



Stakeholders Advisory Group for the Network Code on Electricity Balancing

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Introduction

- Europex appreciates the opportunity given by ACER to comment on this draft Network Code on Electricity Balancing
- Europex has provided concrete proposals for text amendment through the public consultation accompanied by comments in a letter which was sent to EC and ACER
- Europex is at ACER's disposal for any bilateral meeting that could be deemed useful

Residual balancing and role of BRPs

- EUROPEX is in favour of **residual (as opposed to pro-active) balancing**: the BRPs should be given all opportunities to restore the balance by acting on the wholesale market and the TSOs should act in last resort only and are tasked “only” to take residual balancing actions to handle balancing in real time;
- Flexible means should therefore be made available to BRPs on the competitive, wholesale (WS) market before the balancing market as much as possible:
 - Incentivise BRPs to balance on the DA and ID markets
 - Aim at developing liquidity on all markets
 - Don't book reserve capacity in advance of DA market clearing and ID GCT unless absolutely necessary.
 - Etc.

Interferences with other markets

- EUROPEX is concerned that the **balancing market could hinder the functioning of the intraday market** (split of liquidity, BSPs bringing flexibility on the balancing market only, etc.)
- The aim should be to increase the liquidity on all markets, in particular the competitive forwards, DA and ID markets. (Risk of “cannibalisation” of intraday market if the systems used for balancing and intraday are differ.)

ENTSO-E to Acknowledge the Role of MOs

- ENTSO-E has been mandated to draft NC balancing but should be careful not to usurp Market Operators' role w.r.t. balancing by ignoring national specificities
- Europex supports rules harmonisation to the extent they improve market functioning. However, the NC objectives can be reached more efficiently without transferring current responsibilities from MOs to TSOs

Insufficient Recognition of Current Practice

- Electricity balancing is the responsibility of TSOs in some countries but not in all of them
- In countries such as **the Czech Republic, Slovakia, Austria, Slovenia, Italy, Romania, Croatia, Ireland** Market Operators are responsible for evaluation, billing and settlement of imbalances or for organization of the balancing market
The FG EB recognize the role of “other responsible entities where relevant” to a large extent. This reality should be reflected in the Balancing Network Code.
- Market Operators have experience in varieties of models of the Balancing Market
- Recognising the role of non-TSO entities w.r.t balancing could lead to more efficient and quicker implementation of NC objectives

Functions Ruled by NC EB (related to MOs)

	OTE (CZE)	Borzen (SVN)	EXAA (AUT) ³	OKTE (SVK)	GME (ITA)	OPCOM (ROM)	SEMO (IRL)	Nord Pool ¹¹	HROTE (HR)
Facilitating balancing markets /operation of exchange of the balancing energy	Yes ¹	Yes	No	No	Yes ⁶	No	Yes ⁹	No	Yes ¹³
Performing imbalance settlement	Yes	Yes	Yes	Yes	No	Yes ⁷	Yes ⁹	No	Yes
Publication of the information regarding balancing markets and imbalance settlement etc.	Yes	Yes	Yes	Yes	Yes ⁶	Yes ⁸	Yes ⁹	Yes	Yes
Definition and issuing of the rules defining balancing markets	Yes ^{1,2}	Yes	Yes ⁴	Yes ⁵	No	No	No ¹⁰	No	Yes
Definition and issuing of the rules defining imbalance settlement (including settlement period, imbalance pricing, BRP roles, etc.)	Yes ²	Yes	Yes	Yes	No	No	No ¹⁰	No	Yes

The Principle of Subsidiarity

- Even though we do not question that many tasks mentioned in this code are exclusively the responsibility of TSOs, we are particularly concerned by the fact that the NCEB does not recognise existing arrangements,
- in this respect does not ensure that the principle of subsidiarity is respected.
- The assigned tasks are successfully handled Market Operators, PXs, etc. Their duties and responsibilities are secured and ensured through national legislation, rather than through delegation by TSOs, and this indeed is also reflected in the ACER Framework Guideline on Electricity Balancing.

Market Operators in NC (1/3)

- Framework Guidelines on Electricity Balancing allow for the assignment of more tasks to other designated entities:
 - In **2.3 Terms and conditions related to balancing**: *“The Network Code on Electricity Balancing shall require that TSOs, or other responsible entity where relevant, define terms and conditions related to balancing in accordance with the Network Code on Electricity Balancing and European and national legislation.”*
 - In **5.2 Role of BRPs**: *“The BRPs shall meet the requirements set in the terms and conditions defined by the TSO or an entity responsible for imbalance settlement and contractually agreed upon.”*

Market Operators in NC (2/3)

- Market Operators should be included in the parts of the NC EB defining functions and responsibilities which are assigned today to Market Operators in many EU countries
 - Article 1, Para. 2: *"The requirements set forth by this Network Code shall apply to Transmission System Operators, National Regulatory Authorities, the Agency, Market Operators where applicable, Distribution System Operators and Market Participants."*
 - Article 2, Para. 2: a definition of Market Operators should be added

Market Operators in NC (3/3)

- There are currently models with close cooperation regarding balancing in several EU Member states working well with over 10 years of experience. National legislation in these cases has not prevented harmonisation and rather fosters cooperation on the European Energy Market.
- Europex proposes to clearly differentiate between
 - (1) the assignment of tasks to Designated Entities, with the accompanying responsibility (by a Member State or NRA - "designation") and
 - (2) the delegation of tasks under the network code without the accompanying responsibility (by a TSO or designated entity - "delegation").

Thank you for your attention

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