


ACER

 Agency for the Cooperation
of Energy Regulators

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Update on the Framework Guidelines on Electricity Balancing

6th Stakeholder Group meeting SW region
25 October 2012

Planning for the development of the **Network Code on Electricity Balancing**

18 Jan 2012 - letter from EC to develop the FGEB

- » Roles & responsibilities, including support involvement of consumption;
- » Harmonised technical specifications to **facilitate offering across balancing areas** ;
- » Harmonised and non-discriminatory framework for imbalances;
- » **Rules for the use of cross-border capacities.**

18 Sept 2012 - ACER published the FGEB

Early Nov 2012 - *Official request from EC to develop the NC*

Nov 2012 > Oct 2013 – *Drafting of the NC*

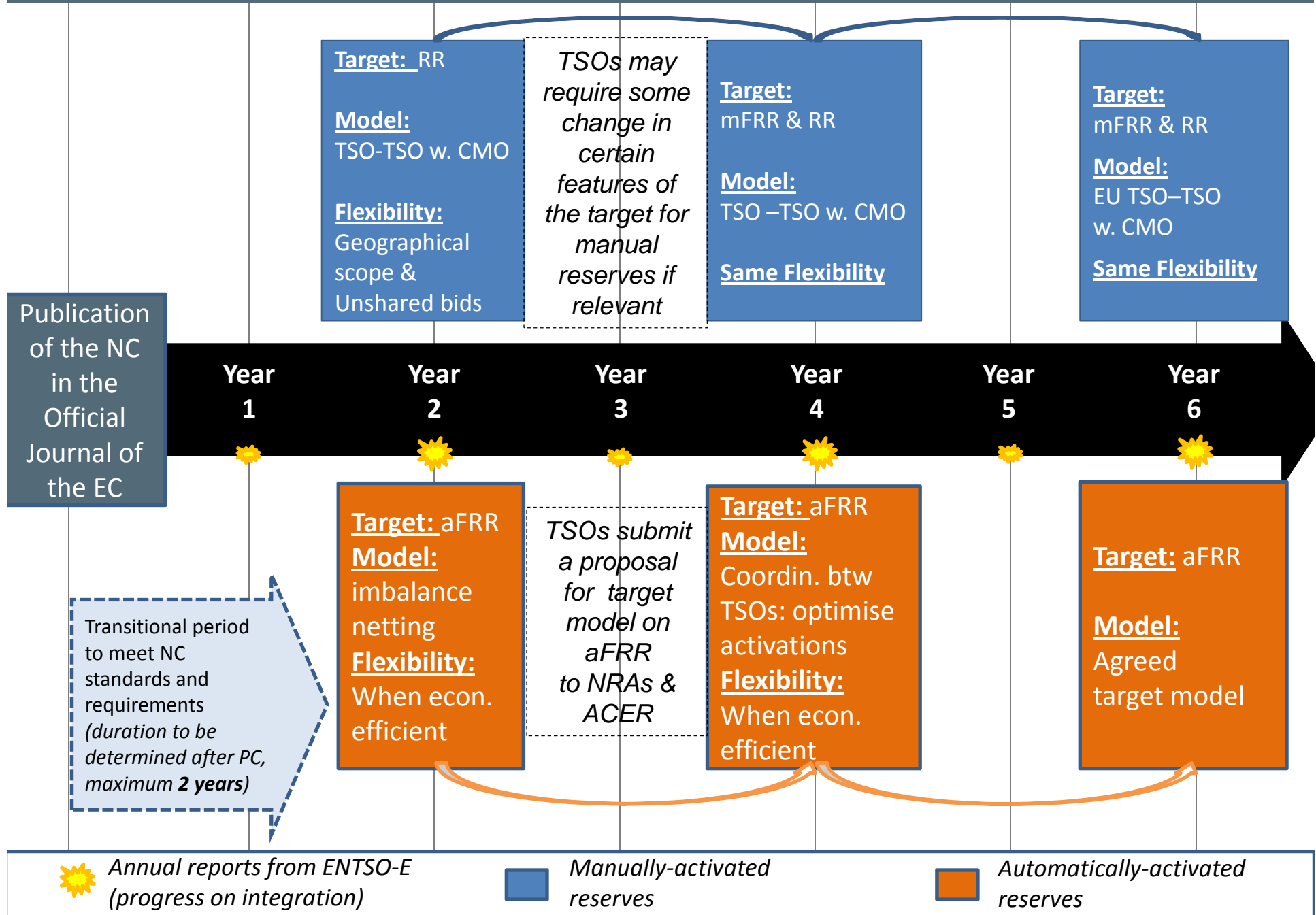
Nov 2013 > Dec 2013 – *ACER opinion*

Late 2014 / Early 2015 – *Entry into force of the NC*

Key features (1/3)

- A clear and ambitious **target model** to integrate balancing markets
 - » A TSO-TSO model with common merit order
- A high level **roadmap** to pave the way for implementation
 - » **2 years** for the first step (imbalance netting, CMO for RR);
 - » **4 years** for the second step (CMO for manual FRR, coordination of automatic FRR);
 - » **6 years** for the full implementation of the target model.

