Call for comments to ACER on the revised Network Code on Electricity Balancing

EDF comments

9 January 2015

EDF welcomes this opportunity to provide ACER with its views on the revised Network Code on Electricity Balancing before the Agency issue its recommendation to the European Commission.

In EDF opinion, the amended code (version 3.0) that ENTSO-E has submitted to ACER still does not satisfactorily address all of the concerns raised jointly by stakeholders during the consultation period and by ACER in its reasoned opinion. Although it includes some major improvements to be maintained, EDF considers that this version still requires some modifications and clarifications to ensure that the objective of a cost-efficient integration of balancing markets can be achieved in consistency with the provisions of the Framework Guidelines.

In this context, EDF would like to share with ACER its detailed analysis of ENTSO-E's revised code and provide it with proposals for additional amendments to be considered before submitting this code for adoption to the European Commission.

In this respect, we would like to raise key considerations concerning both positive and negative evolutions of the code.

Among the positive points worth mentioning, the introduction of a principle of financial settlement between Balancing Service Providers (BSP) and Balance Responsible Parties (BRP) has to be underlined. Moreover, the clarification of the different steps necessary to reach the target model puts forward the need for a pragmatic approach. This approach involves developing an intermediate model that will give enough time to learn valuable lessons to build efficiently the target model. In this way, the extension to all TSOs of the mandatory implementation of the imbalance netting process is the essential ground for additional cross-border optimisation of balancing energy activation. Moreover, the code states that such a netting needs to be put in place in an economically efficient manner. Likewise, for the sake of economic efficiency, the revised code seeks to take advantage of all Balancing Services available by allowing the TSO-BSP model for RR to be maintained after implementation of the European integration model.

On the contrary, EDF regards as a negative evolution the limitation introduced on time utilisation of specific products. Indeed, those products that could be defined, if necessary, by TSOs should not only be considered as transitory but as a legitimate alternative way to balance the system if their necessity is assessed. When it appears that some necessary balancing services can't be adapted into standard products, there should be a solution to offer them anyway.

Finally, EDF is still concerned by the lack of possibility for stakeholders to be involved in the definition of numerous methodologies and processes for balancing market integration. We believe very necessary to create a stakeholder group dedicated to balancing, in addition to the one on pilot projects (maybe in the frame of the experts groups envisaged below the Committees in the latest joint ACER/ENTSO-E governance proposals).

Please find hereafter more details on the evolutions we noticed in the revised code and proposals for amendments.

EDF
22/30 Avenue de Wagram
75382 PARIS cedex 08
www.edf.com

1. The principle of a financial settlement from the BSP to affected BRPs (if acting independently) should be widespread and based exclusively on a check of the effective Balancing Service provided.

Amendment proposals:

Article 53 – General principles for balancing energy *(modification, addition)*

53.1 Each TSO shall establish for the settlement of Balancing Energy with Balancing Service Providers, for at least the Frequency Restoration Process and Reserve Replacement Process, a procedure for:

(a) calculation of activated volume of Balancing Energy based on ~~requested or~~ metered activation; and …

53.4. The energy of the activated volume of Balancing Energy shall be settled between the Balancing Service Provider and the relevant Balance Responsible Parties.

Explanatory statement:

EDF stresses the importance to prevent from any undue distortions within the internal market and avoid jeopardizing incentives to different parties.

In this regard, EDF welcomes the modifications introduced in article 10 (*objectives of the balancing market*), article 27 (*Terms and conditions related to Balancing*), and article 52 (*General settlement principles*) to clarify interactions between Balancing Service Providers (BSP) and Balance Responsible Parties (BRP) whose perimeters are affected by BSPs' actions.

However, EDF considers that additional clarifications are still required to ensure that the modalities of the financial settlement between involved parties (foreseen in article 27) will be fairly defined. In particular, a fair financial settlement between the involved parties shall only be possible if the necessity of checking BSP service is assessed.

