

Position Paper on: ACER PC_2019_G_04 – PUBLIC CONSULTATION REGARDING THE BALANSYS COMPLIANCE PROGRAMME

ACER
Trg republike 3
1000 Ljubljana
SLOVENIA

Prague, Vienna and Zagreb on the 2019-07-01

Subject: PC_2019_G_04 – PUBLIC CONSULTATION REGARDING THE BALANSYS COMPLIANCE PROGRAMME

Dear Mr Pototschnig,

We, the imbalance settlement agents, AGCS, HROTE and OTE, welcome the opportunity to contribute to the consultation on the proposal and compliance programme of Balansys, the newly established Third Party imbalance settlement agent of Fluxys and Creos.

An organisational set-up similar to the one proposed by Balansys has been established in several EU Member States, including Austria (AGCS), Croatia (HROTE) and the Czech Republic (OTE). In these countries, such a separation was implemented in national law already from the beginning of the liberalisation of the respective gas markets. The aim of creating such Third Parties was the establishment of independent and trustworthy market operators for the liberalised markets and their participants. The efficient operation of these Third Parties over recent years has demonstrated that this organisational set-up works successfully.

The Europex position paper “The Essential Tasks of Third Party Market Operators/facilitators in the Electricity Market”, published in August 2018, highlights the important role played by Third Parties in the electricity market:

The tasks performed by these Third Parties include, among others, imbalance calculation and settlement, data publication related to electricity balancing and imbalance markets and issuing of the rules related to balancing and imbalance markets. These tasks underpin the electricity market and represent the link between the physical exchange of electricity among market members and the financial outcome.

These Third Parties and tasks have been established across Europe over the previous two decades and represent indispensable functions in support of European electricity markets. They provide expertise in their areas of responsibility, hence increasing competition and innovation.

An overview of the Third Party operators currently active in Europe on both the electricity and gas markets can be found in Annex 1.

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As ACER points out in the consultation document, the corresponding legislation in the electricity market has already acknowledged the existence and importance of such Third Parties. Article 13 of the Guideline on Electricity Balancing (EB GL) allows the delegation and assignment of tasks to Third Parties. Furthermore, Regulation (EU) 2019/943 on the internal market for electricity explicitly codifies these arrangements, both delegation and assignment, and introduces the definition of ‘delegated operator’:

A ‘delegated operator’ means an entity to whom specific tasks or obligations entrusted to a transmission system operator or nominated electricity market operator under this Regulation or other Union legal acts have been delegated by that transmission system operator or NEMO or have been assigned by a Member State or regulatory authority.

The general principles of competition, confidentiality, integrity – compliance in general – apply equally to the electricity market as to the gas market. Different legislation applying to similar Third Party arrangements would inevitably lead to uncertainty and inefficiency between these two markets. In line with the European Commission’s aim to streamline gas and electricity market regulation, (mirroring), an identical approach to regulating Third Party operation in both these markets should be taken.

Streamlined and coherent regulations are necessary for efficient sector coupling which is furthermore the basis for achieving the ambitious goal of greening the whole energy market. This will affect multiple sectors and aspects, including biomethane, supplier switching for electricity and gas, gas power plants, power-to-gas and hydrogen.

We therefore fully support the proposal of Balansys and recommend its approval by the Agency.

In light of the forthcoming revision of the EU Gas Market Regulation, we propose that the regulation of Third Party operation in the gas market is fully aligned with the regulatory set-up already established in the electricity market. Specifically, a revised EU Gas Market Regulation should explicitly include a similar definition of ‘delegated operators’, aligning with the Electricity Regulation and reflecting the current organisational set-up for gas balancing in several EU Member States.

We thank you for your consideration and stay at your disposal for any further questions,

***AGCS Gas Clearing and Settlement AG (AGCS),
CROATIAN ENERGY MARKET OPERATOR Ltd. (HROTE),
OTE, a.s., the Czech electricity and gas market operator***

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Annex 1 Overview of Third Party operators active in Europe, July 2019

Figure 1 Third Party market operators, 'Delegated operators', in electricity, July 2019

