

Second survey on harmonisation of terms and conditions related to the aFRR, mFRR and IN Platforms

Brussels, 28 June 2024 - Energy Traders Europe welcomes the opportunity to provide comments regarding the ENTSO-E survey according to article 18 of Regulation (EU) 2017/2195 (EB GL).

We observe little progress in the integration of balancing energy markets for aFRR and mFRR since most of the TSOs will not connect to PICASSO and MARI by the legal deadline of July 2024.

Detailed comments

1. How would you rate the current level of harmonisation for becoming a balancing service provider in EU countries on a scale from 1 (not harmonised) to 5 (fully harmonised)?

1 (Not harmonised) 2 (Slightly harmonised) 3 (Moderately harmonised) 4 (Mostly harmonised) 5 (Fully harmonised)

2. With respect to Question 1, what specific improvements or changes would you suggest to better harmonise the national requirements to become a BSP active in different EU countries (that will not be covered in the NCDR)?

As a strong proponent of markets, we consider that a level playing field should be ensured for all participants, and this both between different resources and different countries. Concrete objectives should be to maximize the use of standard products and avoid tech specific products (just for demand or storage for instance), no exemptions on imbalance responsibilities, exclusion or collaterals should be granted.

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With balancing capacity cooperations, the harmonization of technical requirements and prequalification standards is becoming even more relevant. The balancing bids of BSPs from different countries are then not only in direct competition for selection by the activation optimisation function (AOF) in the common merit order lists, but also in the balancing capacity auctions.

Further harmonisation is necessary in the field of:

Monitoring, tolerance bands and penalties:

- The means in place to ensure a commonly defined level of regulation quality and the subsequent financial and contractual penalties for non-delivery have a large impact on the costs and risks associated with offering balancing products.
- Communication requirements, concerning availability and security: This is a main driver of setup and operational costs and hence the profitability of decentralized energy resources in particular. At the same time, it is crucial to require a minimum standard that is appropriate to the criticality of the system balancing task.

Technology-specific regulations:

- there are situations where technology-specific regulations need to be in place to accommodate a certain type of asset within the specifications of a balancing product (e.g. additional constraints on storage in alert situations, forecasting accuracy and monitoring for renewables). Beyond any piloting phase, these regulations need to be aligned to ensure the same conditions for participation in the joint balancing market for a specific technology in different countries.
- Mandating that the national Terms and Conditions and the cross-zonal Terms and Conditions consider the products not requiring an ex-ante pre-qualification, in order to cross-check incoherencies, redundancies, areas of improvement, etc.
- including the minimum requirements for the product pre-qualification checks (eg. time for activation, max duration of activation, possible deviation

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bandwidths, MTU granularity, existence or not of locational information). This should apply at least for standard products, but also allowing to include non-standard products in this Terms and Conditions.

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3. Evaluate the harmonisation of the activation process for balancing service providers across EU on a scale from 1 (not harmonised) to 5 (fully harmonised).

1 (Not harmonised) **2 (Slightly harmonised)** 3 (Moderately harmonised) 4 (Mostly harmonised) 5 (Fully harmonised)

4. With respect to Question 3, what are your recommendations for enhancing the harmonisation of the activation process for BSPs on European level?

MARI clears every 15 minutes and PICASSO clears every 4 seconds. Most of the TSOs have not joined as of 2024 but this should change in the coming months.

In 2023 we noticed the difficulties involved with integration of central-dispatch systems in the EU balancing platforms and this may slow down the harmonisation of BSPs activations.

5. Rate the harmonisation of the settlement process for balancing service providers on European level on a scale from 1 (not harmonised) to 5 (fully harmonised).

1 (Not harmonised) **2 (Slightly harmonised)** 3 (Moderately harmonised) 4 (Mostly harmonised) 5 (Fully harmonised)

6. With respect to Question 5, please detail your suggestions for harmonising the settlement process on European level.

Having the same imbalance settlement methodology and imbalance price calculation in place is a prerequisite for identical financial incentives on regulation quality. One of our general feelings is the lack of ambition of the different implementation of the TSOs with regard to imbalance settlement harmonisation. This still requires much more effort by ENTSO-E and ACER. In 2024, the majority of TSOs used additional components following

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ACER methodology and a minority is still using dual pricing. Some TSOs have still not switched to the 15-minute ISP.

To ensure the effectiveness of the ISH methodology and further harmonisation, any particular constraint at national level impacting prices formation in the balancing and other timeframes should be removed. In particular, article 17.3 EB GL states that BRPs in self dispatch systems have the right to change the schedules required to calculate their position without any condition prior to the intraday cross-zonal gate closure time. This means that, if deemed necessary by the BRP, netting of internal schedules should be allowed within the BRP portfolio, and between BRPs in parallel with the participation to the intraday market.

7. What other rules, requirements, and conditions for balancing service providers during their operational phase not mentioned above require harmonisation on European level?

No comments.

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