ACER
Agency for the Cooperation of Energy Regulators

ACER Decisions on EB Regulation methodologies

MESC, 17 June 2020, Brussels

Overview

- Recent Decisions
- Expected Decisions
- Future Decisions
  - Overview
  - High-level planning
  - Main topics

Recent Decisions

- 3 ACER decisions issued on 24 January 2020:
  - Pricing methodology for balancing energy and for cross-zonal capacity used for the exchange of balancing energy.
  - Implementation frameworks (IFs) for the European Platforms for the exchange of balancing energy from aFRR and mFRR.
- Main aspects (following the public consultation and workshop discussions):
  - Additional transparency requirements and detailed monitoring in the FRR IFs, especially for unavailability, counter-activations and elastic demand.
  - Pricing:
    - All auctions are performed with actually available CZC (even if negative) and the prices are determined in a single auction run.
    - aFRR MTU is equal to the optimization cycle.
  - aFRR IF:
    - Monitoring of deviations between selected and activated bids and requirement for detailed analysis two years after the implementation of the aFRR platform, and proposal for amendments.
    - Harmonised FAT equal to 5 min by 17.12.2024.

Expected Decisions

- 17 December 2019: the proposals for the list of standard products on balancing capacity (SPBC) and for the methodology for the co-optimized cross-zonal capacity allocation (CO CZCA) were submitted to ACER for decision.
- 28 December 2019: the amended (after 2nd RfA) proposal for the implementation framework for the European platform for the imbalance netting (IN IF) was referred to ACER for decision.
- Main aspects:
  - Imbalance netting implementation framework
    - Alignment with the other IFs.
  - Standard products for balancing capacity
    - Alignment with the CO CZCA and minimum time between deactivation and next activation.
  - Co-optimised cross-zonal capacity allocation
    - Amended process and timeline of implementation.
    - Amended firmness regime (i.e. no Inter-TSO cost compensation cap)
    - Deletion of elastic demand and possible substitutions between different types of reserve capacity.

Future Decisions – Overview

- 14 January 2020: the following amended proposals were referred to ACER for decision
  - Classification of activation purposes (A29 EBGL)
  - TSO-TSO settlement of intended exchanges (A50 EBGL)
  - Imbalance settlement harmonisation (A52 EBGL)

- 17 February 2020: the deadline for the Nordics aFRR balancing capacity exchange and the market based cross-zonal capacity allocation expired without agreement; the proposals were referred to ACER for decision on 28 February 2020:
  - Market-based cross-zonal capacity allocation to exchange of Balancing capacity (A41 EBGL)
  - Application of Market-based cross-zonal capacity allocation (A38 EBGL)
  - Common rules for aFRR Balancing capacity market (A33 EBGL)
  - Exemption to transfer Balancing Capacity (A34 EBGL)

Future Decisions – Main topics

- Activation purposes
  - » Scope of the methodology and activations for system constraint purposes
- TSO-TSO settlement
  - » Align with the IFs and the pricing methodology
- Imbalance settlement harmonisation
  - » Calculation of imbalance
  - » Use of single imbalance pricing (incl. calculation of imbalance price)
  - » Dual imbalance pricing (conditions and methodology)
- Nordic decisions
  - » Balancing Capacity pricing & Cross-Zonal Capacity reservation costs
  - » Compliance with Article 38(5) EB regulation
  - » Accuracy of forecasting method for the exchange of (DA) Energy

MESC

EB part (ENTSO-E)

17 June 2020

Implementation of the EB Regulation

- ENTSO-E and TSOs have so far succeeded in developing **in time all methodology proposals** pursuant to the EB Regulation (end-2018 and end-2019 for different proposals).
- Nevertheless, **approval processes are lengthy**. Now that ACER has adopted decisions on most of the TSOs' proposals for EB methodologies, **TSOs can evaluate the impact of ACER's significant changes and uncertainty consequence of such changes, including the requirement to submit amended proposals and the trigger of appeals. TSOs will continue the implementation** of the EB Regulation.