Roadmap for the integration of balancing markets



Key features (2/3)

- A **strong but flexible harmonisation** to foster efficiency and integration
 - » **Pricing of balancing energy** (based on marginal pricing *as default*);
 - » Pragmatic **standardisation of products** (local specificities allowed) facilitating demand and RES participation;
 - » **Consistent incentives** through the harmonisation of the main features of **imbalance settlement** and **no special treatment for RES**.

Key features (3/3)

- An **improved coordination** between TSOs with regard to the balancing reserves
 - » **Coordinated sizing of reserves;**
 - » Exchanges of reserves promoted;
 - » **Sharing of reserves** encouraged;
 - » **Reservation of cross-border capacities** only if cost-benefit analysis positive.

Implementation in SWE: short-term developments based on letters of comfort from regulators

- Agreement on the objectives
 - » Maintain security of supply and accommodate RES
 - » Develop competition and economic efficiency in SWE balancing markets
 - » Efficient use of cross-border capacities
- Agreement on the roadmap proposed by TSOs (Start **March 2013**);
- (NRAs) agreement on the principles of cost sharing;
 - » *Waiting for final decision from the Spanish Ministry*
- Technical and economic feedback **3 months** after starting the project;
- Coordination and pro-activity to **develop and extend** the mechanism;
- Significant improvements to be reached by the **end of 2013**.

Implementation in SWE: short-term developments based on letters of comfort from regulators

- Agreement on the objectives and the roadmap for Phase 1 (Start **March 2013**);
- Technical and economic feedback **3 months** after starting the project;
- Coordination and pro-activity to **develop and extend** the mechanism;
- Significant improvements to be reached by the **end of 2013**.

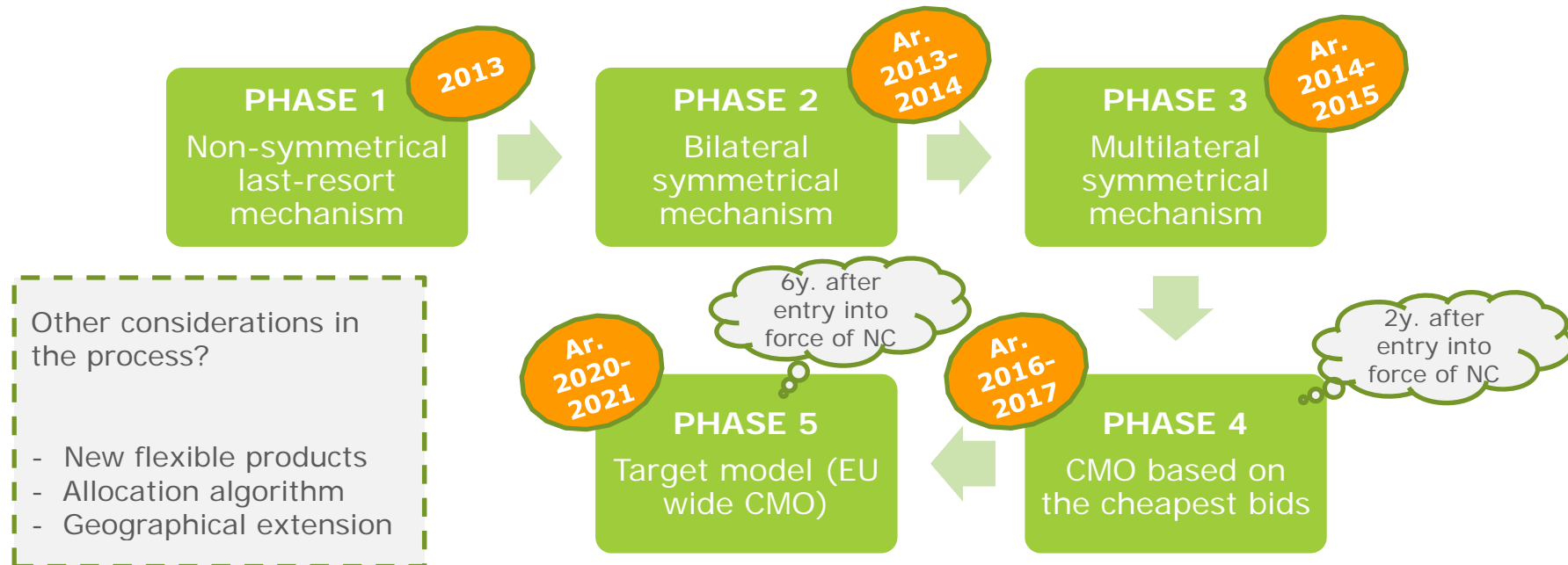
BUT

- TSOs did not receive the letters in due time to respect the roadmap;
- Go Live Date for Phase 1 should then be postponed (end Q3 2013?);
- However, there is no need to wait to start developments of Phase 2 (operational adaptations, regulatory changes, contractual arrangements);
- Therefore IT developments should not delay the implementation of Phase 2.

Implementation in SWE: longer-term expectations

- The need to align current initiatives with the target model;
- A step-by-step approach is required. Only a high coordination will allow for a fast implementation process based on a learning-by-doing;
- **BALIT is a promising mechanism** and a **possible pillar** for the development of the long term target model;

BALIT platform in SWE: possible steps towards the target model



Thank you for your attention!



