


**ACER**

 Agency for the Cooperation  
of Energy Regulators

# **Electricity Balancing Framework Guidelines – ACER update**

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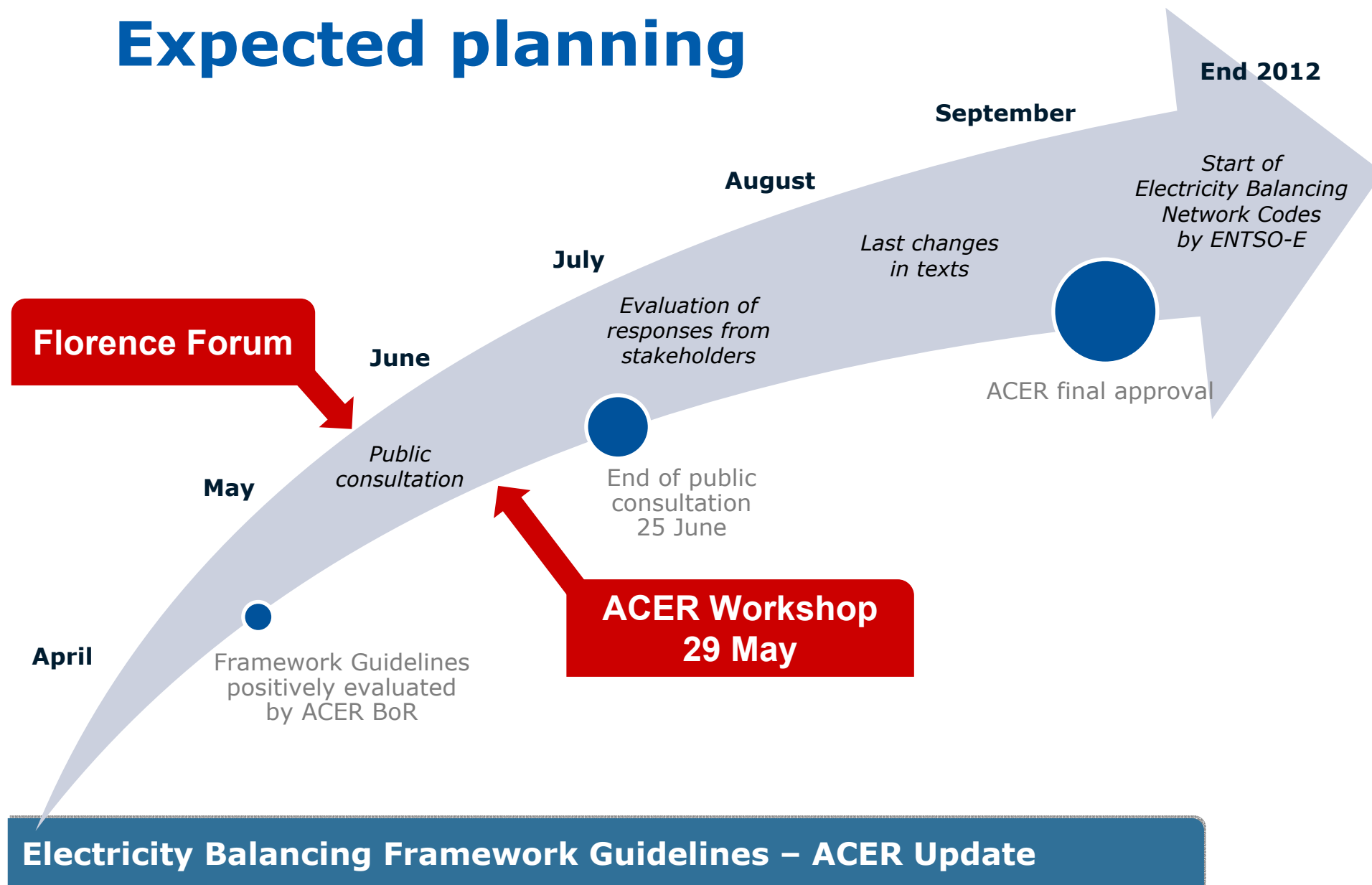
**22<sup>nd</sup> Florence Forum**

