



INTERNAL ENERGY MARKET

Update on forward and balancing implementation projects

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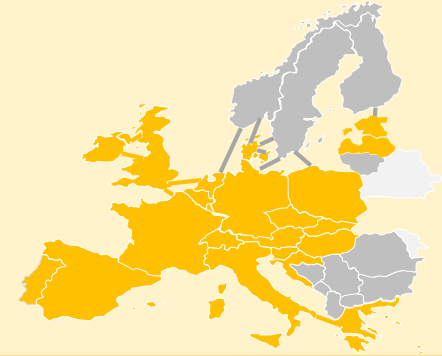
Florence Forum

3 - 4 March 2016

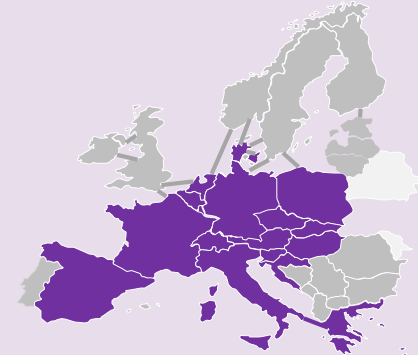
Forward Capacity Allocation GL implementation

Major achievements in 2015:

- Early implementation of the first ever EU Harmonised Allocation Rules (HAR), a key target model element covering 32 European borders



- Merger of former CASC and CAO allocation offices leading to Joint Auction Office (JAO) covering 27 European borders

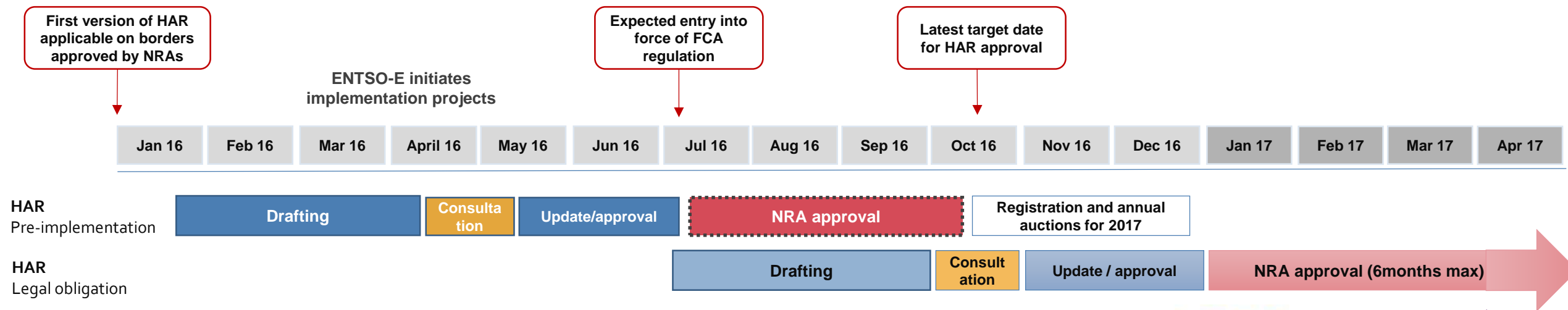


Lessons to be drawn from the HAR and JAO's experience:

- Timely HAR submission by TSOs and timely NRAs' approval process
- Appropriate preparation and testing of the IT systems
- Robust functional requirements, governance and monitoring of the future SAP

Forward Capacity Allocation GL implementation

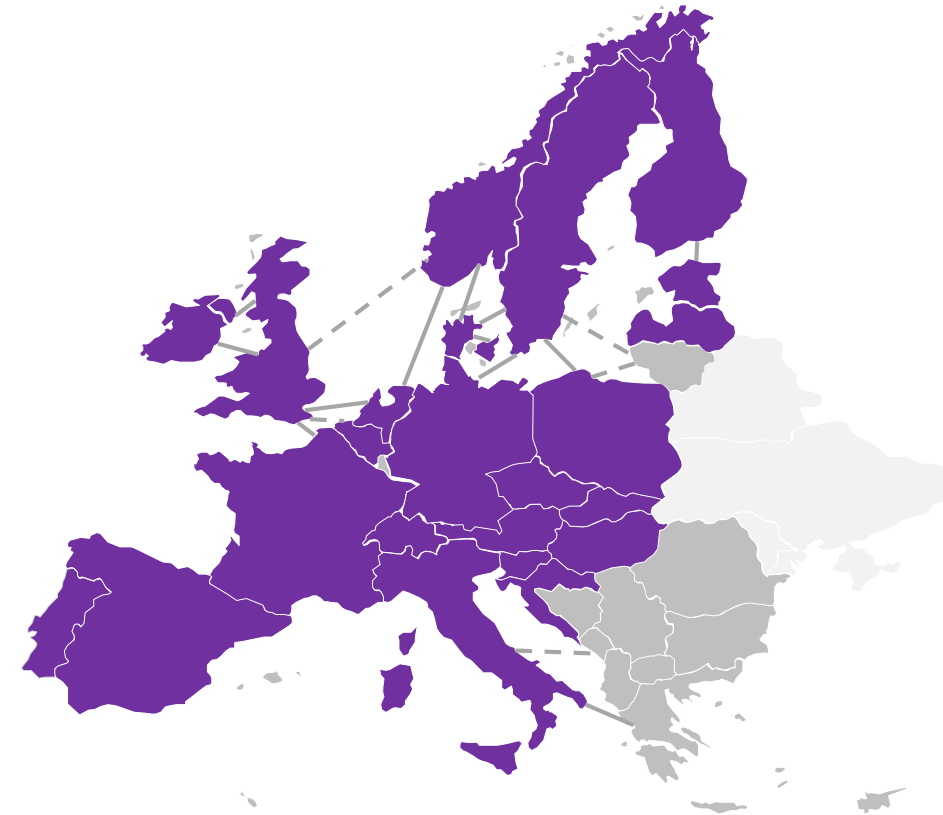
- Market parties have requested to update current LT TR allocation rules in line with FCA, earlier than its entry into force (expected July 2016)
- NRAs and TSOs ready to voluntarily anticipate implementation: ENTSO-E drafting started
- Objective: **FCA compliant HAR** (esp. new firmness regime) **ready for 2017 annual auctions**
 - Due to ongoing implementation projects on specific borders (namely GB and IT HVDC interconnectors) the respective NRAs/TSOs may not apply updated HAR before the FCA GL deadline
 - Formal FCA implementation to start in parallel in mid 2016



