linking is a linking that is mainly used to avoid unfeasible activation of assets behind linked bids due to being activated in direct activation ('DA') spanning over two QHs.

- Conditional linking is based on the same principle but offers more flexibility to BSPs in their bidding strategy, taking into account other technical or economic constraints of their portfolio.

Technical and Conditional Linking
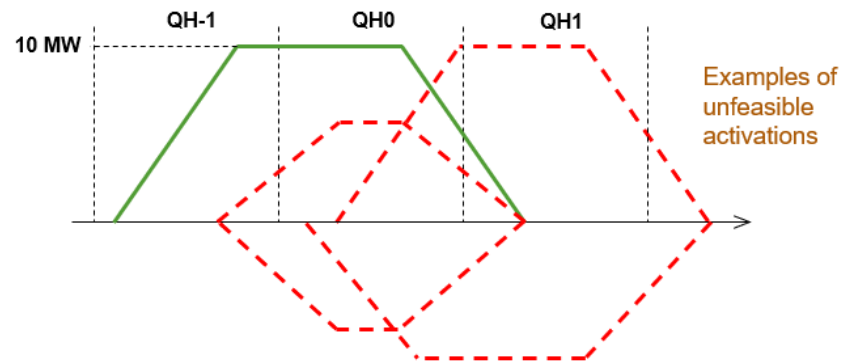
Technical linking

D. CHIM

Introduction:

- At gate closing for QH0, the BSP does not know the result of the clearing for DA for QH-1. Therefore, if the bids submitted for QH-1 and QH0 represent the same asset or the same pool the dependencies between those bids have to be communicated to the mFRR platform in order to prevent overlapping or unfeasible activations.

Objective and definition:

- Technical linking ensures that a bid in QH0 is not available for clearing **if the bid in the previous quarter hour was activated in DA**. This is important in order not to activate the same balancing resource twice.
- Technical linkage is the linkage of two bids (simple or complex) in **two subsequent** quarter hours.
- Any bid in QH0 may have technical link to DA bid in QH-1.

Examples:

Examples of unfeasible activations

Source: ENTSO-E Stakeholder Workshop 18 December 2020 ([link](#))

Conditional linking

ACER — European Union Agency for the Cooperation of Energy Regulators

Technical and Conditional Linking
Conditional Linking
D. CHIM

Introduction:
- At gate closing for QH0, the BSPs do not have the knowledge, if their bid in QH-2 was activated in DA or if their bid in QH-1 was activated in SA or DA. Due to constraint of the underlying assets or as a bidding strategy, a bid in QH0 may for example be available / unavailable for clearing if bid in QH-2 was activated in DA or bid in QH-1 was activated in SA.

Objective and definition:
- Conditional linking is a property similar to technical linking and aims to change the availability of a bid in QH0 under certain conditions.
- Conditional linking is a link between (not within one) **two or three** adjacent quarter hours.
- Conditional linking is only applicable to **simple bids**. In a later release of the platform, it can be evaluated, if this function should also include complex bids.
- A given bid in QH0 may have **between zero and three conditional links to bids in QH-1** and/or **between zero and three conditional links to bids in QH-2**. The bid in QH0 becomes either completely unavailable or unavailable for direct activation when at least one of those links indicate unavailability.

Submission of bids :
- Responsibility of the BSPs to ensure that the conditional linking rules reflect the actual technical availabilities of the underlying assets for activation.

Technical and Conditional Linking
Conditional Linking
D. CHIM

Modelling:
- All bids subject to conditional linking have an initial availability status: they may be either available or unavailable. The conditional linking will turn the initial availability status of bids to the opposite availability status if the condition materializes.
- Types of conditional link:

Nr.	Rule of conditional link[1]	Identification	Code
1	If linked bid is activated, the bid in QH0 is unavailable	u_a	Abb
2	If linked bid is activated, the bid in QH0 is available	a_a	Acc
3	If linked bid is activated in SA, the bid in QH0 is unavailable	u_aSA	Add
4	If linked bid is activated in SA, the bid in QH0 is available	a_aSA	Aee
5	If linked bid is activated in SA, the bid in QH0 is unavailable for DA	uDA_aSA	Aff
6	If linked bid is activated in SA, the bid in QH0 is available for DA	aDA_aSA	Agg
7	If linked bid is activated in DA, the bid in QH0 is unavailable	u_aDA	Ahh
8	If linked bid is activated in DA, the bid in QH0 is available	a_aDA	Aii
9	If linked bid is activated in DA, the bid in QH0 is unavailable for DA	uDA_aDA	Ajj
10	If linked bid is activated in DA, the bid in QH0 is available for DA	aDA_aDA	Akk
11	If linked bid is not activated, the linked bid in QH0 is unavailable.	u_na	All
12	If linked bid is not activated, the linked bid in QH0 is available.	a_na	Amm

(Rows 7 and 8 marked: Technical Linking*)

- Maximum number of conditional links is 6 (3 between QH0 & QH-1; 3 between QH0 & QH-2).