**22-23 May 2012**

## Scope and objectives

- Letter from EC on 18 January 2012:
  - » Roles and responsibilities, including support involvement of consumption
  - » Harmonised technical specifications to **facilitate offering across balancing areas** (compatible products and timeframes, harmonised rules for remuneration of offers)
  - » Harmonised and non-discriminatory framework for imbalances
  - » **Rules for the use of cross-border capacities**
- Objectives:
  - » Increase social welfare and competition
  - » Maintain security of supply
  - » Facilitate integration of renewable energy sources

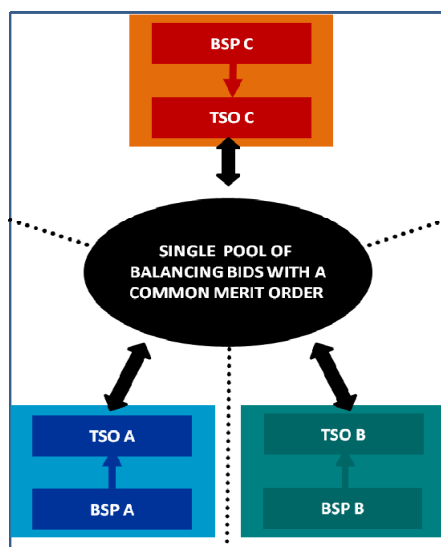
# Expected planning



# An ambitious roadmap

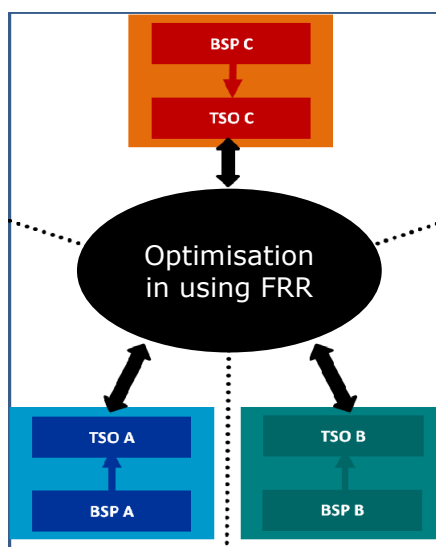
X YEARS AFTER THE ENTRY INTO FORCE OF THE NETWORK CODES

**3 YEARS**  
Balancing energy from RR



- Possible « margins » for TSOs
- Cheapest resources shared

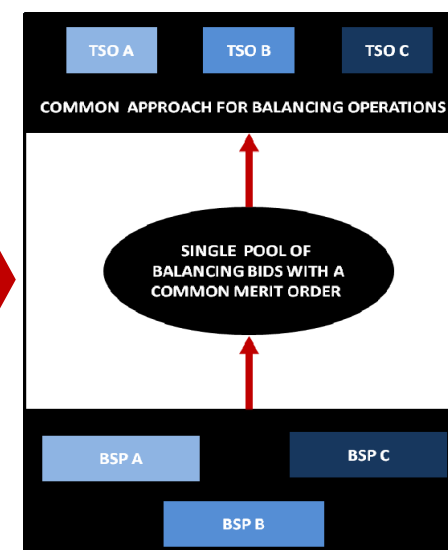
**5 YEARS at the latest**  
Balancing energy from FRR



- Coordination between TSOs to activate FRR and reduce costs

**SECURITY:**  
Unless a CBA demonstrates that it is not positive

**7 YEARS at the latest**  
Balancing energy from FRR & RR



- No margin for TSOs
- European-wide

**Electricity Balancing Framework Guidelines – ACER Update**

## **Main content of the FG in consultation**

- Integrated balancing energy markets
  - » Requires a **strong coordination and involvement of TSOs**
  - » Requires **harmonisation of balancing market design** (marginal pricing, compatible products...)
  - » Requires **consistent incentives to market players**: harmonised imbalance settlement, no special treatment for RES
- Coordination of reserve procurement
  - » Sizing of reserves should be coordinated
  - » Exchanges of reserves should be allowed
  - » **Reservation of cross-border capacities** only if cost-benefit analysis positive

