

ENTSO-E's consultation on the Balancing Standard Capacity Product proposal (Art. 25(2)), under EB GL

A Eurelectric response paper

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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8. Please add here your feedback related to the introductory Articles 1 and 2 'Subject matter and scope' and 'Definitions and interpretation'

In case balancing capacity cooperation is undertaken, participating TSOs shall strive to ensure a level-playing field among respective participants. This may inter alia concern prequalification processes or TSO-BSP settlement. The current proposal by TSOs fails to reach the objective of establishing and maintaining a level playing field.

9. Please add here your feedback related to the introductory Article 3 'General principles'

Article 3.2 is rather unclear, as it only refers to standard mFRR balancing energy product with direct activation. mFRR framework (subject to public consultation in mid-2018) referred to both direct and scheduled activated products.. It is unclear whether the proposal as it stands, changes the mFRR framework or not.

Article 3.7 should clearly state that rules for converting integrated scheduling process bids to standard balancing capacity product bids "should" be defined in the terms and conditions (not "may"). Article 3.4 should also use "should" instead of "may". However we also believe that these Articles are redundant as they only repeat obligations from EB GL and SO GL.

10. Please add here your feedback related to the Article 4 'Characteristics of standard balancing capacity products'

Article 4.1: The characteristic of the products should solely be determined by technical elements for frequency regulation, not by the price.

Article 4.2 refers to additional characteristics, requested by a single TSO for its control zone within a cooperation, for standard balancing products .Eurelectric does not see, at this stage, any reason for including additional specific requirements in the standard balancing capacity products. For this reason, Eurelectric suggests to delete Article 4.2.

We would like to know if the current proposal is to have common product definition per cooperation, as opposed to a unique product definition common for the whole Europe. Both

approaches have merits and drawbacks, and we encourage TSOs to further elaborate on these. Confer our relevant remark in the general comments section.

For Eurelectric minimum requirement is to have at maximum one capacity product per energy product per cooperation.

11. Please add here your feedback related to the Article 5 ‘General provision for standard balancing capacity product bid’

We consider fundamentally impossible to associate a location with a capacity bid, since the bidding is portfolio-based and not unit-based, and the BSP doesn't necessarily know itself which unit(s) he will use to fulfil its commitments at the time he bids in the capacity auction. Imposing to choose ex ante the units which will be used would be extremely restrictive and would for example prevent BSPs to react to an unplanned outage. We agree that the information on the bidding zone location is necessary (because it has an impact on the use of XB capacity) – but also sufficient, given the arguments above. We also acknowledge that there may be different rules for locational information in the central-dispatch model.

Congestions should be tackled with adequate market-based congestion management mechanism, and not with for-closing of balancing capacity bids.

We consider necessary to specify in the general provisions for standard capacity product bids that market participants should have the possibility to link their bids or, on the contrary, to submit exclusive bids, in order to reflect the constraints of their reserve providing units (handling of limited energy reservoirs, of start-up cost recovery...).

12. Please add here your feedback related to the Article 6 ‘Implementation Timeline’

It should be clarified that standard balancing capacity cooperation starts only after we have balancing energy cooperation in place.

13. Please add here your feedback related to the Article 7 ‘Publication of the SPBC Proposal’

N/A

14. Please add here your feedback related to the Article 8 ‘Language’

N/A

Other comments

Eurelectric considers that the TSOs’ proposal is not giving any clarity to the markets on how the standard balancing capacity product will be shaped. We furthermore regret the lack of common vision by TSOs on how a future standard balancing capacity market will look like.

Balancing capacity cooperation between self-dispatch and central-dispatch model should be clarified, documents do not provide sufficient certainty on the functioning of such cooperation.

We ask for clarification that a given TSO cannot be involved in several different balancing capacity cooperations for a given type of reserves.

Articles 4 and 5 of the proposal should make a clearer distinction between the characteristics of the SPBCs which are mandatory and the ones which are variable (i.e. defined by the BSP in its bid, with possible restrictions on the allowed values). Validity period should be clearly defined. Currently it is also unclear what the difference between Articles 4 and 5 is, i.e. which characteristics are obligatory for BSPs to meet and which characteristics may BSPs define by themselves.

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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