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ACER consultation on balancing standard capacity products under EB GL

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.

WG Market Integration & Network Codes

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Public consultation on the methodology for a list of standard products for balancing capacity for frequency restoration reserves and replacement reserves

Objective

The objective of this consultation is to gather views and information from stakeholders regarding the compliance with Commission Regulation (EU) 2017/2195 (the 'EB Regulation') of the transmission system operators' (TSOs) methodology for a list of standard products for balancing capacity for frequency restoration reserves and replacement reserves (hereafter 'SPBC methodology'). This methodology was developed in accordance with Article 25(2) of the EB Regulation. The input from the consultation will be used for the Agency's evaluation in preparing its decision on that methodology, in accordance with Article 6(10) of Regulation (EU) 2019/942.

Related Documents

Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators ('ACER Regulation')

Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast)

Regulation (EU) 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council Text with EEA relevance

Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

All TSOs' Methodology for a list of standard products for balancing capacity for frequency restoration reserves and replacement reserves (SPBC methodology)

Explanatory document to the methodology for a list of standard products for balancing capacity for frequency restoration reserves and replacement reserves (SPBC methodology)

ACER Guidance Note on Consultations

Legal Background

All Transmission System Operators ('TSOs') need to develop a proposal for a SPBC methodology, in accordance with Article 25(2) of the EB Regulation. All TSOs need to submit this proposal to the Agency for approval by 18 December 2019. The deadline for submission is 24 months after the entry into force of the EB Regulation, which was 18 December 2017.

The Agency must adopt a decision in accordance with Article 6(10) of the ACER Regulation by 17 June 2020 because the Agency received the SPBC methodology on 17 December 2019. In the context of adopting this decision, the Agency seeks the opinion of stakeholders on the issues listed below. Other comments and concerns are also welcome.

Topic 1: Level of harmonisation for standard products for balancing capacity

* All TSOs propose as characteristics for the standard balancing capacity product: bid price in 0.01 (EUR/MW)/h resolution, price shall be positive or zero, minimum bid granularity and quantity of 1

MW, indivisible and divisible bids and location of bid (smaller of LFC area or bidding zone). BSPs shall also indicate the minimum duration between the end of deactivation and the following activation.

Additional characteristics may be defined jointly by TSOs of a balancing capacity cooperation. The aforementioned characteristics and the possibility to define additional ones allows TSOs sufficient flexibility when entering into a balancing capacity cooperation.

The Agency does not see any characteristics missing at this stage that would cause uncertainty for the market, but welcomes any input that would improve the clarity and transparency of the proposal.

*Question 1

Do you agree with the level of harmonisation for standard products for balancing capacity? If not please specify which aspects are missing in your opinion.

The proposed characteristics in the methodology at this point in time are generally adequate.

We appreciate the fact that characteristics of standard balancing capacity products must be harmonised within the BCC.

Nevertheless, to ensure that any future balancing capacity cooperation provides for a level-playing field among participants from involved countries, several aspects should be considered.

Regarding the resting period (aka "minimum time between the end of deactivation period and the following activation" in Annex 1 of the proposal), we would like to ask for a clarification why the default value was set to 0. It is also unclear why is not possible to set the resting period for all products as a range – obviously the resting period will differ in respective cases. In case of two non-consecutive activations, resting period should have a sufficient duration (which may differ according to the characteristics of the BCC); otherwise, a significant share of potential reserve-providing assets may be excluded from the market. Resting period must be clearly defined within the BCC, in a way which ensures efficient utilisation of all sources which are able to help restore system balance. BSPs within the BCC should be consulted on the value.

It should also be ensured that in the case of two (or more) BCC being merged, harmonization of standard product characteristics remain. This is especially the case for the resting period for which different BCC could choose different range / fixed value within the currently proposed range (0-8h). This case should be foreseen in the proposal in order to avoid any misalignment in standard balancing capacity products as it is the only way to ensure a level-playing-filed amongst all BSP within a BCC.

Furthermore, it would be helpful to harmonise minimum duration of activation for mFRR and RR products within the BCC. Minimum activation time should be defined in a technologically neutral way.

Article 3 (5) proposes that "Each connecting TSO is responsible for the prequalification for the provision of standard product…" We emphasize that the TSOs involved in balancing capacity cooperation must work for streamlining and harmonizing these requirements with aim of promoting efficient cross-border usage of balancing resources and promoting competition. We see today different requirements which in some countries restrict the participation of demand-side resources in to balancing markets.

Question 2

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

Article 3.2 is rather unclear, as it only refers to standard mFRR balancing energy product with direct activation. mFRR framework refers to both direct and scheduled activated products. It is unclear whether the proposal as it stands, forces BSPs to provide mFRR balancing capacity bids with direct activation only. If this is linked to the fact that only mFRR with direct activation can cope with the SOGL requirement to restore the ACE within 15 minutes, then it should be explained for the sake of clarity.

Article 5.1(e): We consider it in many cases impossible to associate a location with a capacity bid, since the bidding is generally 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.

It should be explained why more detailed locational information would be needed and what does that potentially mean in terms of balancing capacity bid filtering by the local TSO.

If the possibility exists that Balancing Capacity Bids would not be transferred to the optimization function because of operational issues, EURELECTRIC would like to remind that 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 bids for all balancing capacity products among themselves 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…). In case of co-optimised allocation of cross-border capacity, it must be ensured that there is a possibility to link bids between balancing capacity market and energy market.

Article 6: It should be clarified that standard balancing capacity cooperation starts only after we have balancing energy cooperation in place. Moreover the term "implemented" is not really appropriate as there is nothing to implement and the Annex 1 still present value ranges that BCC can choose from.

General comments: 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.

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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