## **Conclusions**

- Ambitious but realistic target model
  - » Identified harmonisation requirement
  - » Stepwise approach
  - » Implementation discussion should begin
  
- Inputs from stakeholders fundamental
  - » Workshop in Ljubljana on 29 May
  - » End public consultation on 25 June

**Thank you for your attention!**



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# Main content of the FG in consultation (1/3)

- Balancing energy (FCR not included)

## Activation of balancing energy

- Harmonisation of products (with possible local specificities)
- Common principles for the pricing method (*marginal pricing*) and selection process (*Merit Order*)
- Harmonisation of intraday gate closure times, as close to real time as possible

## Cross-border exchanges of balancing energy

- No guideline on Frequency Containment Reserves FCR (Primary Control)
- **Step 1** : imbalance netting between adjacent control areas;
- **Step 2** : coordination to optimise the activation of Replacement Reserves RR;
- **Step 3** : coordination to optimise the activation of Frequency Restoration Reserves FRR.

**BASE : TSO-to-TSO model with a common merit order**



# Main content of the FG in consultation (2/3)

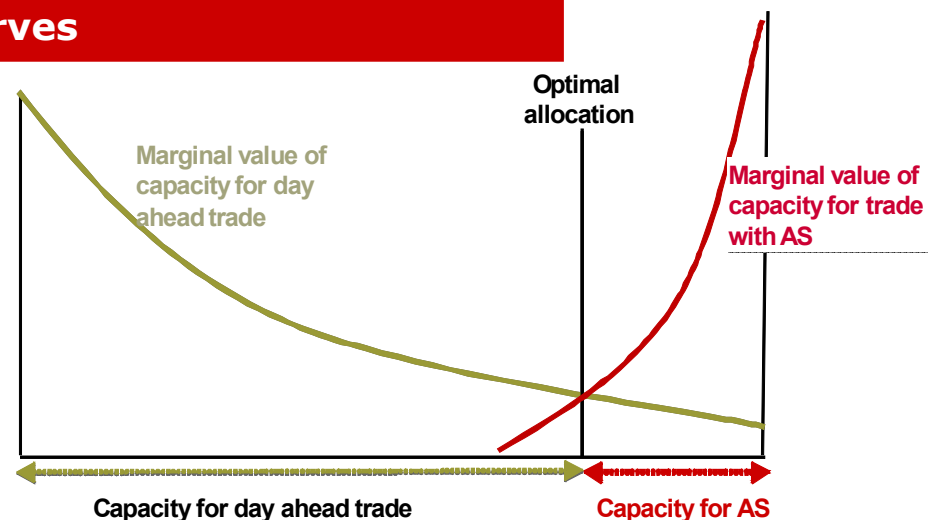
## ● Balancing reserves (FCR not included)

### Procurement of contracted reserves

- Harmonisation of products (with possible local specificities)
- Common principles for the procurement process (relation to BSPs)
- Coordination between TSOs for the sizing of reserves according to LF code provisions

### Cross-border exchanges of contracted reserves

- NC shall allow such exchanges, only where it can be demonstrated it would result in increased overall social welfare  
*Subject to CBA performed by TSOs and submitted to NRAs for approval*
- No charge for the use of XB capacity for the exchange of balancing energy after IGC



# **Main content of the FG in consultation**

## **(3/3)**

### ● Other key topics

#### **Balance responsibility and imbalance settlement**

- NC to oblige Balance responsible parties (BRPs) to be balanced in day-ahead timeframe
- BRPs to be incentivised to be balanced in real time
- No special treatment for RES
- ENTSO-E to assess (CBA) the need to harmonise imbalance settlement period at European-level

#### **Transparency**

- Consistent with ERGEG's proposal to EC with respect to balancing data
- Monitoring report by ENTSO-E on annual basis

#### **Derogations**

- Possible derogations can be granted by national regulators
- Maximum period of 2 years