- High-level status update of **European balancing energy platforms**
  - Accession roadmaps published on 21 April
  - Ongoing developments
    - Public workshop (webinar) on 13 July
- **Other EB deliverables**
  - Balancing Report and Market Report
  - EB Cost Report 2018-19

RR-Platform: TERRE developments

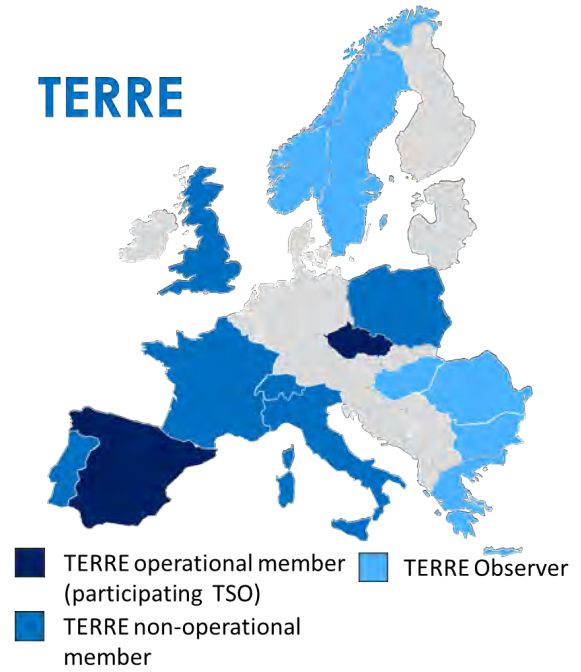
TERRE became operational in January 2020!

Two TSOs are already operational:

- **ČEPS** (CZ): 6 January 2020
- **REE** (ES): 3 March 2020

Next accessions:

- **REN, Swissgrid**, **Terna, RTE and NG ESO** in Q3 2020:
  - Delayed due to Covid-19 situation
  - Expected between end September and end October 2020
- **Terna** in Q4 2020
- **PSE** in Q1 2022, expected January

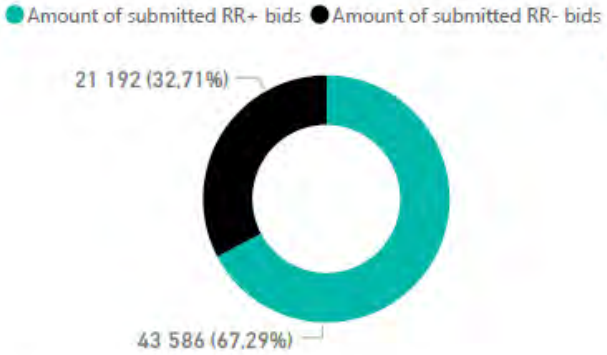


In addition to the remaining accessions, TERRE is **implementing** ACER Decision on the pricing proposal: one **single marginal price** for both balancing and activation for system constraints.

TERRE will extend LIBRA IT solution to cooperate with MARI and Nordic mFRR regional platform → efficiency gains!

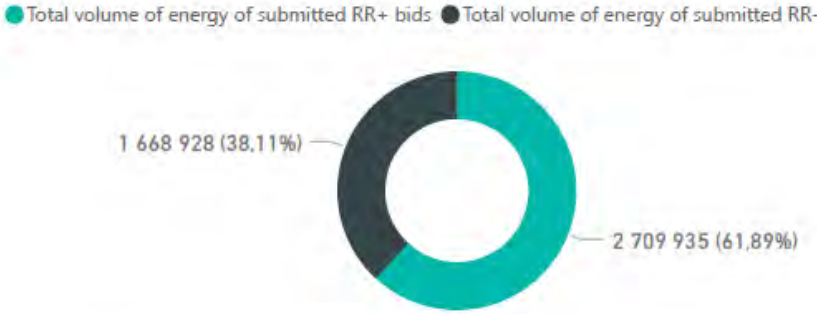
TERRE results Q1 2020

Number of submited RR+ & RR- bids



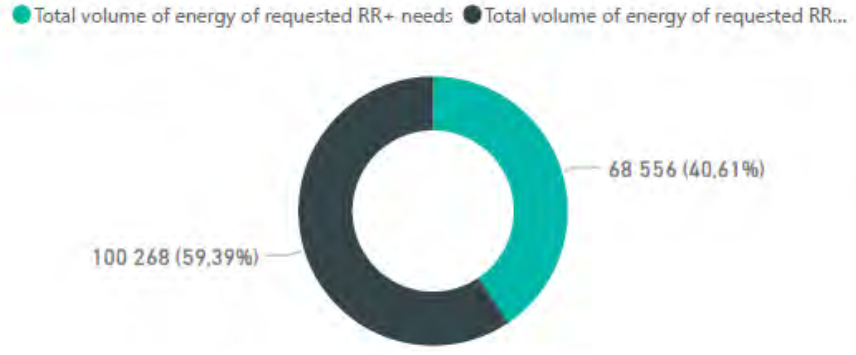
Amount of submitted RR+ bids	Amount of submitted RR- bids	Number of submitted RR bids
43 586	21 192	64 778