- EDF considers that the principle of this financial settlement should be widespread to cope with the case where the BSP and the appointed BRP are not the same player. Indeed, a BSP cannot resell something it has not bought! Even if the imbalance adjustment is perfectly made and the BRP does not suffer from any imbalance, the imbalance adjustment process constitutes *de facto* a physical transfer of energy from the perimeter of the BRP which implies a payment from the BSP to affected BRPs to settle the cost of related energy.
- EDF also wishes to underline that this financial settlement should be based exclusively on the net volume of Balancing Energy resulting from the activation of balancing energy services rather than the requested activation (which doesn't enable any check of BSP effective services provided). This volume should be metered by TSO (or any neutral party different from the involved BSP and BRP) and be based on the data used by TSOs for the imbalance calculation of the BRP.

Lastly, EDF highlights the importance to ensure that each "Demand Side Response" unit is attached to one unique BSP perimeter to enable a fair accounting of energy flows between BSPs (aggregator, supplier) competing on the market.

2. Economic efficiency should remain in the focus at each stage of the implementation of the different models for the exchange of balancing energy services.

Amendment proposals:

Article 16 – European integration for FRR with manual activation *(modification)*

16.4 No later than ~~four~~ six years after the entry into force of this Network Code, all TSOs shall have the right to jointly develop a proposal for modification of the European integration model for the Frequency

Restoration Reserves with manual activation. Proposed modification shall be supported by a Cost-Benefit Analysis performed by all TSOs.

Article 18 – European integration model for FRR with automatic activation *(modification)*

18.4 No later than ~~four~~ six years after the entry into force of this Network Code, all TSOs shall have the right to jointly develop a proposal for modification of the European integration model for the Frequency Restoration Reserves with automatic activation. Proposed modification shall be supported by a Cost-Benefit Analysis performed by all TSOs.

Explanatory statement:

The objective of the balancing markets integration is to reduce total costs of procurement of balancing services and, accordingly, increase the economic social welfare. Economic efficiency should remain in the focus to ensure these expectations are met.

In this regard,

- **EDF welcomes ENTSO-E's amendments to ensure the regional model (Article 19) as well as to apply to all TSOs the European model (Article 20) for imbalance netting**

  The netting of power imbalances occurring in different control areas allows for a collective optimisation, thereby reducing the demand for control power of each TSO. Consequently, it appears as a reliable source of cost efficiency for the overall system and its implementation should be considered as mandatory.

- **EDF supports a progressive implementation based on a limited number of steps, each of them properly justified by the relevant cost benefit analysis and the lessons learned from the previous steps (from pilot projects to regional integration).**

  Indeed, EDF shares the opinion that the implementation of the European integration model appears to be a very ambitious target considering both (i) the differences existing between current local practices and (ii) the close-to real time operation of the grid.

  It is essential to maintain some flexibility to deal with practical complexities and risks related to the implementation of the different models. In particular, EDF stresses the importance of implementing harmonisation and standardization in a coherent and pragmatic way. The benefits of harmonization could rapidly be overrun by the potential losses due to the corresponding non offered capacities or the lower economic efficiency. Each step of integration should be accordingly analyzed to prove its technical feasibility and its economic efficiency justified (cost benefit analysis).

  The first experience gained with Balancing Pilot Projects has highlighted the complexity of integrating different balancing processes. Therefore, although this is not formally in line with the Framework Guidelines on EB, EDF supports ENTSO-E's proposal to focus the calendar on the first crucial stages of the balancing markets integration rather than the final common pan-European model.

  In this regard, EDF would like to underline that the timeline for proposing amendments to the different European integration models (articles 16.4 and 18.4) coincides with the implementation timeline for regional implementation, which leads to a limited time to properly take into account the feedback gained by the pilot projects and early implementation.

- **EDF considers that the European integration model should allow the possibility to maintain the existence of several CoBAs when economically efficient.**

  For instance, as far as Replacement Reserve is concerned and since not all TSOs are using a Replacement Reserve Process, regions will probably form different COBA for RR and be separated by countries that will not use that Standard Products. Therefore, there would be no sense to force the merger of such separated regions into one CoBA.

