

CONSULTATION RESPONSE



Energy Traders Europe response to Terna consultation on TIDE implementation

Brussels, 15 July 2024

We understand that Terna has carried out a first transposition of the provisions of the TIDE into the Network Code, limiting the consultation to the aspects of most immediate implementation. We encourage Terna to advance with the most innovative aspects of the reform in the upcoming consultations, as detailed in the points below.

1. Enable the procurement of ancillary services through market procedures

We stress the importance of enabling the development of the ancillary services market through market-based mechanisms as it:

- i. Guarantees transparency and fair remuneration for the service offered
- ii. Exposes market participants to the correct price signals
- iii. Optimises the procurement of ancillary services at the minimum cost for consumers

Hence, we ask Terna to implement the innovative aspects foreseen in the TIDE such as:

- a) **Anticipate the full switch to FCR market-based procurement** – We encourage Terna and ARERA to develop a more ambitious timeline for the complete switch to FCR procurement through market procedures, as the full implementation is currently foreseen to take place only from 1st January 2029
- b) **Facilitate the proper development of FCR market in Italy** - We suggest Terna 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.

- c) **Remunerate non-frequency ancillary services** - Non-frequency related services continues to be provided by market participant without explicit remuneration
- d) **Introduce forms of forward procurement of ancillary services** - 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

2. The opportunity cost of not participating in other markets due to the imposition of “Feasibility Intervals” should also be remunerated

We acknowledge Terna’s desire to continue to impose feasibility intervals (“*intervalli di fattibilità*”), extending their application also following the Balancing Market (MB).

If it is deemed necessary to maintain these constraints, the remuneration of the feasibility intervals should be a priority given the extensive use that Terna makes of this service and the consequent opportunity cost incurred by market participants.

In any case, more transparency is needed on the criteria for the calculation of the feasibility intervals, given the relevance of the volumes involved. An assessment of the current use of feasibility intervals, publicly available to all market participants, would also be needed.

3. Ensure a smooth development through the transitory period

We believe that the implementation of the TIDE applicable on 1 January 2025 (with regards to ARERA DCO 204/2024) should minimize the operational burdens on both Terna and market participants.

In particular, we believe the following simplifications should be applied to the transitory phase roadmap:

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- a) The perimeters related to the aggregates relevant for programming should remain unchanged in the transitional phase
- b) The alphanumeric codes identifying the current dispatching points and commercial offer portfolios should remain unchanged in the transitional phase. In the new nomenclature introduced by TIDE, these units are defined as new entities (e.g. UAS instead of UP, UVZ instead of UPNR)

In any case, it is essential that the procedures for linking the current version of the Grid Code with the changes that will be implemented from January 2025 are disseminated and consulted by Terna in a timely manner so as to provide market participants with all the technical/operational details early enough to meet the deadlines. These implementation arrangements should be known by September 30, 2024, at the latest.

Furthermore, we encourage Terna to publish as soon as possible the consultation documents related to the implementation of the remaining aspects of TIDE, with particular reference to BRP/BSP contracts whose roles have an impact also in the implementation of Chapter 4 and 7, currently under consultation.

Namely, more detail is needed on how UP are associated to BRP's contracts, since in Chapter 4 (4.3.1.2) the definition of the UP itself depends on BRP choices.

4. Organise dedicated technical sessions on the network code implementation

Given the significant impact that updating the Network Code for the implementation of TIDE has on market participants, we encourage Terna to organize technical webinars to explain how Terna's operational system shall evolve to take into account the new Network Code specifications and to give market participants the necessary visibility on the technical impacts of the proposed changes- in addition to general webinars focused on the documents under consultation.

5. Enable sufficient time (12 months) to market participants for adapting to the network code update

Given the extent of the reform and the operational-level impacts that it will necessarily have on market participants, it is necessary to guarantee sufficiently long implementation times (12 months) between the finalization of all the amendments to the Network Code and the related annexes and the new technical specifications and their entry into force.

Furthermore, we encourage Terna to start the consultation process relating to the sections of missing chapters and annexes (e.g. extraordinary modulation service, contracts, etc.) as soon as possible.

6. Provide clarity on other provisions with an impact on the TIDE

We ask Terna to take the opportunity of the Network Code implementation webinars to provide updates on other important provisions for the Italian market, such as:

- a) Implementation of dynamic macrozones
- b) Exit from TERRE project
- c) Participation in MARI and PICASSO project

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