Total volume of energy of submitted RR+ & RR- bids (MWh)



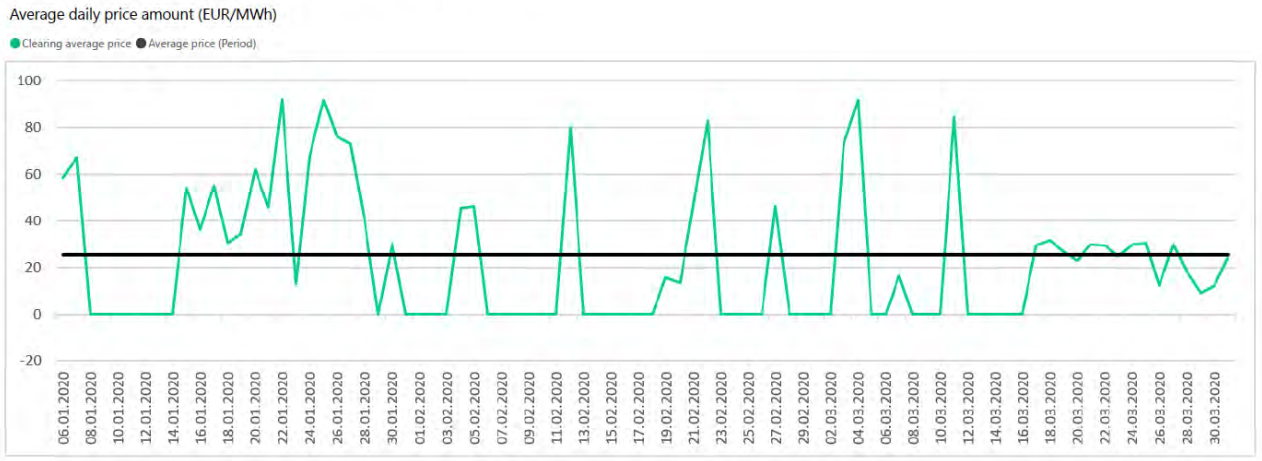
Total volume of energy of submitted RR+ bids	Total volume of energy of submitted RR- bids	Amount volume energy of RR Bids
2 709 935	1 668 928	4 378 863

Total volume of energy RR+ & RR- needs (MWh)



Total volume of energy of requested RR+ needs	Total volume of energy of requested RR- needs	Amount volume of energy of requested RR needs
68 556	100 268	168 824

Clearing price range per reporting period (EUR/MWh)

