

Florence Forum

Balancing

Emerging Views*

3-4 March 2016

* The content of this presentation represents the informal, working-level views of DG Energy services and is not binding as regards to the final proposals on the energy market design initiative or other related initiatives.

Balancing



Why in focus?

Liquid balancing markets, which are able to take advantages of **resources across borders**, a key part of a cost-effective transition to a low carbon energy system.

Price formation in the balancing time frame critical to prices in other market time-frames.

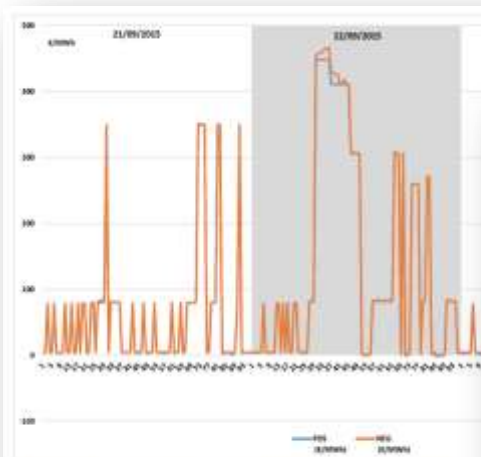


Figure 3 – Inbalance prices in Belgium on the 21st, 22nd, and 23rd of September
Source: E&A

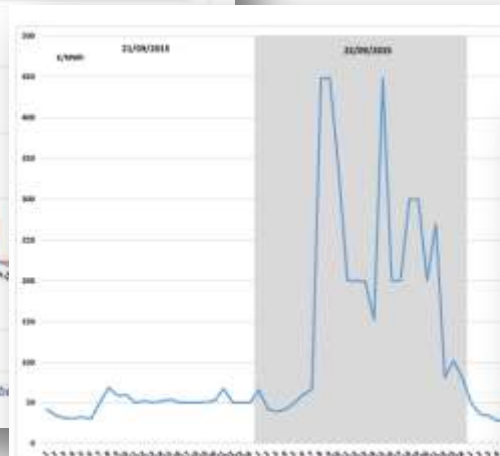


Figure 2 - Intraday prices in Belgium on the 21st, 22nd, and 23rd of September
Source: Belpex

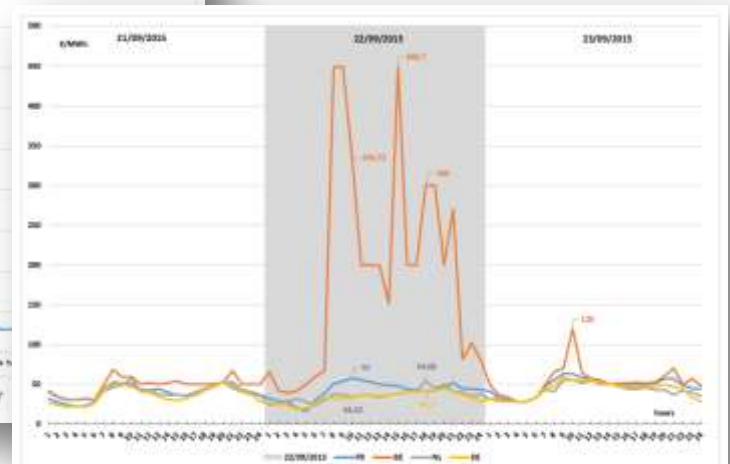
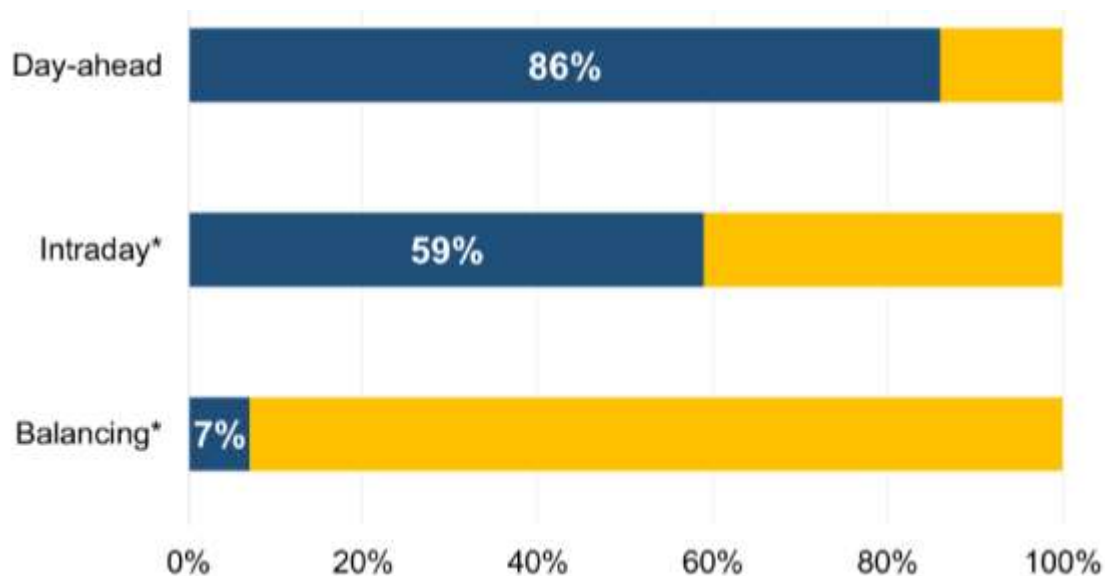