3. The procurement and the utilisation of standard and specific products needs for clarification.

Amendment proposals:

Article 29 – Requirements for Standard and Specific Products *(addition, modification)*

29.5 The list of Standard Products for Balancing Capacity and Standard Products for Balancing Energy shall define at least the following characteristics:

(a) Preparation period
(b) Ramping period
(c) Full activation time
(d) Minimum and maximum quantity;
(e) Deactivation period
(f) Minimum and maximum duration of delivery period
(g) Validity period
(h) Mode of activation
(i) Fixed starting time
(j) Fixed ending time

The Balancing Service Providers shall be able to indicate the value of these characteristics when submitting Balancing Capacity bids or Balancing Energy Bids, among the fixed value or appropriate range selected by the TSOs.

29.8. After the proposals for Standard Products pursuant to paragraph 2 has been submitted for regulatory approval, each TSO shall have the right to develop a proposal for defining and using Specific Products for Balancing Capacity and Specific Products for Balancing Energy. This proposal shall include:

(a) Definition of Specific Products ~~and time period in which they will be used~~;

Article 34.2 – General Provisions *(addition)*

34.2. All TSOs shall use within its Responsibility Area a market-based method (on the form of a call for tender) for the procurement of Balancing Capacity for at least Frequency Restoration Reserves and Replacement Reserves.

Article 36.7 – General Provisions *(addition)*

36.7. All TSOs of a Coordinated Balancing Area shall use a market-based method (on the form of a call for tender) for the procurement of Balancing Capacity to be exchanged.

Explanatory statement:

- **The definition of Standard Products (article 29) and related impact for BSP when submitting their bids can lead to increased costs of balancing.**

EDF understands that this new version of the code introduces a distinction within the list of requirements for Standard Products for Balancing Capacity and Standard Products for Balancing Energy between two subsets of characteristics. The definition of the first subset of characteristics listed in article 29.5 relies on fixed value or an appropriate range to be set by TSOs, whereas the definition of the second set of characteristics listed in article 29.6 relies on value to be provided by BSPs. EDF considers that this distinction can lead to additional constraints for BSP when submitting their bids. It could lead to reduce the volume available in the market through Standard Products and consequently increase the costs of balancing. On the contrary, this list shall ensure that, within the standard frame, the BSPs will be able to indicate in their bids the value corresponding to the actual dynamic performances of their units, and not only the information of the second subset in paragraph 6, i.e. concerning price, location and divisibility. Moreover, this list should mention a fixed start point and a fixed stop point to allow products corresponding schedule shifting.

- The use of Specific Products (article 30) needs to be clarified.

  The code should clarify how balancing energy bids sourced from Specific Products and Standard products are ranked through the Activation Optimisation Function. EDF underlines that Specific Products can refer to slower or more constrained balancing resources but whose activation is cheaper than resources submitted through Standard products. It is important to maintain economic efficiency in the focus and to prevent from depriving TSOs from competitive resources, be they submitted through standard or specific products.

  As stated before, EDF considers the limitation introduced on time utilisation of specific products as a negative evolution. Those products should not only be considered as transitory but as a legitimate alternative way to balance the system if their necessity is assessed. Indeed, when it appears that some necessary balancing services can't be adapted into standard products, there should be a solution to offer them anyway.

  Besides, the code states (article 30.4) that TSOs shall have the right to convert Specific Products into Standard Products for Balancing Energy used in a Coordinated Balancing Area in case these specific products do not fulfill the need of other TSOs of the concerned CoBA. In such cases, EDF considers that it is essential that (i) appointed BSPs are informed and (ii) the potential impacts induced by this conversion are neutralized.

  From a general perspective, the volume of balancing resources available for TSO, (be they from specific or standard products) should not be reduced. This calls for more transparent and explicit information from TSOs to BSPs regarding the selection and activation process.

- The procurement of Balancing Capacity, both within a Responsibility Area (Article 34) or a CoBA (article 36) should be based on a call for tender, which is the only acceptable interpretation of a market-based approach.