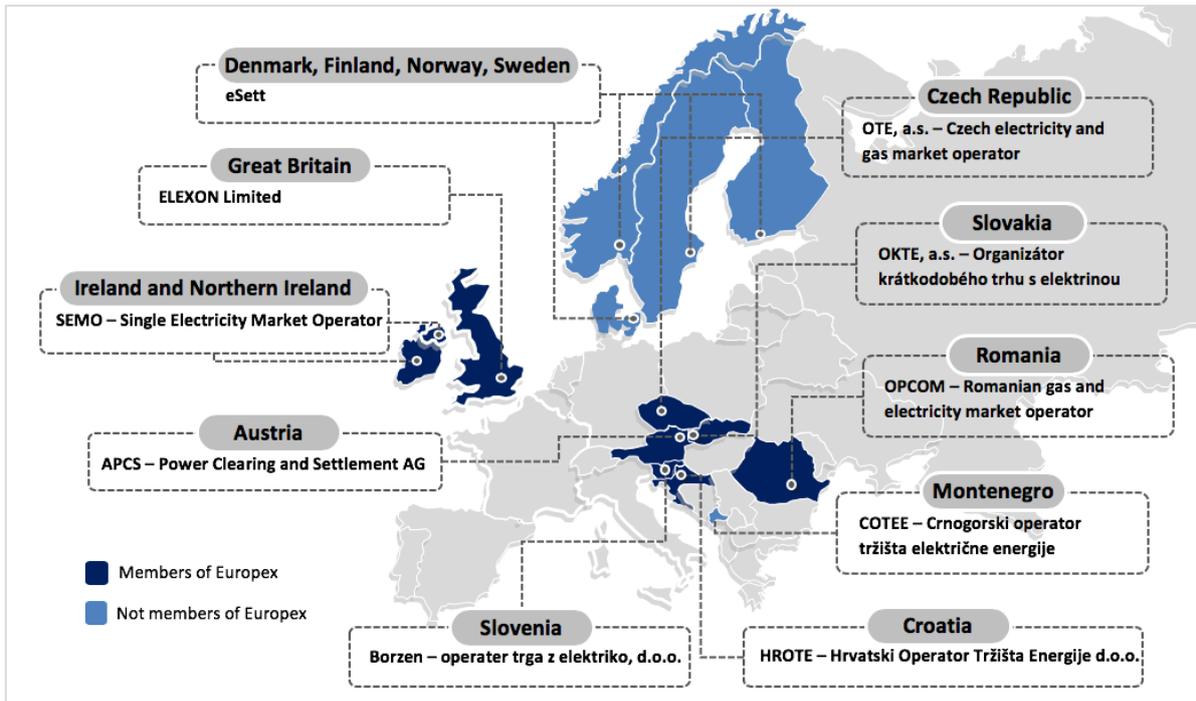
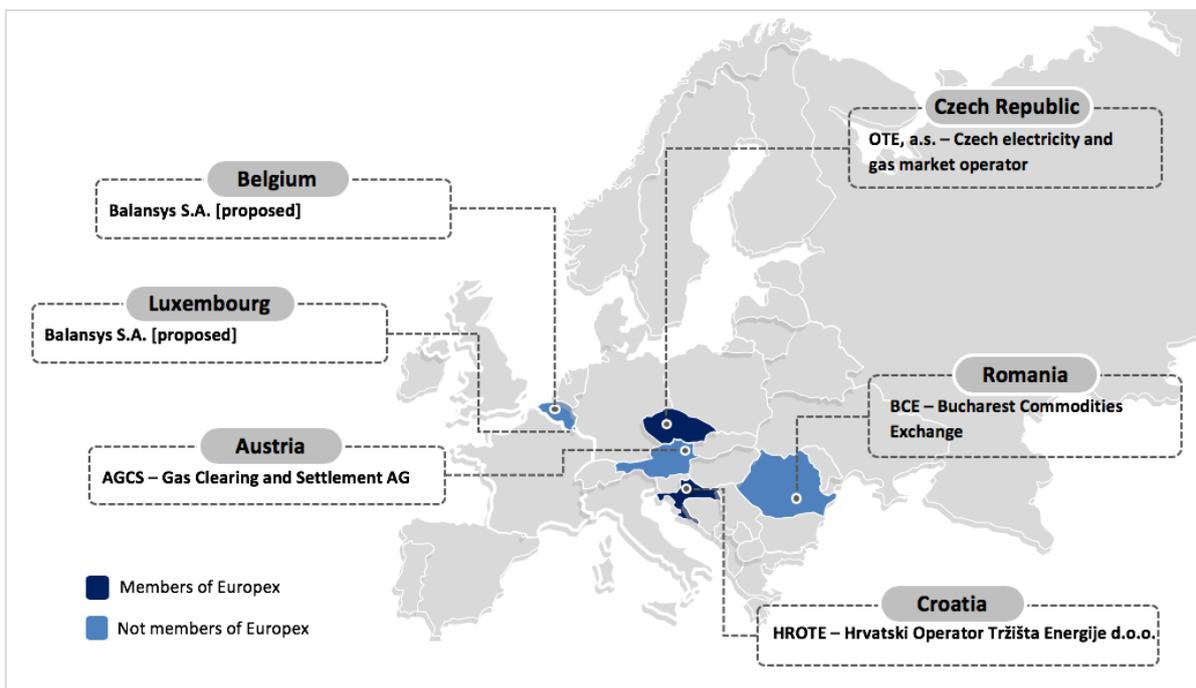


Figure 2 Third Party market operators in gas, July 2019



About

AGCS Gas Clearing and Settlement AG (AGCS) was founded in the course of the liberalisation of the natural Gas market in 2001 and started operation as of 2002. The tasks and responsibilities of AGCS are defined in the Natural Gas Act and are inter alia the procurement of balance energy and the calculation, clearing and settlement of imbalance energy with the market participants supplying end costumers. Besides the clearing agency activities, AGCS has the obligation to operate a centralised electronic platform to support the supplier switching process.

CROATIAN ENERGY MARKET OPERATOR Ltd. (HROTE) started to operate on 4 April 2005. HROTE performs activities of organizing electricity and gas market as a public service, under the supervision of the National Regulatory Agency – NRA (HERA). In addition, HROTE performs activities for incentivizing electricity production from renewable sources and cogeneration and production of biofuels for transport. The services provided by HROTE to gas market parties are access to a gas trading platform, virtual trading point and supplier change system for gas suppliers, distribution system operators and transport system operator.

OTE, a.s., the Czech electricity and gas market operator, (OTE) is a joint stock company established in 2001. OTE provides comprehensive services to individual electricity and gas market players. OTE commenced organizing trading in the day-ahead electricity market in 2002 and the intra-day and block electricity markets in later years. OTE has been the market operator on the gas market since 2010 including operation of day-ahead gas market and intraday gas market. Continuous data processing and exchange required for the accounting and settlement of imbalance between the contractual and actual volumes of electricity and gas supplied and received are among services offered by OTE to players in the Czech electricity and gas markets, as well as administrative procedures associated with a switch of supplier. The OTE also administers the National Register of Greenhouse Gas Emissions. OTE is the holder of the license for market operator´s activities, which includes activities in the electricity and gas market in the Czech Republic.)