

## Energy Traders Europe response to ARERA consultation on TIDE implementation

Brussels, 01 July 2024

### Market time unit (MTU)

#### **Q1 Do you agree with the Authority's guidelines regarding the management of nominations relating to 60, 30 and 15 minute products?**

We agree with ARERA proposal of referring multi-MTU nominations (30 and 60 minutes) to the MTU of shorter duration (15 minutes), hence treating nominations of 30 and 60 minutes as a uniform withdrawal profile.

### Frequency Containment Reserve (FCR)

#### **Q2 Do you share the Authority's guidelines regarding the FCR procurement methods?**

We disagree with both option (a) - maintain a minimum supply obligation for certain production and consumption units - and option (b) - Terna to redispatch the units within the ex-ante phase of the Integrated Scheduling Process (MSD).

We believe both options would significantly limit the proper development of the FCR market in Italy.

Instead, we suggest ARERA to implement mandatory offers ("obbligo minimo di offerta"), rather than imposing minimum mandatory provisions ("obbligo minimo di fornitura"). In this way, there would not be a risk of any unsatisfied FCR requirement following the forward and spot market procedures.

Furthermore, we encourage ARERA to implement the following modifications to unlock the full potential of FCR market:

- Lower the minimum bid size to 1 MW (instead of 10 MW), harmonizing it with the other EU Member States
- Procure the service on a daily basis (instead of monthly or yearly procurement)

Finally, we underline the importance of implementing control and transparency measures to guarantee market participants the possibility of evaluating Terna's actions regarding the provisioning and activation of the FCR service.

## Ultra-fast frequency reserve

### **Q3 Do you agree with the Authority's guidelines regarding the methods of supplying the ultra-fast frequency reserve?**

We share ARERA's proposal to not impose a minimum mandatory supply of ultra-fast frequency reserve on market participants.

In analogy with our positioning on FCR, we disagree with Terna being given the possibility to redispatch the units within the ex-ante phase of the Integrated Scheduling Process (MSD).

Since ARERA believes there is no need for a minimum mandatory supply, we do not see sufficient reasons why Terna should be given the possibility to redispatch the units.

Instead, we suggest implementing - if deemed necessary by ARERA - mandatory offers ("obbligo minimo di offerta"). These mandatory offers should be only applied for a short transitory period, with the aim of fostering the development of a liquid market for the service.

In general, we stress the importance of enabling the development of the FCR market through market-based mechanisms as it guarantees transparency, allows fair remuneration for the service offered and expose market participants to the correct price signals, enabling the system to optimize the procurement of ancillary services at the minimum cost for consumers.

## TIDE transitory phase

### **Q7 Do you share the orientations relating to the transitional phase?**

Given the delay of Terna and GME in updating their rules according to TIDE and the absence today of the technical specifications necessary to implement changes starting from January 1st, we suggest implementing on January 1st 2025 only the strictly necessary evolutions related to the introduction of the 15 minutes ISP and the 15 minutes MTU and the modifications that can be implemented without burdensome changes in Terna's registry systems.

In this respect we welcome the introduction of UCP and we agree on the postponement of other provisions related to production units which will affect GAUDI registry.

### **Q8 Are there further elements that deserve to be regulated in the transitional phase?**

In addition to our proposal in Q7, we also encourage ARERA to evaluate the postponement of the starting date to the first day of the year (1st January 2026) in order to ensure regulatory stability across 2025. Furthermore, the official starting date should be communicated to market participants at least 6 months in advance.

In order for market participants to be able to update internal processes, the publication of all relevant documentation from GME and Terna, including technical specifications, should be made available at least 6 months in advance as well.

## TIDE definitive phase

### **Q9 Do you agree with the changes to the transitional period envisaged for the gradual introduction of FCR procurement through market procedures?**

The complete switch to market procurement of FCR should take place as soon as possible. The full implementation is currently foreseen to take place only from 1st January 2029.

# CONSULTATION RESPONSE



Acknowledging the challenges of implementing FCR before the transitory regime, we encourage ARERA and Terna to develop a more ambitious timeline for the introduction of FCR procurement through market procedures.

## **TIDE stakeholder group**

### **Q10 Do you agree with the maintenance of the TIDE Stakeholder Group in the manner envisaged by the Authority?**

We agree on the continuation of the TIDE Stakeholder group, however we ask ARERA to mandate Terna to not limit the participation of TIDE Stakeholder group to a restricted number of associations.

At the moment, Energy Traders Europe has not been able to contribute to the TIDE stakeholder group despite having submitted our expression of interest.

Additionally, we propose to hold TIDE stakeholder group meetings once per quarter.

## **Innovative mechanisms for the safe management of the national electricity system**

### **Q11**

We generally agree with the Authority's orientation. In particular, we deem appropriate the introduction of forms of forward procurement of global national ancillary services.

However, in compliance with the principle of technological neutrality, we believe these services should be open to all technologies capable of solving the needs identified by Terna and not only limited to the reduction of purchases following MGP and MI.

It should also be underlined that Terna already imposes - free of charge - feasibility intervals ("intervalli di fattibilità") which limit the volumes that can be traded on the intra-day markets by the Unità Abilitate.

# CONSULTATION RESPONSE



The remuneration of this service is therefore a priority given the extensive use that Terna makes of it and the opportunity cost incurred by operators, linked to the impossibility of having the reserved capacity available on XBID.

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