

Inputs on Balancing Arrangements and the Balancing NC (GL)

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EBGL – assignment of Market Operators

Draft Regulation establishing guideline on electricity balancing EBGL excludes Market Operators

- EBGL does not recognise existing arrangements, and in this respect does not ensure that the principle of subsidiarity is respected
- There are tasks that are assigned under this GL solely to TSOs that are currently successfully handled by Market Operators in nine Member States. Their duties and responsibilities are secured and ensured through national legislation, rather than through delegation by TSOs
- MSs: UK, Austria, Czech Republic, Slovakia, Slovenia, Romania, Ireland, and Croatia

Market Operators assigned roles

- Currently several Market Operators or other entities are assigned by Member States or NRAs – in nine EU countries: for imbalance settlement and different rules (imbalance settlement, BRP, balancing markets); in some countries MO also facilitates balancing markets
- **ENTSO-E & ACER recognised the important role of market operators and current arrangements**
- **Draft Network Code Energy Balancing (NC EB) allowed assignment of third parties by MS or NRA**

EB GL – assignment of Market Operators

The proposed text by ACER 20 July 2015 on "ENTSO-E Network Code on Electricity Balancing" regarding Article 10, paragraphs 4 and 5 is much preferred by Market Operators within Europex compared to the COM draft because the former recognize the role of Market Operators.

EBGL – assignment of Market Operators – detailed arguments

- In several Member States, market operators undertake some of the tasks and obligations set out in the GL EB, e.g. imbalance and balancing settlement. These market operators are experienced in what they do (over 25 years in some cases) and what they do is already regulated/approved by NRAs.
- The GL EB should govern what happens, not who does it. All will be bound to follow the same European rules whoever they are and these market operators have no power to deviate from the path of European harmonisation.
- To mandate that existing non-TSO market operators change to become contracted to TSOs is inefficient in terms of the considerable work to be required to achieve this (by market operator, TSO and NRA, who will need to approve the terms of delegation). And most importantly this change gives no identifiable added benefit to European consumers.
- Indeed these unnecessary changes may slow the process of European harmonisation as scarce resources are diverted to change the governance of these bodies; or even to remove them entirely and replace them with TSOs; rather than proceeding with the harmonisation process itself.
- The removal of the possibility of assignment takes power away from Member States and NRA, and gives powers to TSOs to decide whether to remove existing bodies. Even when these existing bodies can better fulfil these tasks because of their experience and expertise than the TSO.
- For all the above reasons therefore we oppose the removal of assignment option from the Guideline on Electricity Balancing and propose that the previous (ACER) draft text from July 2015 be reinstated in full in the Guideline.

Key inputs on Balancing Arrangements and Balancing NC (GL)

- NC should take into account current governance structures and functions of Market Operators as key actors linked to balancing
- Balancing should focus on Residual Actions only
- Balance responsible parties should be equally incentivized to be balanced, e.g. regardless of generation source and demand
- Avoid 'overlap' between balancing and organized markets (DA/ID/Forwards)
- The full Interconnector Capacity between Bidding Zones (ATC/ FB) should be provided (within security limits) to Single DA Coupling and then to Single ID Coupling, thus no pre-reservation of IC capacity for Balancing purposes should be made