
From: Marcel.Cailliau@gdfsuez.com [Marcel.Cailliau@gdfsuez.com]
Sent: 25 June 2012 08:50
To: consultation2012E09
Cc: nicolas.kuen@electrabel.com
Subject: GDF SUEZ proposed amendments to the Framework Guidelines on Balancing

Dear Madam, Dear Sir,

GDF SUEZ welcomes the development of Framework Guidelines on Balancing that will foster a better integration of the European electricity markets. In the context of the public consultation, we have been actively involved in responding ACER questions. GDF SUEZ answers to the questions can be found in attachment among some other proposed text amendments (in track changes mode) that should allow better clarification of the Framework Guidelines.

GDF SUEZ is an active market participant in more than 10 European markets, for the purposes of portfolio management and trading, and is for that purpose BRP or BSP in most of these countries, thus really affected by the consequences of balancing rules. Therefore, we would like to bring forward in this mail also some additional important concerns related to these Framework Guidelines, most of them are also indicated via the proposed amendments in track changes.

- 1. No clear distinction is made between provisions for cross-border balancing and for harmonization of national balancing markets.**
Framework Guidelines on Balancing should make a clear distinction between requirements for cross-border balancing and requirements for harmonization of the national balancing markets. This would allow a better understanding from the market participants and would allow to tackle both issues separately.
- 2. There is an inappropriate reference to several “Electricity Balancing Network Code(s)”, whereas only one should be put in place at European level.**
Plural usage of the “Code” in the Framework Guidelines on Balancing provides an unclear and unstable situation. In order to lean the process, only one Network Code should tackle the balancing market.
- 3. TSO derogations should be done on transparent, specific, measurable and timely criteria. ACER should advice NRA on the eligibility of such derogations.**
If NRA are allowing derogations to TSO, it should be done on transparent, specific, measurable and timely criteria. Then, ACER should not only monitor the granting of such derogations, but also advice NRA on the eligibility of such derogations.
- 4. References to the procurement of “frequency containment reserves” are not clear neither complete and it also unclear in what other Network Code the requirements for frequency containment reserves will be eventually described.**
The Framework Guidelines on Balancing should be consistent when referring to the frequency containment reserves: no details are given in the procurement section (§3.3), whereas reference to the network code on Load-Frequency Control and Reserves (LFCR) is done in the reservation and use section (§4.3).

The Framework Guidelines on System Operations and the Framework Guidelines on Balancing are missing guidance on frequency containment reserve. There is no reference to the current system neither to transfer reliability margins (TRM). Moreover, the amount of volumes needed and the (market based) procurement process should be specified.

5. There is an inappropriate reference to the Distribution System Operators (DSOs) in Framework Guidelines that treat “cross-border” balancing models.

We do not see the need to provide data and information to Distribution System Operators (DSOs) which are not involved in cross-border balancing. Reference to DSOs should be deleted in order to bring clarity and efficient information transfer to System Operators.

6. The TSO-TSO model with common merit order list has a very long implementation (7 years after its entry into force).

A TSO-TSO model with a common merit order list should be implemented as soon as possible. Indeed harmonizing national balancing markets and allowing cross-border balancing are key elements to ensure RES integration. Since we understand that such an implementation could take a long time (especially for automatically-activated frequency restoration reserves), we are encouraging TSOs to launch pilot projects (such as proposed by the Belgian and Dutch TSOs) focusing on implementing a TSO-TSO model with common merit order list.

7. Specific balancing energy products should be used as exceptions.

Harmonization of balancing energy products is a prerequisite to establish a TSO-TSO model with common merit order list. Indeed, allowing specific balancing energy products in national or cross-border adjacent markets might be difficult to implement in a common merit order list (e.g.: ranking issue). Specific products might slow down the establishment of the target model and is likely to create undue inefficiencies and distortions between Member States within the European internal market.

Most of these comments have been expressed in our proposed amendments. We are confident that our contribution could improve the draft of the Framework Guidelines on many points. We are available for any further clarification if needed.

With our best regards,

Nicolas Kuen

Portfolio Management Central Western Europe

The logo for GDF SUEZ, featuring the company name in a stylized, bold, sans-serif font with a blue underline.

Boulevard Simón Bolívar 34 - 1000 Brussels (BE)

Phone : + 32 2 510 71 86

Mobile : + 32 479 992 722

E-mail : nicolas.kuen@electrabel.com

Marcel Cailliau

Head of Regulatory Affairs Power

GDF SUEZ Energy Europe

The logo for GDF SUEZ, featuring the company name in a stylized, bold, sans-serif font with a blue underline.

Boulevard Simón Bolívar, 34

B-1000 Brussels - Belgium

Ph. +32 2 501 57 24

Fax. +32 2 510 71 33

Mob. +32 475 61 33 71
Office: GST-11-AB13
marcel.cailliau@gdfsuez.com
www.gdfsuez.com