

ENTSO-E Proposal for the RCC task 'Regional Sizing of Reserve Capacity'

A Eurelectric response paper

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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.

3. Please share your views on the ENTSO-E Draft Proposal for the RCC Sizing Task

Definition of subtasks

EURELECTRIC acknowledges the need for a regional coordination, hence an added value of the RCC, regarding the two proposed subtasks and welcomes the clarification brought by this proposal.

The proposed subtasks of this methodology do not duly take into account point 8 of Annex I of Regulation (EU) 2019/943: "The determination of the amount of balancing capacity shall (...) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement". This choice is not explained in the explanatory document.

Short-term assessment of availability of sharing amounts

EURELECTRIC thinks a clarification on the CZC used for this task is needed: the Article 5.5 refers directly to the "relevant available cross-zonal capacity resulting from the day-ahead capacity calculation process" in accordance with CACM. These CZC will only be available after 12:00 D-1. This seems contradictory with the Article 5.9, which states that the "RCC shall make a recommendation available to the relevant TSO(s) at least six hours before the BSPTSO gate closure time" of the harmonized CZCA methodology. For example, in a market-based reserve procurement, the BSPTSO gate closure time envisioned is 09:00, meaning that the RCC will have to make a recommendation before 03:00 on D-1.

Also, EURELECTRIC believes that a link between this methodology and the procurement methodology should be made. Indeed, the timings of articles (Procurement proposal) 4.4 and (Sizing proposal) 5.4 must be coherent: the TSOs will be able to send their locally dimensioned reserve capacity only after the RCC has sent them a recommendation on the available volume of non-contracted energy bids. As the timing of the non-contracted bids notification is unclear in the Procurement proposal, except as it happens in D-1, it is uncertain whether the RCC will have all the relevant information for its Sizing task.

Moreover, the timing of this task should be further clarified. The Article 5.3 states that RCC shall perform it "at least on a day-ahead basis". However, if the RCC has to notify the TSOs 6 hours before the gate, then the actual deadline could be as early as 03:00 on D-1. If the notification arrives later, then it should be clarified that all TSOs have means to increase the balancing capacity after the daily procurement.

Given the timings of BCC, realistically, both tasks (sizing & facilitation of procurement) will probably have to be fulfilled in D-2, to be able to communicate them timely to all involved parties (including market participants, on the final procured amount of respective balancing capacity both within the BCC and in the local market).

In the Article 5.8, a link could also be made with the Procurement methodology, as RCC might also ask a reduction of the considered non-contracted bids volume.

The Articles 5.8 et 5.9. are overlapping but not saying the same thing (reduction of the shared volume without questioning the original dimensioning for 5.8 and increase of the original dimensioning without touching the shared volume in 5.9).

Lastly, how will the existing balancing capacity cooperation (e.g. Alpaca and its foreseen extension in 2024) be treated, of Article refers only to harmonised methodology (which is not approved yet)?

Determination of minimum reserve capacity on SOR level

The Article 4.4.a does not seem clear enough on which TSO will be affected the new volume of reserve capacity to procure. In EURELECTRIC's view, a situation where no TSO feels responsible can happen. This may be an issue because some TSOs are financially encouraged to reduce their procured volume.

The example given in the explanatory document indicates that the TSOs are now able to determine a statistic reserve need at a regional level. Can we assume that, therefore, the TSOs will soon be able to run a probabilistic dimensioning of FCR, according to Article 153(2)(c) of Commission Regulation (EU) 2017/1485?

Also, Eurelectric notes that all TSOs will have to send their reserve capacity requirements on a yearly basis, for the comparison with the minimum amount for the SOR. It is Eurelectric's understanding, following the 2022 ENTSO-E Balancing Report, that the dimensioning process of some TSOs only takes place on a day-ahead basis. The proposal should clarify what these TSOs are expected to send to the RCC for the yearly control.

Timeline

It is interesting to have a planning with detailed steps. Eurelectric urge the TSOs to take into account existing implementation projects (not only regarding balancing, but also more general market integration) when designing specific timeline. Ongoing projects should have a clear priority, aim should be not to overburden market participants with several workstreams running in parallel. Also, we should firstly ensure all regions are on the same level when it comes to balancing energy procurement and only then further steps should be taken

Additional comments

As the missions will be clarified along the way and the context may change until 2026, EURELECTRIC would appreciate to be regularly informed about the progress of the implementation of these new RCC tasks – via EBSG, MESG or other relevant channels.

5. Please upload here any complementary document you would like us to consider (optional)

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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