



MARI

18/12/2020

Stakeholderholder Workshop - Webinar

PARTICIPANTS

For GDPR reasons, a list of participants is not shared. The meeting was only online and no physical location was made available due to COVID-19 restrictions.

1. MARI Stakeholder Workshop

Due to technical issues, the meetings starts a few minutes late.

D.CHIM presents the topics on the MARI agenda:

	SUBJECT
1	Welcome & Introduction
2	Functioning rules for Guaranteed Volume
3	Technical and Conditional Linking
4	AOF rules which has an impact on the selection of the bids
5	Accession roadmap
#	Closure

Questions from participants are logged in the 'Questions' function of the webinar, and answered at the end of the workshop. After the workshop, participants filled a survey to provide a feedback to their experience of the workshops (complete, clear, satisfactory) and give some further comments and recommendations. Results are included below.

Conclusion:

- *Workshop was succesful, all topics were addressed during the workshop and all questions from participants were answered.*
- *Approximately 287 persons participated in the webinar, 36 participants filled the survey, rating the workshop at 2.2 stars on a scale of 1-3.*

Workshop

For introductions, D.CHIM recaps the General Process of mFRR Activation



Functioning rules for Guaranteed Volume

D.CHIM presents the overall process.

Technical and Conditional Linking

D.CHIM presents the technical and conditional linking of bids.

QA:

- Will this technical linking be done automatically in the algo, or do market parties need to specify this? Market parties will need to specify the technical link between the bids. The algorithm will automatically process the linked bids in order to prevent unfeasible activation. Locally, TSOs may decide to facilitate such linking.
- What if BSPs have a gaming approach and don't declare the bid linking correctly? BSPs may risk they are activated twice or other unfeasible activations may occur (e.g. ramping at a rate above technical capability). As the BSP is not able to deliver, the responsible BRP have an imbalance. TSOs considers that this provides sufficient incentives to prevent gaming.
- Regarding the "gaming" approach that you answered, did I understood correctly that there is no validation on the amount of power by each market participant? Which means the risk of placing "too much" energy. The mFRR Platform does not validate the amount of power which can be provided by each BSP. The responsibilities lies with each TSO, to ensure that the volume bid by the BSPs can effectively be provided (e.g. matching with pre-qualified volume ...).

AOF rules and inputs which has an impact on the selection of the bids

D.CHIM presents the rules for AOF, the input and output and inputs that have an impact on the selection of the bids. He informs participants

QA:

- The German regulator has just (re)imposed a price limit of EUR 9.999/MWh (local imbalance price); in the ACER decision on the mFRR Implementation Framework the price limit is EUR 99.999/MWh. What will be the price limit (maximum price) in MARI? It is important to highlight, that the price limit for the German balancing market is imposed on the balancing energy bids. This is due to market changes and following envisaged very high balancing energy bids. The price limit is not imposed on the imbalance price. There will be a technical price limit at the MARI platform of 99.999 EUR/MWh. Until the connection to the MARI platform the terms and conditions will be implemented on the German market to guarantee compliancy to EBGL and the mFRR Implementation Framework.
- How will TSO prevent that bids are becoming that complex (and thus large in size) that tools cannot handle it anymore? TSOs are currently analysing the performance of the tool in relation to the bid structure (ratio between divisible and indivisible bids) and other features. The size of a bid does impact marginally the performance of the tool compared to the number of bids. In case issues are found and cannot be resolved without impact to market participants, TSOs will inform NRAs and market participants about this.
- Where can be founded guide lines, rules for calculating of aFRR, mFRR pricing for energy producers to TSO? The pricing rules can be found in the Pricing Proposal. ([ACER Decision 01-2020](#)).
- Will there be some dynamic line/cable rating implemented of is that a different project. e.g. a 1 GW HVDC link might allow 1050 MW for 1 quarter hour for mFRR. This is not in scope of the MARI platform. The provision of CBCLs is the responsibility of the TSOs operating the border.
- How will the activities of free market traders and regulated market traders (for example, TSOs) in reserve markets be separated? In the framework of balancing platforms, TSOs are on the customer side (positive or negative demand for balancing energy) and market participants (BSPs) are on the supplier side (providing the balancing energy for TSOs). The mFRR Platform is a tool to facilitate that the demand is met.



Market rules: Unforeseeably Rejected Bids (URB) – indivisible bid/divisible bid

D.CHIM explains the rule by means of two examples

- I don't understand in Option 1 of this example why there is a URiB (Bid 3 is rejected but out of the money => foreseeable). What is the clearing price in this case? In other words: I don't understand what is problematic in this example, i.e. why option 1 is impacted by the "indivisibilities" at all (i.e. even if all bids are divisible, I think option 1 would be selected, and only Bid 4 would be partially accepted => no problem related to indivisibilities) In the original slides, there was an error in the slide. This is corrected and explained in the next bullet.
- An error is found in slide(s) with "Rule: Allowance of Unforeseeably Rejected (in)divisible bids, i.e. a (in)divisible bid which is in-the-money is not be cleared" This will be corrected according to the below:

Options	CBMP (€/MWh)	Accepted Bid (MW)	Rejected/Not accepted
Option 1: Forbidding Allowing Unforeseen Rejected indivisible Bids	30 (bid 4)	Bid 1 (190), bid 2 (20), bid 4 (-10)	Bid 3
Option 2: Forbidding Allowing Unforeseen Rejected indivisible Bids	35 (bid 3)	Bid 1, bid 3	Bid 2 (URiB), bid 4

The conclusion is not impacted by this.

