

Europex Response to the ENTSO-E Public Consultation for the Design of TERRE and RR Harmonised Balancing Area

Brussels, 16 August 2017 | The present overview summarises the Europex responses to the ENTSO-E public consultation questionnaire for the design of TERRE (Trans European Replacement Reserves Exchange) and RR Harmonised Balancing Area.

For further details on the consultation itself, please see the [ENTSO-E consultation website](#).

Q 0: Please give us your general views on the TERRE project, and on this consultation document

The TERRE project working packages include TSO-BSP/BRP settlement and TERRE data publication. Subject to NRA approval, these TERRE aspects must be incorporated into existing arrangements at local level by TSO and, in some cases, third party non-TSO settlement organisations.

It is therefore imperative that Project TERRE and these third parties, some of whom are members of Europex, closely coordinate at all times on all changes that TERRE considers making to the TSO-BSP/BRP settlement and data publication aspects. This will enable these providers to incorporate any changes in a timely and consistent manner with TERRE. In this respect, there must be transparency on the detailed design of interfaces for TERRE settlement and data publication purposes.

It is also vital to ensure coordination between TERRE and TSO and non-TSO settlement organisations which might join at a later date, in order to give them adequate time to prepare.

Q 2.1 Do you have specific comments on the LIBRA platform description?

On Page 12 of the consultation (Section 2.1), Europex notes that individual TSOs may request copies of the data that is sent to the ENTSO-E Transparency Platform. In some cases, this data may need to be published on local/national platforms in accordance with national arrangements. It is important to know the time at which such data will become available to TSOs from TERRE, to ensure that they and any third parties who are responsible for transparency platforms are able to meet any national data publication requirements.

In some cases, national legal requirements on data publication may not be compatible with TERRE publication times (e.g. imbalance prices calculated including TERRE acceptances). Europex therefore suggests that all TERRE data is sent to the individual TSOs as soon as it has been created by LIBRA. For example, TERRE product bids and acceptances as well as clearing prices can be sent before the start of the delivery period. Simultaneous automatic data transfer

to the ENTSO-E platform and to individual TSOs who request it will also help address the Electricity Balancing Guideline requirement (Article 12(2)) that there is no actual or potential competitive advantage.

Q 2.3 Which approach would you prefer to follow regarding unforeseeably rejected bids?

It remains unclear to us whether the overall welfare will be increased by permitting higher priced non-divisible bids to take precedence (be executed) over lower priced divisible bids. Such a solution can potentially result in higher activated volumes than what TSOs are asking for. The total cost may ultimately be higher than in the alternative scenario when the selection of bids is strictly done on a best price activation basis.

Furthermore, given that the current proposal does not allow for multi-hour bids and that the envisioned initial setup is based on hourly resolution, it is not clear why non-divisible bids (e.g. blocks) would have to be part of the model.

Finally, if a non-divisible bid will be permitted to take precedence in the activation selection regardless of if its price is higher than an available divisible bid, it will create a negative incentive to offer divisible bids. This is contrary to the intent of the system setup as increased flexibility is very positive for achieving an overall system balance.

Q 3.6 Apart from the elements stated in Chapter 3, do you think other TSO-BSP and TSO-BRP elements should be harmonized? If yes which ones?

Harmonisation of imbalance settlement will be required under the EB GL Article 52 within three years as part of a wider project. It seems inefficient to require harmonisation under TERRE that might be undone by the pan-European harmonisation of imbalance settlement project.

Q 5.1 Do you have any comments regarding Chapter 5 content? (Please indicate sub-chapter reference when possible)

Europex repeats the request for close cooperation and information sharing between the TERRE project and any local implementation projects by third parties on the detailed design of the TERRE data inputs, outputs and timings, otherwise there is a risk that these local implementation projects will not be ready in time to interface with TERRE.

Q 7.1 Do you have any comments regarding Chapter 7 content? (Please indicate sub-chapter reference when possible)

The scope of the parallel run is unclear. We understand that it includes BSPs, but we are not sure whether it includes post-event settlement with BSPs and BRPs. To reflect national arrangements, third parties undertaking these activities should be part of any parallel run that includes this.

Is it the intent for all TSOs in all Member States to go-live with TERRE simultaneously? If not, will there be further parallel runs for those Member States that did not join in the first wave? We suggest that the latter is necessary.

Q 8.1 Do you have comments regarding chapter 8 content? (Please indicate sub-chapter reference when possible)

It is vital for a timely and efficiently planned implementation of TERRE, that the detailed design of interfaces for TERRE settlement and data publication purposes is known and shared with participating third parties as soon as possible and is not changed nearer to the planned TERRE go-live. This also applies to TSO and non-TSO settlement organisations who may join at a later date.

Changes after the regulatory approval of the initial design can then require an additional local regulatory approval process for each subsequent change to the local implementation of TERRE.

This also applies to changes introduced in the future after the initial implementation. An adequate timeframe is required to design and obtain regulatory approval for changes to systems and to implement them.

About

Europex is a not-for-profit association of European energy exchanges with currently 27 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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