  Alternative options (Call for tenders with price caps, Obligation linked with a liquid secondary market for Transfer of Obligations remunerated at a regulated or a market price) would not ensure a fair competition between all BSPs within a CoBA or between CoBAs based on a level playing field.

- Activation mechanism for Balancing Energy.

  EDF welcomes the introduction in Article 42 of the principle of TSOs striving to use all balancing energy bids from FRRm and RR into the most efficient way. Nevertheless, this should, in practice, go further, up to a co-optimisation of the bids of different products into a single CMO.

4. Interaction between Intra-day and balancing markets

Amendment proposals:

Article 32 – Balancing Energy Gate Closure Time *(addition, suppression)*

32.4. A Balancing Energy Gate Closure Time shall:

(a) be after the Intraday Cross Zonal Gate Closure Time ~~for manually activated Balancing Energy bids~~ and avoid, to the highest possible extent, cross zonal Intraday Market ~~and Balancing Market~~ taking place at the same time;

~~*32.5. All TSOs of a Coordinated Balancing Area shall have the right to submit a proposal to their respective NRAs to define Balancing Energy Gate Closure Time for automatically activated Balancing Energy bids before the Intraday Cross Zonal Gate Closure Time. The proposed Balancing Energy Gate Closure Time for automatically activated Balancing Energy bids shall be as short as possible as and not longer than 12 hours before real time. […]*~~

Explanatory statement:

- **EDF is concerned about the possibility to define the Balancing Energy Gate Closure Time for automatically activated Balancing Energy bids before the Intraday Cross Zonal Gate Closure Time and about the related impacts for BSPs.**

  The resubmitted version of the code introduces (article 32.5) the ability for TSOs to submit a proposal to their respective NRAs to define Balancing Energy Gate Closure Time (BEGCT) for automatically activated Balancing Energy bids before the Intraday Cross Zonal Gate Closure Time up to 12 hours before real time.

  EDF considers that such a provision is contrary to the objective pursued, i.e. to promote resources optimisation through market integration rather than through TSOs direct actions. Indeed, energy bids submitted before BEGCT would be firm, which means corresponding volumes could not be *de facto* offered anymore in intraday market timescales. Besides, such a provision would introduce additional constraints for BSP that could not anymore offer the volume of FRRm and RR products whose activation would imply to reconsider the offers submitted, ahead in time, through FRRa.

  In any case, it is worth noticing that such a provision will create an important overlap between balancing and intraday markets. Potential negative impacts on the liquidity of intraday markets have to be properly weighted with regard to other potential exceptions to the principle of separation. We believe that BEGCT after cross-zonal intraday Gate Closure should be the rule, for both manual and automatic reserves.

- **EDF considers that the requirements related to interactions between the balancing and intra-day market timeframes can lead to reduce the volume of balancing services offered to markets.**

  Considering a strict separation of the balancing and intra-day market timeframes, BSPs could be unable to provide the market with bids for Balancing Services (for instance for RR or FRR) related to physical assets with longest preparation or activation periods. It is essential that the code duly takes into account such impacts that may significantly undermine the benefits resulting from balancing markets' integration.

  EDF stresses that the introduction of article 32.4.a can even further increase potential negative impacts due to this strict separation. Indeed, this article states that the BEGCT shall be after the Intraday Cross Zonal Gate Closure Time for manually activated Balancing Energy bids and avoid cross zonal Intraday Market and Balancing Market taking place at the same time. Such a provision would reduce the timeline for activation (rolling timeslots could no more be considered) and consequently the volume of services offered to markets. It would also incentivize BSPs to only submit balancing offers that do not lead to reconsider initial dispatch in order to prevent from any potential impacts on following intraday timescales.

- **EDF considers that the definition of a harmonized Balancing Energy Gate Closure Time for all products (article 32.2) of a reserve process could contribute to more efficient use of balancing resources should be accordingly supported. Moreover it would make BSPs operation easier.**

5. General settlement principles need for clarification.

Amendment proposals:

Article 52 – General Settlement principles *(addition)*

52.4. TSOs shall not be allowed to use the financial outcome as a result of the settlement pursuant to SECTION 2, SECTION 3 and SECTION 4 of this Chapter to cover the cost of any congestion.

