

## **AEEGSI consultation document n. 298/2016 on the opening of the MSD access to demand, non-programmable renewable generation and distributed generation**

### **EFET comments – 2 September 2016**

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments to the AEEGSI consultation document n. 298/2016 regarding the access to MSD of non-programmable renewable plants and consumption units. In general, we welcome the intention to open the access to the balancing and ancillary services market to a wider range of market participants. Nonetheless, in order to perform a full and comprehensive analysis of the proposed measures, we will have to wait until the disclosure of the technical details of the registration process for the new 'Unità Virtuali Abilitate (UVA)' to the MSD by Terna.

Below we have provided our comments to the specific questions.

#### **S1. Si condividono i prossimi ambiti di intervento illustrati nel presente capitolo? Ve ne sono ulteriori da considerare?**

EFET welcomes the enlargement of the range of market participants that can potentially supply balancing and dispatching services.

We agree with AEEGSI's analysis presented in the introductory paragraph of the consultation paper. On the question of market design, we appreciate the intentions of the Regulator to follow-up shortly on the measures described in the consultation document 557/2013 / R / eel related to the coordination between MI and MSD and to move forward the closure of MI gates closer to the real-time. However, we stress that the priority is to take immediate steps to implement the CACM Guideline and replace the national intraday auctions with a continuous market with the possibility to trade and re-nominate until H-1.

We believe that the Regulator has omitted to mention one important intervention, that is to say the introduction of negative prices in both energy and balancing markets, following on the measures presented in DCO n. 605/2015. We believe that this particular market design reform should be rapidly introduced, ideally in parallel with the qualification of RES units to MSD, particularly having in mind the (downward) services that non-programmable RES could provide to the system.

#### **S2. Si condivide la scelta dell'Autorità di consentire un rapido allargamento della partecipazione di MSD seppur attraverso soluzioni transitorie?**

<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org)

We favour the rapid involvement of RES and consumption units in the MSD, provided the main parallel and complementary market design reforms (i.e. introduction of intraday continuous trading).

**S3. Si condivide la scelta dell’Autorità di escludere fino al 2018 le unità che hanno sottoscritto contratti di interrompibilità?**

EFET believes proper discussion is needed on this point. Certainly the ‘servizio di interrompibilità’ has interactions with the possibility to offer other services; however, strictly speaking, the “interrompibilità” is different from the other ancillary services offered in the market.

**S4. Si condivide la scelta di consentire l’abilitazione a sole unità per le quali sia disponibile perlomeno la misura oraria di immissioni e prelievi?**

EFET agrees with AEEGSI’s choice. In any case, the units should be allowed to choose hourly metering if they want to do so.

**S5. Si condivide la scelta dell’Autorità di individuare i criteri secondo i quali Terna, nel codice di rete, definisce i criteri di aggregazione? Si riscontrano delle criticità dal possibile aumento dei punti di dispacciamento gestiti da un singolo utente? Si ritiene che debba essere concessa anche alle unità di produzione non rilevanti che non richiedono l’abilitazione la possibilità di costituire aggregati con impianti di diversa tipologia?**

We agree that Terna will have to make clear in its Network Code the aggregation criteria. We also believe that also the “Unità non Rilevanti” shall be entitled to take part to aggregates together with other type of generation units. Terna should therefore issue a consultation on the matter. These criteria should be designed in order to minimise the operational burden for market participants.

As a general recommendation, the possibility to aggregate different technologies also in the energy markets (day-ahead and intraday) would be a further improvement for market participants in terms of portfolio optimization.

**S6. Si ravvisano delle criticità nei criteri generali del processo di abilitazione individuato dall’Autorità?**

EFET agrees with AEEGSI’s criteria and we suggest that Terna’s Network Code should foresee mandatory tests to verify and ensure that the market participants are ready to operate on the MSD. Such tests should be subject to consultation and possibly also available in English language.

**S7. Si condividono gli orientamenti dell’Autorità in merito alla taglia minima degli aggregati e alla revisione dei requisiti tecnici di gradiente e durata?**

EFET believes that TERNA should share the criteria to identify the aggregates minimum size, technical requirements and duration. Without this, it is not possible to express a comprehensive judgement of AEEGSI’s orientations.

**S8. Quali considerazioni potrebbero essere sviluppate in merito alla partecipazione a MSD da parte del GSE?**

EFET believes that the role of GSE in the MSD should indeed be clarified and be considered with great care: as a public entity managing today around 14 GW of renewable energy portfolio, there would be a potential risk of conflict of interest and also a big player participating to the MSD with potential access to better information. Given that this public body was needed in the early opening of the market, we argue that, in light of the market development and in view of the full liberalisation of the market, the only role of the GSE should be to guarantee market neutrality and incentives to third parties.

**S9. I principi della non discriminazione e della parità di trattamento delle unità abilitate devono necessariamente essere declinati al fine di non impedire la partecipazione delle unità virtuali al mercato: si ravvisano delle criticità nei criteri individuati dall’Autorità per le modalità di offerta di tali unità?**

EFET believes that all types of units should be allowed to provide asymmetrical services, because of the non-discrimination and equal treatment principles that are applied to all the “Unità Abilitate” and that are recalled by the Authority.

Additionally, the possibility for RES and consumption units to communicate a different availability after MI market session and for the distributors to communicate the presence of network constraints seems not to be transparent enough: it must be ensured that this kind of information is available to all market participants.

Those provisions, however, underline the need for an intraday continuous market to adjust positions close to real time as well as the need for a comprehensive reform of both the dispatching rules and DSO’s role, in order to allow an effective and market based participation of RES and demand to the procurement of ancillary services.

**S10. Quali ulteriori considerazioni potrebbero essere espresse in merito all’apertura del MSD a tutte le unità di produzione e di consumo? Quali ulteriori elementi dovrebbero essere approfonditi (si tenga conto, al riguardo, che non è al momento possibile mutare l’impostazione dell’attuale regolazione del dispacciamento)?**

We believe that the exemption from the uplift fee for the new UVA should be further discussed, not to create excessive advantages and privileges to certain market categories.