- TSOs have chosen to allow the unforeseen rejection of indivisible bids to incentivize BSPs to submit indivisible bids only for technical reasons ('must haves'). In case unforeseen rejection is not allowed, BSPs have less chance that their indivisible bid is rejected and are incentivized to submit more indivisible bids, which will have a large negative effect on the algorithm performance. It will also have a negative impact on the economic surplus.
- Please clarify the sign convention for BSP 4? BSP4 is offering a downward bid, so he is paying for that bid and so TSO receives. That means the sign convention is flipped so if BSP offers a downward bid of 100MW it should be -100MW. But the price is not flipped, from the example it appears the TSO is paying the BSP and not the other way around. This appears to be wrong. It does not impact the the BSP surplus. It must be clear what it means to bid positive in downward direction or in upward direction. TSOs should include these definitions clearly in the examples, and they are included in the IFs. The sign convention precised in MARI IF, is available for TSOs demands. At the level of the project the bids are considered signless, therefore the examples has been modified; the + signs have been removed. The observation regarding the positive price is accurate and the example has been corrected accordingly.
- Do we have situations (depending on how market players bids) that still force us to go with option B? In MARI option A was deemed best. Therefore only the rule 'Allowing unforeseen rejected indivisible bids' was chosen.

Market rules: Unforeseeably Rejected Bids (URB) – Fully divisible bid

D.CHIM explains the rules.

Market rules: Unforeseeably Accepted Bids (UAB) – indivisible bid/divisible bid

D.CHIM explains the rule.

- How does the penalty work? What is the penalty (order of magnitude) in this case? If penalty > 30, then I believe option 2 would be preferred (because it has a welfare which is inferior by 30 euros) The 'penalty' mentioned in the presentation is a 'potential loss', meaning the URiB has the higher price and will not be activated for optimization reasons.
- So if your capacity is technically constraint to a limited activation, you will be penalized because you use indivisible bids? In case of a a technical constraint, or a technical minimum volume of a stoped unit, those



particular volumes can be offered as indivisible bids. That kind of indivisible bid does not constitute an obstacle to running the algorithm of an European common platform. In the same time, the flexibility of the other volumes is a high good in balancing markets. The higher probability of activation is an economical incentive for more flexible bids.

- **Would a 'less inelastic' TSO demand also be an option? That would allow some demand to be not met (eg 5 or 10MW not met) but that would easily be solved using aFRR.** The definition of 'less inelastic' would have to be given precise to the algorithm in each situation to meet the TSOs demand. This would mean more complexity to the algorithm, more time for defining the needs for each MTU. This seems to hinder the reaction of the TSOs in real time, rather than helping. Therefore the TSOs do not consider 'less elasticity' at this point.
- **It is a bit hard for me to follow, but shouldn't the point be to incentivize flexibility rather than penalize bids?** A specific higher priced bid can be rejected by the algorithm in order to cover the entire amount of demands and to optimize the marginal price for economical transparent reasons. In case of the last bid is a divisible bid, all bids will be accepted. However, if the indivisible bids will be used by BSP only for technical reasons, the negative impact of the market and also of the BSP will be minimum or zero depending on the volumes of demands.
- **Just that you are writing and talking much of penalizing which illustrates a negative mindset, while we see a greater need for flexibility in the future, this should be incentivized. I.e Option 2 in the latest slide - at least according to my interpretation.** The 'penalty' mentioned in the presentation is a 'potential loss', meaning the URiB has the higher price and will not be activated for optimization reasons. A lower level of volumes offered as indivisible bids ensures the BSP that all his bids found in the common merit order list, will be activated.

Market rules: Enforce price convergence in uncongested areas

D.CHIM explains the rule for uncongested area and in case of counter-intuitive (adverse) flows.

Accession roadmap

D.CHIM presents the updated roadmap and reminds participants TSOs will update the roadmap twice a year. Also, he informs participants that countries that currently have not planned their accession will be asked to provide a planning in the coming period.

Conclusion:

- Information shared with market parties, all questions answered.
- TSOs need to re-assess the present examples on market rules for unforeseen rejected divisible and indivisible bids and provide corrected materials and further clarification, including also the questions raised by market parties.

Questions and answers

Included above per presented topic.

General questions:

- **What unforeseen incidents where the platform cannot act are in scope?** Forced outage is such an incident. If there is an incident after SA run and a DA is needed the AOF will not provide an outcome on the DA request and a next result can only be expected after the next SA run. This will create a max time laps of 25 minutes before a next DA can be completed and energy is provided.



- **Would this be covered with aFRR?** The fallback procedure will be in place by TSOs. Each TSO will have their own policy to mitigate the situation. Some TSOs may not have an issue, others may resolve with aFRR or specific products, etc. TSOs have their own tool box for this.

A. Annex – Survey outcomes

The survey questions and outcomes:

1. The workshop was complete (weighted average: 2.44 on a scale from 1 to 5):
 - a. Not very complete: 3 votes – 8%
 - b. No major topics missing: 14 votes – 39%
 - c. Very complete: 19 votes – 53%
2. The explained topics are clear (weighted average: 2.14 on a scale from 1 to 5):
 - a. Not very clear: 4 votes – 11%
 - b. Some clarification needed: 23 votes – 64%
 - c. Very clear: 9 votes – 25%
3. The workshop was satisfactory (weighted average: 2.14 on a scale from 1 to 5):
 - a. Not very satisfactory: 5 votes – 14%
 - b. Sufficiently satisfactory: 21 votes – 58%
 - c. Very satisfactory: 10 votes – 28%