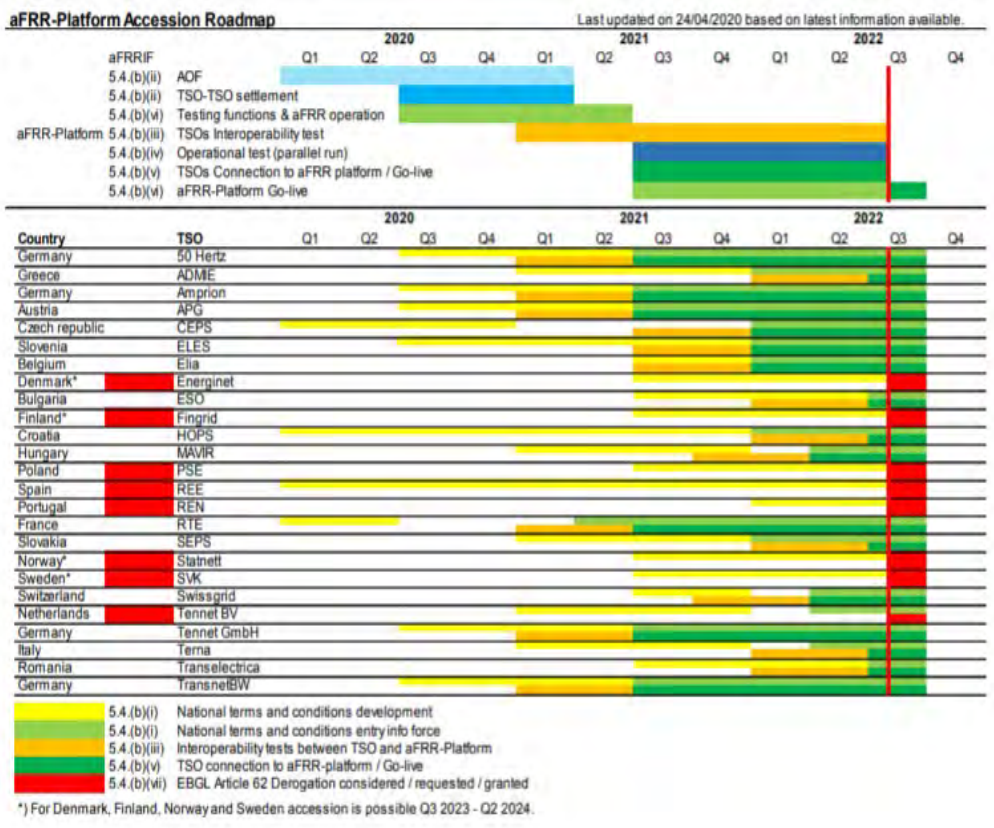


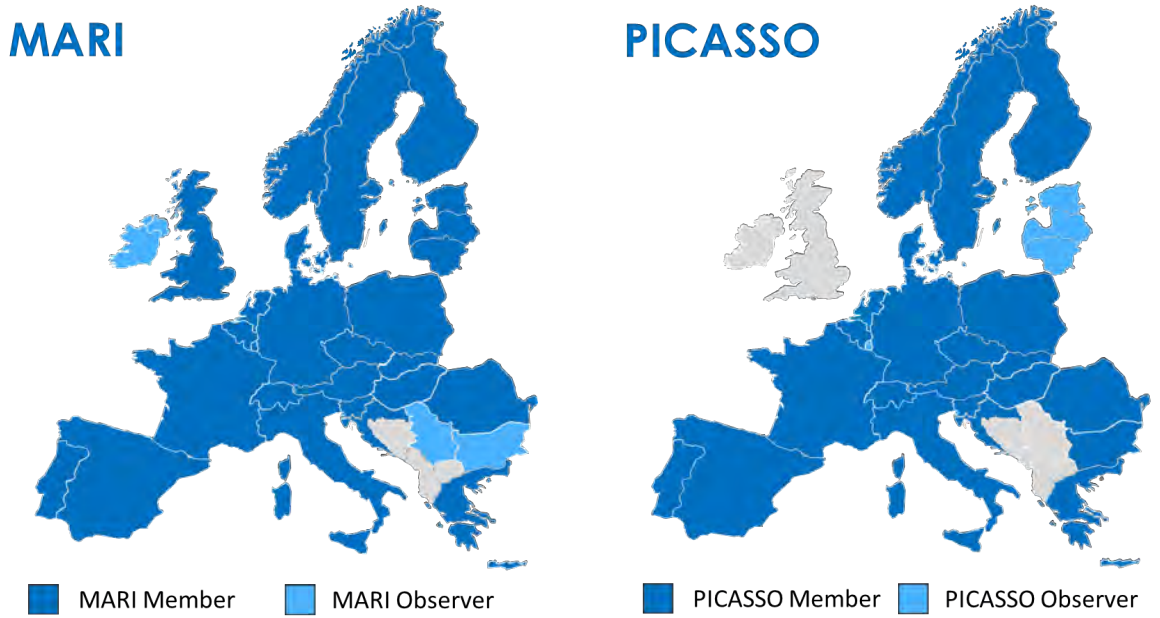
Max.clearing price (EUR/MWh)	Min.clearing price (EUR/MWh)	Volume-weighted avg.clearing price (EUR/MWh)
93,69	-0,20	25,34

mFRR- and aFRR-Platforms: MARI and PICASSO

MARI and PICASSO accession roadmaps published

→ See accession roadmaps MARI and PICASSO





- The projects are finalising their contractual frameworks.
- Expected go-live of PICASSO: **Q3 2021**
- Expected go-live of MARI: **Q1 2022**

Workshop at MARI and PICASSO

Public workshop on 13 July 2020!