Electricity Balancing – Driving market integration forward via pilot projects and early implementation projects

Harmonization

- **mFRR and RR standard products for energy**
 - Proposed number of standard products for mFRR and RR has been reduced to six products. Further streamlining is in process and encouraged by ACER
- **aFRR study concluded**
 - basis for proposing aFRR products and aFRR CoBAs
 - Proposal for product definition is due by Q2 2016
- **Pricing and algorithm principles being developed, should be presented by end of Q2 2016**
- **CBA ISP**
 - Over 90 participants responded to the CBA ISP data request with overall 126 answer
 - Replies from 23 countries have been received
 - CBA will be delivered in due time to feed in EC impact assessment and comitology.



CBA ISP: countries from which stakeholders provided answers

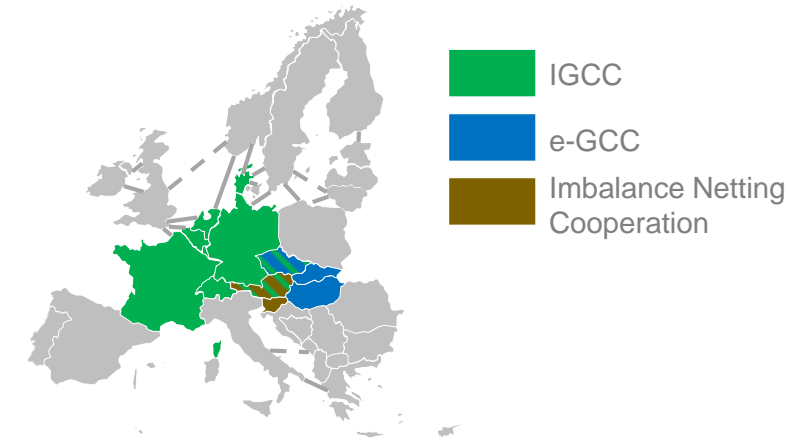
Electricity Balancing – Driving market integration forward via pilot projects and early implementation projects

Stepwise integration via CoBA definition

- Some pilot projects could evolve into CoBAs.
- Single Imbalance Netting CoBA for Continental Europe is in the process of being implemented
- Proposals for mFRR and aFRR CoBAs are currently under discussion between EE, ACER, and EC.

Stakeholder involvement

- Regular meetings (Balancing Stakeholder Group) are organized with an early involvement of stakeholders to exchange on a transparent basis
- Stakeholder gave feedback on products and CoBA proposals, webinars on the CBA ISP were organized and a dedicated meeting on the CBA ISP has been conducted
- The BSG gives stakeholders the opportunity to voice their comments and input in an early stage, before being formally consulted in the process foreseen by EB GL.



Imbalance Netting initiatives evolve to CE CoBA



Reliable Sustainable Connected

Electricity Balancing - CBA Imbalance Settlement Period

- 13 November 2015: ENTSO-E distributes questionnaire to stakeholders.
- 7 December 10:00 -12:00 (extension possible until 14:00): Stakeholder webconference Q&A.
- 7 January 10:00 – 12:00 (extension possible until 14:00): Stakeholder webconference Q&A.
- 14 January 2016: Deadline for submitting answered questionnaires
- 14-27 January 2016: Deadline for ENTSO-E data consolidation and review
- 8 March 2016, 10:00-13:00, webinar:
<https://attendee.gotowebinar.com/register/6893914089675098882>
- 13 April 2016, Balancing Stakeholder Group Meeting for BSG members
- 22 April 2016, 10:00-13:00, webinar
<https://attendee.gotowebinar.com/register/1183485002099627778>
- 29 April 2016 Deadline for the draft CBA report for submission to EC.
- Finalization of the report

Electricity Balancing - Standard Products for aFRR

The main conclusions of the aFRR report are:

- at the moment most TSOs in Europe use pro rata (or parallel) activation.
- the full activation time of aFRR process is quite spread in Europe from some minutes up to 12 minutes.
- a too long full activation time for the products leads to system instability (overprovision of reserves).
- each TSOs should identify what are the best and possible mitigation measures to be implemented in their area.
- an average significant negative deviation of ACE quality with the higher values of full activation time:
- Fast full activation (equal or lower than 7,5 minutes) leads to improved ACE quality.
- even if the volume available decrease with reduction of Full activation Time, it seems that markets will stay liquid enough.