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ENTSOE's survey on the change of the number of clearings for the exchange of balancing energy from Replacement Reserves

A Eurelectric response paper

July 2023

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.

Markets & Investments Committee
WG Market Integration & Network Codes

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ENTSO-E Public survey on the change of the number of clearings for the exchange of balancing energy from Replacement Reserves in accordance with Article 19 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

Deadline: 7 July, 2023

Eurelectric position

Option preference

4. Considering three options presented in the explanatory document, which option is your preferred one? Please explain, in detail, your selection.

First, Eurelectric would like to stress that increasing the number of TERRE clearing is in any case challenging and tackling different starting point across TERRE members with TSOs handling different operational practices (central dispatch or self-dispatch, portfolio bidding or unit-based bidding, TSO reactive versus proactive…). Anyway, the options proposed are needed to reducing the cross-border scheduling step as well as the time span of Market Time Unit and the Imbalance Settlement Period to 15 minutes as required by EU Regulation.

Second, this consultation takes place in the context of an ongoing debate of the possible future change in terms of ID cross-zonal gate closure time, which could move closer to real time (e.g. 30 minutes) in some years (cf. EMD reform). Eurelectric supports such an evolution as an improvement of the ID market functioning, providing that a thorough and positive impact assessment of such a provision is performed ahead and shared with market participants and balancing service providers (BSPs) on the balancing markets (especially TERRE and MARI platforms) and TSOs' operational needs. One can indeed acknowledge the risk that TERRE (RR products), MARI (mFRR products) and ID market are overlapping in terms of market participants and/or balancing service providers needs closer to real time.

That being said, Eurelectric have analyzed the options proposed by TSOs for the design of TERRE platform with 96 daily gates:

- Option #1 should be discarded for the conditional linking constraint imposed to market participants.
- Option #2 seems the most workable approach since shortening the timings of the RR process as proposed would be a more reliable and efficient solution from a balancing service providers' point of view with a balancing energy gate closure time closer to real-time.
- Option #3 where the delivery period up to 30 minutes is allowed provides more opportunities for power plants with a longer minimum activation time but could be challenging in terms of implementation, might blur the assessment of needs from the TSOs' side regarding mFRR and entails the issue for all parties of the definition of the methodology of clearing prices (two clearing on a 30 minutes delivery period).

Impact on liquidity

5. Is there an impact on your RR bids with the changes proposed in the final option? Please elaborate in detail.

Yes, the choice of option will have a subsequent impact on the liquidity on the RR platform since (i) the possibility in terms of RR products bid offering is closely related to technical constraints of assets within a process with very narrow operational timings and (ii) there is a possible overlap with mFRR products bid offering with the upcoming development of MARI platform. In particular, there is an impact depending on the availability (or not) of 30 minutes products for BSPs.

6. Do you consider conditional linking necessary for option #1? Please elaborate why.

Yes, if option #1 were to be chosen, conditional linking is crucial since it gives balancing service providers the possibility to make bids as conditional offers allowing to represent the technical constrains of physical assets.

7. Will your availability to provide RR be affected with the reduction of the delivery period? If so, please indicate to what extent for: Option #1 and #2 (reduction of maximum delivery period from 60 to 15 minutes)

8. Will your availability to provide RR be affected with the reduction of the delivery period? If so, please indicate to what extent for: Option #3 (reduction of maximum delivery period from 60 to 30 minutes)

Flexibility on timings

9. Currently there are 5 minutes between ID GCT and TERRE GCT, would it be possible to shorten this timing (please provide an answer in minutes)?

No. It will impact even more the intraday trading. Moreover, this timing between ID GCT and TERRE GCT is currently used by some TSOs to give the results of ID market that are needed by the BSP to build their offers. This time could not be reduced as long as it could affect the offers building process.

10. Currently there are 5 minutes between TERRE results and MARI GCT, would it be possible to shorten this timing (please provide an answer in minutes)?

If this timing between TERRE results and MARI GCT would be reduced, portfolio bidding in the balancing timeframe shall be made available in all bidding zones.

Other

11. Do you have any other comments or proposals on the RRIF or on the RR process in general?

First of all, Eureletric would like to stress the importance that the participation of BSPs in the RR market should be voluntary and never mandatory.

Moreover, a harmonization between the implementation frameworks of RR, mFRR and aFRR is necessary regarding transparency and reporting to increase the level of transparency on the price formation on TERRE platform. Additional data should be published for TERRE platform such as:

- The activated upward and downward volumes for each bidding zone;
- The clearing prices (when appropriate, for each biding zone);
- The needs expressed by each TSO, including: flexibility, the level of satisfied/unsatisfied needs and, specifically for elastic curves, the same data required by the mFRR IF in Art. 3(4) and Art. 13(1);
- The cross-zonal capacity available and used (for each border)
- Reporting on the “interconnection controllability” mechanism.

In addition, RR IF does not tackle the issue of unavailable/unshared bids. Introducing the possibility for TSOs to flag some bids as unavailable for activation by the platform (filtering) might introduce a discrimination between BSPs. Therefore, filtering by TSOs should be fully transparent on the criteria they use and should be conditioned to a fair compensation for the loss of opportunity to the impacted BSPs.

Finally, in countries with a central dispatch model, it is essential that TSOs timely communicate to balancing service providers the final updated Binding Programme that the generating unit must follow. The communication of Binding Programmes (which also includes activations on the

Balancing platforms) should come before the communication of TERRE results (accepted quantities).

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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EU Transparency Register number: 4271427696-87