ACER
Agency for the Cooperation of Energy Regulators

Recent ACER Decisions on EB Regulation methodologies

MESC, 23 September 2020, On-line

Recent Decisions - Overview

- 18 June: ACER Decisions
  - 11/2020 on the list of standard products on balancing capacity (SPBC)
  - 12/2020 on the methodology for the co-optimized cross-zonal capacity allocation (COCZCA)

- 24 June: ACER Decision 13/2020 on the implementation framework for the European platform for the imbalance netting (INIF)

- 16 July: ACER Decisions
  - 16/2020 on activation purposes of balancing energy bids (AP)
  - 17/2020 on TSOs common settlement rules (SP)
  - 18/2020 on imbalance settlement harmonisation (ISH)

- 17 August: ACER Decisions (Nordic aFRR capacity market)
  - 19/2020 on the common rules for aFRR capacity market
  - 20/2020 on the exemption to transfer balancing capacity
  - 21/2020 on the application of market-based cross-zonal capacity allocation
  - 22/2020 on market-based cross-zonal capacity allocation to exchange balancing capacity

Recent Decisions – SPBC

- **Scope:** application and implementation mandatory for all TSOs that intend to use standard balancing capacity products for FRR and RR or to exchange balancing capacity
- **Implementation timeline:** no later than 18 months after approval => Dec 2021

RR Product	#1	#2	#3	#4	#5
Validity period	15 minutes	1 hour	4 hours	1 day	1 week
The minimum duration between the end of deactivation period and the following activation	0 minutes				
Direction	Positive or negative				

mFRR Product	#1	#2	#3	#4	#5	#6	#7
Validity period	15 minutes		1 hour		4 hours	1 day	1 week
The minimum duration between the end of deactivation period and the following activation	0	0-8 hours	0	0-8 hours	0	0	0
Direction	Positive or negative						

aFRR Product	#1	#2	#3	#4	#5
Validity period	15 minutes	1 hour	4 hours	1 day	1 week
The minimum duration between the end of deactivation period and the following activation	0 minutes				
Direction	Positive or negative				

Recent Decisions - COCZCA

- **Scope:** specifies how to allocate CZC for the exchange of balancing capacity or sharing of reserves and it is based on the actual market values of CZC for the exchange of energy and for the exchange of balancing capacity or sharing of reserves.
- **Implementation timeline (for the set of requirements):**
  - by Dec 2021 implementation impact assessment
  - by Jun 2022 new set of requirements for the price coupling algorithm
- **Implementation impact assessment:**
  - governance of the CZC optimisation function and technical feasibility of its implementation ;
  - compatibility with the methodology for the price coupling algorithm and the continuous trading matching algorithm (including flow-based);
  - impact analysis on the operational security of the interconnected transmission system;
  - level of linkage between bids;
  - the reasoning for the separate procurement step performed by TSOs to clear the balancing capacity market, after the co-optimised allocation of cross-zonal capacities;
  - costs estimation, categorisation and sharing.

Recent Decisions – ISH

- **Scope:** describes (i) the imbalance calculation (with the calculation of the position, the allocated volume, the imbalance adjustment) and (ii) the imbalance price calculation (the use of single imbalance pricing, the conditions and methodology for applying dual imbalance pricing)
- **Implementation timeline:** to implement this methodology, each TSO would have to amend the national terms and conditions for balancing by 18 months after the approval => Jan 2022
- **Main differences:**
  - No prices other than balancing energy prices are used for the calculation of the imbalance price; until the go-live of the platforms this would mean national balancing energy prices, but after the go-live it will be the same prices across Europe.
  - The process for the calculation of the imbalance price is described (including the determination of the direction of the total system imbalances).
  - After the go-live of the platforms, the TSOs will (i) assess the need for further harmonisation of the imbalance settlement (based on the assessment of the consequences and possible distortions due to non-harmonisation, of the European monitoring report), (ii) publish this assessment and invite stakeholders to submit comments on that.

Recent Decisions – Nordic aFRR capacity market and MB CZCA

- MBCZCA is done based on comparison of actual market value of BC exchange vs forecasted market value of DA exchange; **main output:** amount of CZC available for the exchange of BC only where it generates a bigger surplus than DAM exchange.
  - CZC reservation costs are removed from the pricing method.
  - MBCZCA and BC pricing are described with separate algorithm objectives.
  - The application of the methodology is dependent on the calculation of the CZC pursuant to CACM in the Nordic region.
  - Forecasting method for the exchange of DA energy, based on the reference day with the addition of a mark-up, with an adjustment mechanism to account for errors (requirement for the submission of an amended proposal by Aug 2021, with a dynamic mark-up value).
- Common rules for aFRR Balancing capacity market determine the actual "need" of the allocated CZC for BC exchange; **main output:** selected bids and balancing capacity prices for procurement and exchange of BC.
  - Bids used for the procurement process and pricing BC are identical to bids used for the CZC allocation.
  - The constraint for the BC exchange is equal to the CZC allocated to the BC process.

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Thank you!

Questions?

Please let us know if you deem necessary/helpful to organise an **EBSG** on the recently issued decisions