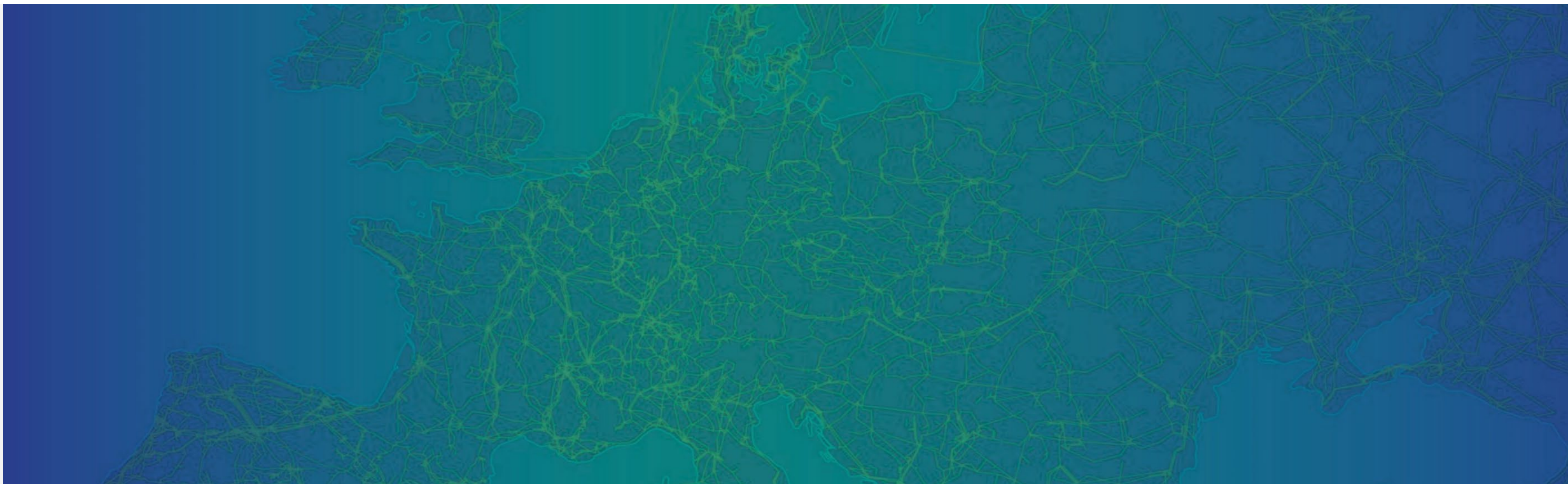


Proposal for Amending Pricing Methodology

16 June 2021





Background and Motivation

- The implementation of the **EU target design for balancing energy markets** is strongly supported by all TSOs but means a **significant change** and evolutionary step from the existing local market designs for most Member States, which must be carried out thoughtfully and well-considered in order to succeed.
- Due to developments and observations on balancing energy markets across Europe, all TSOs identified that **adjusted maximum balancing energy prices are needed** for the efficient functioning of the market.
 - TSOs consider that fundamental and transitory risks are associated with significant changes of balancing energy market design
- High probability for exaggeratedly **high balancing energy bids** leading to a huge **risk for balancing responsible parties (BRP)** to be charged with an unusually and unreasonably **high imbalance settlement price**.
 - Imbalance settlement price is intended to reflect the real-time value of energy, which requires that balancing energy prices are true scarcity prices
- All TSOs consider it necessary to propose an **amendment of the Pricing Methodology**, namely an adjustment of the technical price limits and thus the maximum and minimum balancing energy prices.
- Ensure a **smooth transition** to European integrated balancing energy markets

Planning

- Start of the public consultation on 02 June 2021
- End of public consultation on 02 August 2021
 - Consultation shall be at least two months according to Art. 10(2) EB Regulation
 - Stakeholders' Feedback is welcome even before consultation deadline
- Submission of finalised proposal for amendment foreseen by End of August at latest.
 - 6 months decision period by ACER
- Accession of TSOs to FRR platforms in Q1 2022
 - aFRR: 02/2022
 - mFRR: 03/2022