In addition, the imbalance settlement principles shall ensure that financial flows (i) between TSOs and BSPs and (ii) between TSOs and BRPs are balanced, due to, respectively, Balancing Energy Settlement with BSPs and Imbalance Settlement with BRPs.

Explanatory statement:

- General settlement principles needs for clarification.

The Framework Guidelines on Electricity Balancing (§5.3) state that "*Imbalances shall be settled […] at a price that […] reflects the costs of balancing the system in real time*".

In order to prevent from any ambiguity, principles related, on the one hand, to Balancing Energy Settlement with BSPs and, on the other, Imbalance Settlement with BRPs should be clarified.

- TSOs responsibility related to the assessment and reporting of energy activations should not be minimized.

The control and the measurement of balancing energy activations are required to ensure that balancing services are effectively provided by the BSPs and to assess the type of financial settlement to be considered between different parties.

TSOs implication is essential to ensure these requirements and should be more explicitly mentioned in the code.

6. Responsibility and related obligation for TSOs should be clarified.

Amendment proposals:

Article 22.4 – Role of TSOs *(addition)*

22.4. TSOs shall not offer Balancing Energy themselves except, when the relevant NRAs have approved a request by the TSOs to allow them to offer bids for Balancing Energy themselves. This request shall include: […]

(g) In any case, the priority shall be given to possible "last resort" call for tender from Balancing Service Providers to procure additional Balancing Energy bids required to respect to dimensioning requirements

22.5. Each TSO shall use best endeavors to provide the Balance Responsible Parties with the adequate information closer to real time, in order to enable them to deal with their imbalance and mitigate the financial impact of imbalance settlement.

Explanatory statement:

- In case additional Balancing Energy bids are required to respect the dimensioning requirements, the priority should be given to a "last resort" call for tender from Balancing Service Providers.

Article 22.4 clarifies minimal requirements for TSOs to submit a request to NRAs for approval in order to be allowed to offer bids for Balancing Energy themselves.

EDF welcomes the proposed modifications that limit the possibility of mitigation between regulated and market activities. However, EDF expects additional clarifications that could explicitly ensure that the priority will be given to a possible "last resort" call for tender from Balancing Service Providers. This would likely procure the additional Balancing Energy bids required to respect the dimensioning requirements.

- **Each TSO shall be responsible to provide the BRPs with the adequate information, in order to enable them to balance their position and mitigate the financial impact of imbalance settlement.**

Imbalance settlement payments transfer the cost related to system imbalances to Balance Responsible Parties (BRPs). This mechanism aims at fostering efficiency in the system by providing financial incentives to BRPs to reduce their own imbalance or contribute to reduce the overall system imbalance. It has to go along with an adequate level of information provided by TSOs to BRPs in order to enable an economically efficient functioning of the market.

Indeed, TSOs are, due to the nature of their task, in a very privileged position to provide the most appropriate feedbacks regarding both ongoing overall system and BRPs' imbalances. This information is very valuable for BRPs to manage their portfolios and restore imbalances in the most cost-efficient way for the system. Providing this information to BRPs would prevent them from supporting disproportionate financial risks, which may increase the cost related to system imbalances and, consequently, reduce the benefits of balancing markets integration.

Therefore, each TSO shall be responsible to provide the BRPs with the adequate information, in order to enable them to deal with their imbalances and mitigate the financial impact of imbalance settlement. Current national practices significantly differ from one TSO to another and best practices should be promoted. At least, TSOs shall use best endeavors to provide BRPs with the most precise information closer to real-time regarding (i) overall system imbalances and (ii) BRPs imbalances (improvement of presently very different practices).

Without presuming the way imbalance settlement mechanisms could be implemented at national level (e.g. single or dual price), it is essential to ensure efficiency is fostered in the system is respected.