Agenda

- aFRR and mFRR **processes**
- aFRR and mFRR balancing energy **product**
- **Gate closure** planning
- **mFRR bidding design** (linked, indivisible, parent-child bids, bid parameters)
- Activation optimisation functions (**AOFs**)
- **Pricing principles**
- **Publication and reporting**
- **Accession roadmaps** (and impact of Covid-19)

ENTSO-E will publish event and send EBSG an invitation in the following days.

Register here!

IN-Platform: IGCC developments

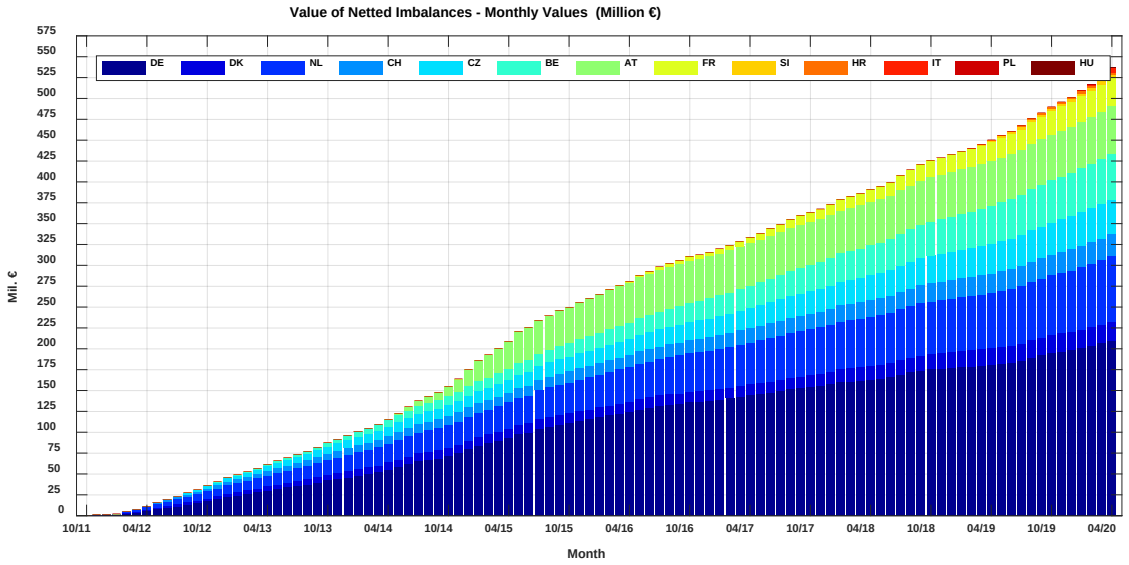
IGCC

17 TSOs are already operational!

→ Next accessions:

Country	TSO	Quarter of accession
Spain	REE	Q2–Q3 2020
Portugal	REN	Q3 2020
Romania	Transelectrica	Q2–Q3 2020
Bulgaria	ESO	Q3–Q4 2020
Greece	ADMIE	Q3-Q4 2020
Serbia	EMS	TBC

PICASSO and IGCC are collaborating to utilise the same IT optimisation system



Other EB deliverables: by 30 June 2020

Balancing Report, EB Cost Report and Market Report

Some highlights:

- **IGCC** has generated **EUR 128.90 million** of social welfare though savings due to netted imbalances during **2018-19**, and a cumulative amount of roughly **EUR 500 million** since the **start of the international cooperation in 2011**. The decade-long experience of IGCC in international cooperation of TSOs and its impressive results demonstrate the effective governance and well-functioning of the project.
- The learnings from the **existing and voluntary Nordic, Baltic and German-Austrian mFRR balancing energy cooperations** will be highly valuable for the **mFRR-Platform**.
- The expected **net economic benefit** of a **Nordic aFRR capacity exchange** is of almost **€53 million per year**.

Any questions?

You may contact ENTSO-E for any follow-up questions: ricardo.renedowilliams@entsoe.eu