[1]Implementation of the rules is the task of individual TSOs. The table contains an example of how to implement the rules.

* Technical Linking is limited to link between 2 consecutive QHs.

Source: ENTSO-E Stakeholder Workshop 18 December 2020 ([link](#))

- 'economic linking' replaced with 'complex bids', and 'parent-child linking' replaced with 'multipart bids';

- definition of 'complex bids' and 'exclusive groups' updated;

- previous definition of 'parent-child linking' being type of economic linking, where a bid (the child) can only be activated if another specific bid (the parent) is activated as well, not vice-versa; replaced by 'multipart bids' being defined as a type of complex bids, consisting of a group of bids, where individual upward energy bids can only be activated according to increasing price, or individual downward energy bids can only be activated according to decreasing price;

Reasoning:

- The term 'economic linking' is modified into 'complex bids' to avoid confusion with 'technical/conditional linking'. Linking refers to explicit link between QHs while complex bids are bids of the same QH which are grouped together and where clearing of such bids is pre-defined.

- Two types of complex bids are foreseen: 'multipart bids' (former parent-child linking) and 'exclusive groups'.

- The parent-child linking is further renamed into 'multipart bid' to reflect the monotonous price constraint needed to perform the optimisation algorithm (to improve it's performance), if market participants use this type of complex bid in their bidding strategy.

## Bidding Design
Complex bids

Multipart bid (Parent – child bid)

- Multipart bid/Parent-Child bid intends to give to BSPs the **opportunity to model their costs**:
  - E.g. Generation or battery above nominal power (additional maintenance costs, diminished lifespan) **FC [€/MWh]<VC [€/MWh]**

- Bids can be (fully) divisible or indivisible
- Must cover the **same MTU period** and have **the same direction**
- The **activation type should be the same** for all bids of the multi-part bid.
- **All bids** in the multi-part bid **should have different prices**.
  The parent bid will be the cheapest one for the positive direction and the most expensive for the negative direction.
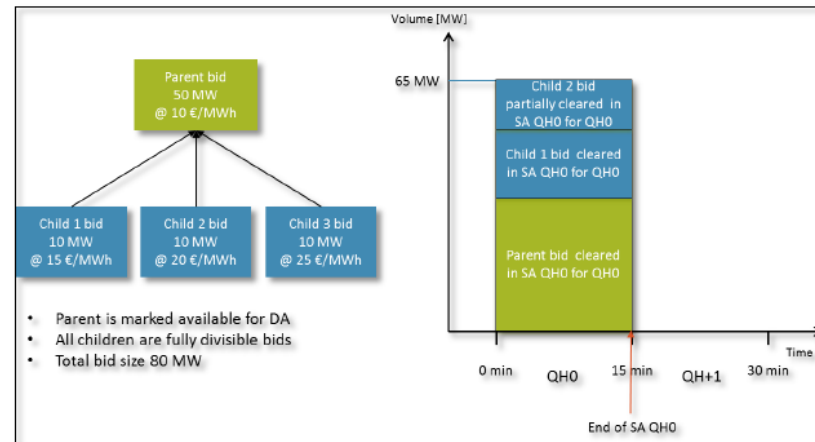
- If a downward multipart bid is accepted – **all associated bids with higher price must also be accepted**
- If an upward multipart bid is accepted – **all associated bids with lower price must also be accepted**
- If **any component / any bid** in the multi-part bid **is accepted in SA**, **none** of the other components **would be available in DA**.

Source: ENTSO-E Stakeholder Workshop 13 July 2020 (link)

ACER
European Union Agency for the Cooperation
of Energy Regulators

Question 2

- Would you like to make any comments with respect to the Amendment Proposals on mFRR technical changes?

Q&A (5-10')

Provide your questions on the subject in the chatbox

We will group the questions and try to provide an answer and may ask to further explain if necessary.

Question 3

- If you would like to comment on any other topics please indicate clearly the related Amendment Proposal, Article and paragraph of the Amendment Proposal and add a sufficient explanation.

Thank you!
Any questions?

ACER

European Union Agency for the Cooperation
of Energy Regulators

✉ info@acer.europa.eu
🖱 acer.europa.eu

🐦 @eu_acer
in linkedin.com/company/EU-ACER/