This new version of the code should be complemented to ensure its compliance with ACER framework guidelines regarding this issue since the obligation made to TSOs to publish the volume of unshared bids in Article 8 is not sufficient.

Indeed, this necessity is highlighted in the Framework Guidelines on Electricity Balancing in paragraph 2.4 on Transparency as well as paragraph 5.3 on Imbalance settlement and highlighted in ACER's opinion of March 2014: "TSOs should provide the necessary information to BRPs so as to enable them to support the system's balance".

7. Implementation of stakeholders' groups and public consultation period of not less than 8 weeks should be the norm.

Amendment proposals:

Article 5 – Consultation *(modification, suppression)*

5.1 The TSOs responsible for submitting proposals for implementing measures pursuant to this Network Code shall consult on a draft proposal for a period of not less than ~~four~~ eight weeks.

~~*5.2 The draft proposals pursuant to paragraphs 3(b), 3(e), 3(f), and 3(h) shall be consulted for a period of not less than eight weeks.*~~

Or

5.2 The draft proposals shall be consulted for a period of not less than eight weeks, at least for the proposals pursuant to paragraph 3(b), 3(e), 3(f) and 3(h).

Explanatory statement:

EDF welcomes that this new version (article 5.2) extends to 8 weeks the minimal duration period for consultations on the major topics concerning modifications of target models or structuring features like the Imbalance Settlement Period or Standard Products. Nevertheless, EDF considers this minimal duration should be the norm or at least should not be restricted to this very list of proposals to be submitted by ENTSO-E.

Stakeholder's involvement is essential to ensure cost-efficiency is safeguarded all along the integration process of balancing markets.

Most of the evolutions and related methodologies will have to be defined and we consider that a significant stakeholders' involvement is needed for this. Indeed, each evolution will impact the efficiency of the balancing (as well as of the intraday) market. It will also imply additional constraints for all stakeholders to adapt their operational and optimisation processes. Stakeholder feedbacks are essential to ensure that all related potential impacts will be duly taken into consideration and that they will be duly justified with adequate cost-benefit analyses carried out on a case-by-case basis at each step of evolution of the market organization.

In this regard, EDF believes that a 4-week period will not be sufficient to properly involve stakeholders on critical and complex issues such as proposals regarding criteria and methodology for Cost-Benefit Analyses or the main features for Imbalance calculation and Imbalance pricing to be harmonized.

8. The activation of balancing energy bids before BECGT should be allowed in specific circumstances, though hedged around with clear conditions.

Amendment proposals:

Article 40 - Activation of balancing energy bids *(addition)*

40.2. TSOs within its Responsibility Area shall have the right to request the delivery of Balancing Energy prior to Balancing Energy Gate Closure Time in Alert State or Emergency State or to avoid entering into Alert State or Emergency State. All the actions undertaken by the TSOs pursuant to this paragraph shall be aimed to reduce system costs and to minimize inefficiencies and distortions in electricity markets and shall be in line with the market activities suspension rules as defined pursuant to Chapter 4 of the Network Code Emergency and Restoration.

Explanatory statement:

- The activation of balancing energy bids before BECGT should be allowed in specific circumstances (e.g. in Alert and Emergency State), though hedged with clear conditions.

EDF considers that the possibility for the TSOs to activate balancing energy offers before the BEGC in case of Alert State or Emergency State or to avoid entering into these system states, would allow exploiting a wider range of flexibility services available in the system. Nevertheless, the scope of these operational arrangements should be duly limited in order to ensure that all the actions taken by TSOs are exclusively aimed at reducing system costs while minimizing the impact on the market.

9. The introduction of an objective of efficient joint optimisation of RR and FRRm activation should be developed and clarified.

Amendment proposals:

Article 42 - Activation of balancing energy bids *(to be preserved and developed)*

42.9. All TSOs that operate the Frequency Restoration Process and the Reserve Replacement Processes to balance their Responsibility Area shall strive for using all Balancing Energy bids from relevant Common Merit Order Lists to balance the system in the most efficient way taking into account Operational Security.

