

Deliverable I.4 Balancing -BALIT project-

**Cost-benefit analysis: implementation of BALIT enduring
solution in 2014 vs. only TERRE project in 2016**

(15th IG meeting, Paris, April 7th 2014)

Context

- **Action plan 2010-2012**
 - Definition of a stepwise approach: Interim solution, Enduring Solution
 - Enduring Solution foreseen in 2014, based on the assumption of an Interim Solution go-live in 2012
 - Enduring paper finalized in 2012
- **Electricity Balancing Framework Guidelines (FWGL) and Network Code (NC)**
 - FWGL published by ACER in 2012
 - NC in progress
 - Call for balancing pilot projects in 2013: TERRE selected in June 2013 as the pilot project for balancing energy based on Replacement Reserves.
 - Participation of National Grid, REN, RTE, TERN, and REE soon
 - Ideas and thoughts of the SWE enduring paper are considered, but new requirements from FWGL and NC proposal also taken as inputs
- **BALIT go-live waiting for regulatory updates approval:**
 - Comfort letters received in November 2012
 - MoU signed by the TSOs in April 2013
 - TSOs ready for go-live, while regulatory approval still pending

Why we should go directly to TERRE implementation

- **Geographic scope:**
 - Extended geographic area for TERRE (FR, IT, PT, UK and soon ES) whereas only 3 countries involved in BALIT in SWE region
- **Important costs for limited added value if implementing “enduring features” in BALIT instead of TERRE**
 - Important human and financial resources needed to achieve the implementation of a multilateral mechanism with automatic and centralized control of the capacities.
 - Important contractual impacts (need for an agreement covering the whole area)
 - Important IT changes expected in BALIT, with very limited period of use (1 year at most) and very limited possibility to reuse for TERRE
- **Planning issue:**
 - Implementation of the “enduring features” not possible before end 2015, whereas TERRE go-live is foreseen in 2016
 - “Enduring features” are already being tackled in TERRE project.

**TERRE Project is the Enduring Solution for Cross Border Balancing for RR product with a wider geographical scope (including SWE region)
Thus, the concept of “BALIT enduring solution” should be abandoned.**

Summary

- **Interim solution = BALIT**
 - Go live BALIT: Q2 2014
 - TSO involved at SWE region: RTE, REE and REN

- **Enduring solution = TERRE**
 - TERRE Project is the Enduring Solution for Cross Border Balancing in a wider region (including SWE region)
 - Go live foreseen in 2016

 - Target → Reach ACER's expectations specified in the FWGL and NC proposal

 - Main technical advances with respect to BALIT interim solution:
 - Bilateral mechanisms => Multilateral mechanism
 - Automatic control of ATC
 - Improved allocation process
 - Replacing the exchange of the surplus of reserve by the exchange of the most competitive internal bids and reserving the most expensive
 - ...

 - TSO involved: NG, RTE, TERN, REN and soon REE