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Public Consultation on the implementation framework for the aFRR European platform

A Eurelectric response paper

November 2019

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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WG Market Integration & Network Codes

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Question 1 : Do you agree with the Agency's approach to monitor and minimise systematic deviations between bids selected by the AOF and bids activated by the TSOs or do you consider that this approach is too strict or too loose?

First, it is unclear for Eurelectric why the consistency is not respected between selected and activated aFRR bids. We could understand a time delay but not different bids being selected? How significant might the difference be? What is the consequence of such difference?

Moreover, Eurelectric understands that no detailed assessment of the operational risk has been made.

However, we do see the harmonization effort needed to implement the control request approach and the potential concerns about operational security. Controller settings will have to be the same and TSOs as well as BSPs will have to adapt.

Eurelectric, therefore, could envisage a transitional period with a control demand approach, but a qualified decision should be prepared. On the one hand feasibility and impact on operational security of the control-request model should be analyzed, and on the other hand deviations between AOF selection and bid activation originating from the control-demand model should be monitored. Based on these results, the method that complies best with requirements for consistency of selection/activation and operational security can be chosen.

Question 2 : What would you consider necessary to be reported on an annual basis, as indicator(s), with respect to deviations between selected and activated bids? What would you consider as acceptable level of deviations?

Eurelectric suggest the following indicators/monitoring elements:

- The report should monitor the deviations as % of aFRR delivered in a different way than selected by the AOF.
- The total deviations volume,
- The number of deviations which occurred in a given bidding zone as well as the volume and the time in which any significant deviation was observed.
- The monitoring should also follow the impacts of such deviations.

It is difficult to set any particular, specific formula for determining if the level of deviation is acceptable or not as it may be very different in different market and system conditions. We however believe that such rules should be defined ex-ante and we believe that Agency will manage to define them properly.

Question 3 : Would you support the harmonisation of FAT by 17 December 2024? What solutions would you suggest for mitigating the concerns on the level playing field until the full harmonisation?

Whatever the deadline for an harmonization of the FAT, Eurelectric thinks that full transparency and clarity should be provided on the way to target: a concret timeline with clear milsteones (what are the intermediary steps ?) should be provided by TSOs.

Eurelectric would also like to ask the publication of the study/assessment leading to the choice to harmonize the FAT at 5 minutes.

We would also suggest, in order to avoid 2 consecutive changes, to envisage a synchronization between the harmoniazation of FAT and the switch to a control request approach (since both will require modifications of the controller settings).

Question 4 : Do you agree with the proposed framework for changing of bids by TSOs? What additional elements would you consider necessary for enhancing the transparency?

Eurelectric considers that the goal should be to ensure that the aFRR IF and other IFs are designed in a way to avoid the flagging of bids as unavailable instead of limiting and monitoring such flagging. The causes of such flagging should be properly addressed. Eurelectric however understand that for some cases, especially for aFRR (given that the GCT remains far from real time), this feature is useful in order to cope with last minutes events such as outages. It is of utmost important to correctly frame, monitor and foresee adequate compensation for such bid filtering though.

On the proposed criteria: Eurelectric has a comment on the first criteria which is not clear enough: new information constantly flows through TSOS systems, we hence recommend to further clarify what kind of new information would be considered as relevant to justify the flagging.

The annual report should be made public (this should be explicitly written in the IF).

In addition, clarification is needed on the verification of circumstances in which TSOs declare bids unavailable: how will it be verified if TSOs properly assess the need for changing a bid or declaring it as unavailable ?

Introducing the possibility for TSO to flag some bids as unavailable for activation by the platform – whether for internal congestion, margin or any other purpose – could introduce a market distortion between BSPs, since the BSP whose offers have been set unavailable could suffer, in some cases, a loss of opportunity. Allowing TSOs to withhold standard bids should be conditioned on a fair compensation for the loss of opportunity for the impacted BSPs: e.g. an upward offer with a price inferior to the marginal price but flagged as unavailable should receive adequate compensation reflecting the opportunity loss.

During the public workshop, ACER mentioned that there is no legal background to impose such compensation, which has to be dealt with in the national T&C. Eurelectric however believes that since the aFRR foresees the possibility for TSO to "reserve" bids for congestion or capacity reasons for instance (criterium 3) and impose that those limitations are made on the most expensive bids, the IF could also impose a proper compensation for those bides if they would at the end not be activated although in-the-money. The details of such compensation should of course be determined in the national T&Cs.

Question 5 : Please comment on other topics indicating clearly the related Article, paragraph and sub-paragraph of the aFRR IF proposal.

Article 8: We support moving BEGCT closer to real-time than suggested 25 minutes. Recital 12 of the EB GL requires that integration of balancing energy markets facilitates efficient functioning of intraday market, providing market participants with possibility to self-balance as close as possible to real time. Moving BEGCT to 15 minutes before delivery would significantly increase efficiency of the platform, is in line with above mentioned goal and would avoid overlaps with local intraday market.

This issue also relates to definition of TSO GCT, which should not be set as a range, but as a value. As TSO GCT was moved to 10 mins before real-time, we do not see any obstacles to move BSP BEGCT to 15 minutes.

Article 13: we believe stakeholders should be informed on the progress of the platform more often than annually, as it has a significant impact on BSPs and BRPs.

General comment: we regret missing reference to fallback procedures applicable for aFRR platform.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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