Explanatory statement:

- EDF welcomes the introduction of an objective of efficient co-utilisation of RR and FRRm that should be developed and clarified.

Therefore, the network code should aim at a joint optimisation in the activation of balancing resources from FRRm and RR. A joint optimisation of the activation of products from FRRm and RR included in the Common Merit Order Lists established at EU level, as could be envisaged and developed within article 42.9, could contribute to increasing the liquidity of balancing markets and to getting a more efficient use and better evaluation of the capabilities of each balancing resource.

10. The possibility to implement a TSO-BSP model for the exchange of balancing capacity and energy for Replacement Reserves should be maintained also after the implementation of the regional and European Target Models.

Amendment proposals:

Article 38.8 - TSO-BSP model *(to be preserved)*

Explanatory statement:

- EDF welcomes the exemption from the TSO-TSO model in the form of a TSO-BSP model for the exchange of balancing capacity and energy from Replacement Reserves also after the implementation of the European Target Model.

Balancing markets integration aims to promote a wider optimisation framework, but it should not result in limiting, at any stage, the sharing and the exchange of balancing services when they are technically and economically justified.

The TSO-TSO model should be the standard model to carry out this optimisation between different CoBA exchanging between them one given Standard Product. However, EDF believes that the possibility to implement a mechanism (i.e. the TSO-BSP model) which allows a direct procurement by the TSOs of balancing capacity and balancing energy from BSPs located in neighboring control areas can improve the efficiency of the whole integration process. This solution would facilitate the exchange of balancing services from FRR and RR between different COBAs, resulting in (i) an increased liquidity of balancing markets and (ii) an increased efficiency in the use and evaluation of the available balancing resources. Moreover, the application of this mechanism is especially relevant for Replacement Reserve not only as a transitional arrangement but also after the implementation of the European integration model, with the objective to promote a competitive procurement of Replacement Reserve Services otherwise not valued due to their location in control areas whose TSOs do not operate this process. Thus, in our opinion, as long as one given product is not exchanged within a CoBA, BSPs belonging to this CoBA should be allowed to offer this product to TSOs located in other areas.

EDF is, therefore, in favor of keeping the current wording of article 38.8 of the revised version of the NC Electricity Balancing which foresees the extension of the application of the TSO-BSP model beyond the initial implementation phase of the Network Code.

11. The conditions for the update of balancing energy bids after the BECGT should be further clarified.

Amendment proposals:

Article 11 – Creation of coordinated balancing area *(addition)*

11.5 All TSOs of a Coordinated Balancing Area shall develop a common proposal for a Coordinated Balancing Area, detailing: […]

(b) the circumstances under which it would be possible to update ~~the principle of allowing~~ the volume and price of Balancing Energy bids ~~to be updated~~ after the Balancing Energy Gate Closure Time within the terms and conditions pursuant to Article 27;

(c) the principle of conditional activation of offers for different balancing products within the terms and conditions pursuant to Article 27;

Article 27 – Terms and conditions related to balancing *(addition)*

27.5 The terms and conditions for Balancing Service Providers shall contain at least: […]

(l) if applicable, pursuant to Article 11(5)(b) rules for updating the volume and price of Balancing Energy bids after the Balancing Energy Gate Closure Time;

(m) if applicable, pursuant to Article 11(5)(c) rules for the conditional activation of offers for different balancing products;

Explanatory statement:

The conditions for the update of balancing energy bids after the BECGT should be further clarified.

EDF welcomes the possibility envisaged by the Network Code to update the volume and price of balancing energy bids after the BECGT as a way to better deploy some of the flexibilities available in the system. Yet, the actual advantage of this opportunity strongly depends on the conditions for its implementation. Notably, the introduction of constraints in the activation of offers for different balancing products should be envisaged in the Code, e.g. the possibility to make offers of FRRa conditional on the activation of offers of FRRm or RR as well as to allow the update of energy bids for FRRa after the activation of energy bids for FRRm or RR.

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EDF
22/30 Avenue de Wagram
75382 PARIS cedex 08
www.edf.com