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ENTSO-E Public Consultation on the amendment of mFRR, aFRR, IN Implementation Framework

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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Background

This ENTSO-E consultation concerns all TSOs' Proposal for Amendment of mFRR, aFRR and IN Implementation Framework in accordance with Articles 20, 21 and 22 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing and in accordance with ACER decision 02-2020 of 24 January 2020 (aFRRIF), ACER decision 03-2020 of 28 January 2020 (mFRRIF), and ACER decision 13-2020 of 24 June 2020 (INIF).

Eurelectric's response

As a preliminary remark, Eurelectric would like to emphasize the lack of harmonization and homogeneity across the different Implementation Frameworks (IF), specifically the ones concerning the platforms for the activation of standard balancing products (excluding INIF then). While we acknowledge that the different platforms are dedicated to different services, they still share the common purpose of sharing and activating balancing energy. This should be reflected in the use of common terminology, wording and convention, to the extent possible.

We note that the present amendment proposal aims at clarifying certain definitions and formulations. We welcome this initiative, yet we also see this as an opportunity to move towards an improved harmonization across the platforms' IF, which will avoid misunderstandings and unclarities for the numerous BSPs active on more than one platform.

Furthermore, Eureletric would also like to point out that an effort towards harmonization of the IF should also be pursued regarding transparency requirements. For instance, the RRIF and the mFRRIF both allow for the presentation of elastic needs by the TSO while demanding very different obligations (RRIF lacks transparency obligations). A greater consistency among IF, resulting from the application of more transparent rules to all platforms, would be once again beneficial to all BSPs and ensure less market distortions in those regions where elastic needs are applied.

Apart from these general comments, Eurelectric also wants to react to the content of the present consultation that is divided into two parts.

First, the rules for the governance and operation of the new cross-platform function called Capacity Management Function (CMF) and designation of the entity performing this function are described.

Eurelectric feels comfortable with the proposed rules. TSOs have the correct incentives to properly define the rules, especially when the designated entity is one single TSO performing the tasks on behalf of all other participating TSOs.

Second, ENTSOE proposes technical amendments to the mFRRIF to clarify formulations related to complex bids, technical linking and sign convention. While we welcome the proposed clarifications, we would like to further clarify the following points:

With regards to Complex bids, Eurelectric is of opinion that the definition of the previous *Parent-Child* linking is less restrictive than the one proposed for the multipart bids. Indeed, the multipart bid has been added a monotonous price constraint. We fail to understand the reason behind this new constraint, especially when the explanatory document states that these amendments *"do(es) not constitute a change of the original intended design as approved".*

Moreover, we question the necessity of introducing the term "complex bid", which does not exist in the RRIF. Such different wording across the IF could lead to confusion and misunderstandings among the BSPs.

With regards to the new definition of technical linking (and the creation of the term conditional linking), we have the following remarks:

1. It is not clear whether there is a limitation regarding the number of consecutive Qh (Quarter-hour) that can be linked together.
2. **Also**, as both technical and conditional linking is based on the same principle (however designed to serve different purposes), is it really needed to make a distinction between them? This is perhaps linked to the fact that mFRR bids can be labelled "direct activable" or not, but then we have the feeling that this distinction is rather based on IT consideration (the way the platform is implemented) rather than justified on the ground of market relevance.
3. **Finally**, the explanatory documents explain that *"links between the Qhs can be made without the restriction of being consecutive",* however, we don't see this possibility reflected in the new wordings.

With regards to the sign convention, we would like to repeat our concern on the lack of harmonization across platforms. Indeed, in the aFRRIF, the terms Positive and Negative are used while Upward/Downward are used on the RRIF.

We welcome that the balancing energy demand is always positive, and we find more logic to adopt the terminology Upward/Downward (U/D). An upward need (because the system is short) can then be met by the activation of upward balancing energy (which can be done via the increase of production or the decrease of consumption). Adopting the U/D approach also has the advantage of clearly separating price consideration (that can be positive or negative) from balancing energy needs. Also, the terminology positive/negative rather refers to the imbalance of the system / the BRP.

For those reasons, EURELECTRIC would like to see a harmonization across all EU BAL platforms and proposes to use the U/D rather than P/N approach.

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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