Figure 1 - Day-ahead spot prices as a result from the matching of orders in and the coupling of the bidding zones in the CWE-region on the 21st, 22nd, and 23rd of September
Source: Belpex, EEX, APX

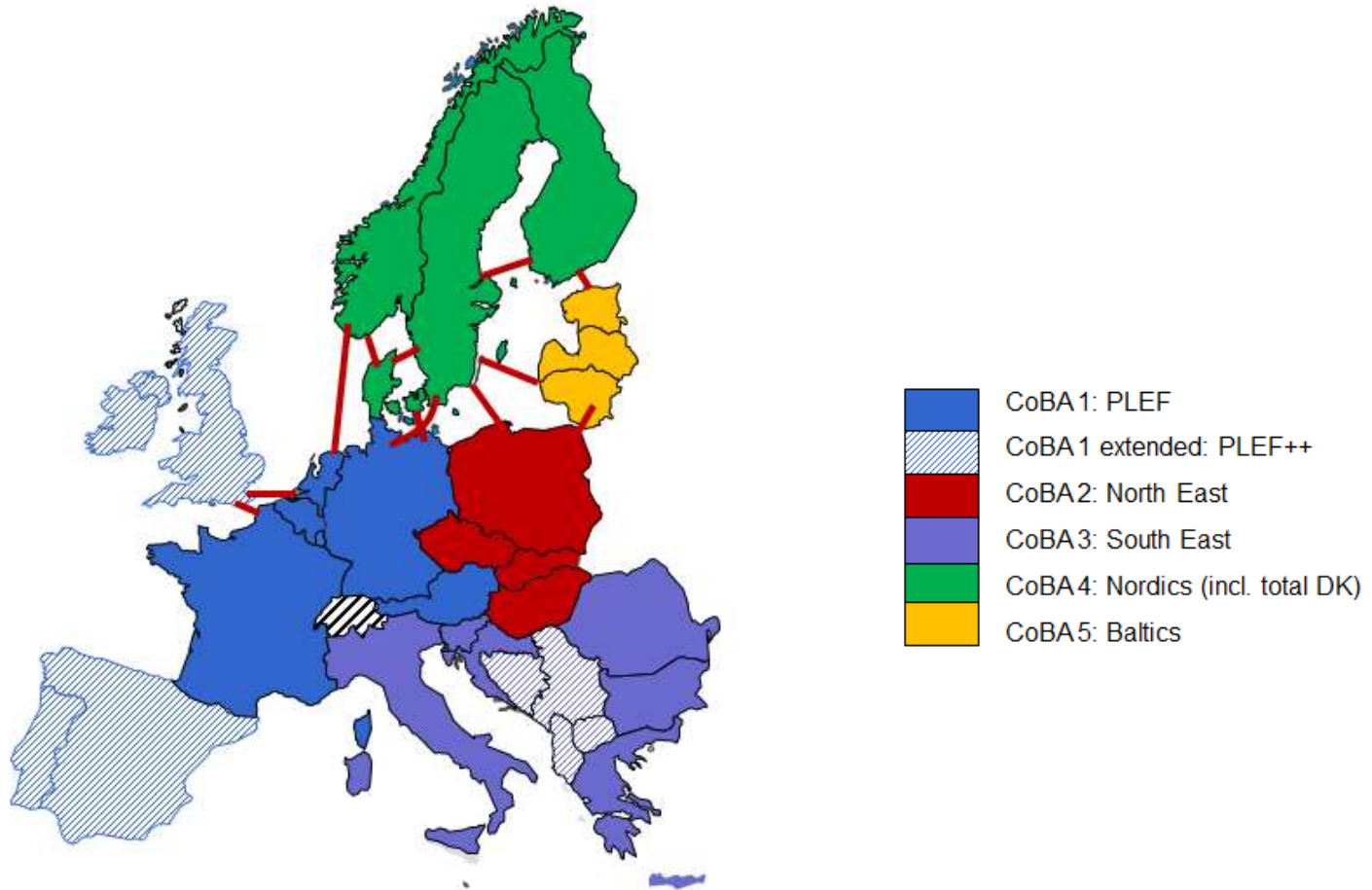
Some of the key issues being addressed

Coordinated Balancing Areas (CoBAs): increase the efficient use of interconnectors and pool resources by establishing geographical areas in which balancing energy and capacity can be exchanged – wider than Member States.



Level of efficiency (% use of commercial capacity available in the 'economic' direction) in the use of interconnectors in Europe – 2014 – ACER Market Monitoring Report

Balancing



CoBAs proposal (FRR)

Some of the key issues being addressed (cont.)

Single Marginal Pricing: improving signals and integration by ensuring pricing for balancing energy based on marginal pricing (pay-as-cleared).

Balancing energy Gate Closure Time: setting after intraday cross-zonal Gate Closure Time. price

Standard Products: providing more opportunity for cross-border trading by limiting the number of products used for balancing.

Common procurement rules: providing shorter contracting period (maximum one month) and separate procurement for upward and downward products.

Imbalance Settlement Period: moving (if beneficial) to a standard 15 minutes.

Next steps

Draft Guideline makes significant progress: agreement, adoption and implementation a priority.

- Developing Impact Assessment; intention to present to Member States in comitology by the end of the year alongside publication of market design proposals.

But potential benefits from further action...

- Regional assessment of balancing capacity needs (dimensioning and pre-qualification) and regional procurement of balancing capacity.

Other issues that should be addressed?

