

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

Brussels, 16 September 2024

### Servizio di modulazione straordinaria (Chapter 4 Paragraph 4.6.3.3.6 Page 111-112)

Procurement through market procedures is always preferable, where possible, as it ensures transparency, allows the correct valuation of the service, and enables operators to direct the appropriate investments.

**The service "modulazione straordinaria" - both upward and downward - should be procured in advance through competitive and non-discriminatory procedures conducted by the TSO.**

This provision is also consistent with Article 40 of Directive (EU) 2019/944, which establishes that the procurement of ancillary services (both balancing and non-frequency related) should generally be based on market procedures. Consequently, the procurement of services through mandatory service provision should be minimized.

Market-based procurement and forward remuneration should also be extended to the "telescatto" service (which falls under the instant downward service of "modulazione straordinaria") to avoid discrimination between categories of units.

### Compensation for the service of instantaneous upward "modulazione straordinaria" (Chapter 7 Paragraph 7.4.1.3 Page 39)

The absence of compensation fees for BRPs can be disadvantageous in configurations where the instantaneous upward "modulazione straordinaria" service (the current "interrompibilità" mechanism) is offered by an entity different from the BRP (e.g., consortia that manage activation profiles for "interrompibilità" services for various Demand Units), which bears the imbalance costs without benefiting from the remuneration associated with forward procurement.

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**We ask Terna to introduce modulation compensation fees for BRPs also for the instant upward modulation service**, as foreseen by the TIDE (Art. 2-15.3.6).

Appropriate remuneration of upward instantaneous modulation should be established at a level equal to the conventional value of load (3000 €/MW). This value reflects the significant contribution to the system security of the service and equals the fee paid nowadays to the interruptible customers participating to the forward procurement of this service. This remuneration should be applied also to the units activated on the basis of obligation (production and storage units).

Slow upward regulation, instead, should be remunerated at a price equal to the maximum accepted price in the Balancing and Redispatching Market: DAM price remuneration is not appropriate and risk to dispatch upward some plants with operating losses (if a plant is not accepted in the DAM, the DAM price could not cover its marginal costs).

## Compensation for the service of instantaneous downward “modulazione straordinaria” (Chapter 7 Paragraph 7.4.1.3 Page 37)

In order to ensure a limited use of the downward “modulazione straordinaria” service by Terna, it is necessary that the compensation fee - when considered in conjunction with the remuneration fee proposed in paragraph 7.4.1.4 - should represent a cost associated with the activation of the service.

**We ask Terna to utilise the downward “modulazione straordinaria” service only as last resort** by introducing a compensation fee  $P_u^{Comp}$  for BRPs at levels lower than the lowest accepted downward bids in the ancillary service markets in the relevant imbalance area.

With regard to the “corrispettivo di remunerazione” (i.e. remuneration of the lost production) we agree with a remuneration based on DAM price, but we signal the risk of underestimation of the relevant quantity: the lost production is capped at a level equal to the injection of the 2 hours before modulation with relevant underestimation for PV plants in the morning hours and in general, in case of low/zero production of a plant in the hours before modulation.

We propose to refer only to the schedule provided by the BRP or, eventually, compare it with some estimation by the TSO based on physical data.

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We ask moreover to eliminate the reference to “indice di affidabilità” which further decreases the quantity remunerated, based on regulation performance registered in the previous curtailments.

Finally, we propose to overcome the segregation between the regulation for wind plant and the new regulation proposed by Terna. All the plants should be treated in the same way, granting a remuneration in turn of appropriate modulation. The current regulation for wind plant foresees a 80h franchise (no remuneration) for the plant not compliant with A17 Terna Network Code document, with relevant missing money for the operators. We propose consequently to link the remuneration only to the ability to regulate downward the production, without any other conditionality

## Assetto di funzionamento (Annex A.60 Paragraph 2.3 Page 14)

Terna proposes that UVAN and UVAZ should be characterized by a single ‘assetto di funzionamento’ and a single associated ‘fascia di funzionamento’. Considering that:

- this provision deviates from the current practice for UVAM, which allows for differentiated ‘assetti di funzionamento’ in cases where the UVAM is capable of ensuring both upward and downward operating ranges (see Art. 12.6 of the UVAM MSD Regulation), and
- the reasons for the different approach proposed for future UVAN and UVAZ are not made explicit by Terna

**We ask Terna to include the possibility for UVAN and UVAZ to be characterized by multiple ‘assetti di funzionamento’** which would better reflect the physical characteristics of the units underlying the aggregate.

## Portals (Annex A.60)

**More clarity is needed on procedure and responsibilities regarding the registration on GAUDI and other portals for producers/BRPs/BSPs.** Furthermore, we ask Terna to organize a webinar and provide guidance in English to go through the practical steps of assigning the new taxonomy units

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## UVA qualification tests (Annex A.81 Paragraph 73 Page 19)

It is difficult to assess the completeness of the qualification tests indicated by Terna for the purpose of offering rotating tertiary regulation and redispatching services given the incomplete framework of technical requirements that the units must meet to participate in the procurement of mFRR resources (direct or scheduled products) on the MARI platform.

**We ask Terna to postpone the precise definition of UVA qualification tests for the purpose of offering tertiary frequency regulation and redispatching services** until the consultation process regarding participation in the European mFRR (MARI) platform is completed.

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