

AEEGSI consultation n. 623/2015 on past electricity imbalance settlements



EFET response – 11 February 2016

EFET¹ welcomes the opportunity to answer an additional consultation document on the issue of electricity imbalance settlements for the period July 2012 – March 2015.

While we appreciate the intention of the Regulator to limit the scope of this process to the imbalances occurred within the period July 2012 – September 2014, we are extremely concerned about the firm intent of proceeding forward with the retroactive change of the imbalance rules.

As already stated in response to previous consultation n. 445/2015, EFET believes that the general retro-active application of a discipline to contracts stipulated more than three years ago should be avoided in case it procures disadvantages to market participants that operated in “good faith”. This would represent a major regulatory risk able to affect the reputation and hence, the attractiveness, of the Italian electricity market. All market participants would be exposed to unnecessary and unmanageable costs and risks, which would generate a lack of trust in the regulatory framework. Moreover, retroactive charges could generate losses for market players that they would never be in a position to recover or correctly attribute.

EFET also wishes that the mechanism that will be identified is such as to prevent new complaints or legitimate claims by third parties. In our view, the Regulator should avoid prolonging this vicious circle of appeals, rulings, counter-appeals that has already produced many negative effects on market participants and on the whole power system.

EFET proposed solution for the past imbalance settlements

As for the proposals contained in the previous consultation document, EFET as a matter principle cannot support any of the options advanced by AEEGSI.

Instead, we re-affirm that the solution with the least impact on the market and on the principles of regulatory stability and predictability, would be the application of the rules in place at the moment of dispatching, limited to the “Unitá Abilitate”. This solution would

¹ EFET, 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

have the merit of safeguarding those dispatching users that can only take decisions to minimise imbalances.

As for the recovery of system costs, we suggest to AEEGSI that the least-distortive option would be the introduction of an “ad hoc” specific tariff to be applied downstream.

Provisions of AEEGSI deliberation n. 525/2014 should be more concrete

We renew our request for applying objective parameters to the provisions of deliberation n. 525/2014 which extended to all physical production and consumption units the obligation “*to program injection and withdrawal as diligently as possible, minimising program errors and in accordance with the principles of diligence, prudence, expertise and foresight*”. Given that these are just abstract principles, we question the enforceability of additional penalties in case of violations of the rules, if no objective parameters are first set by the Regulator. Hence, we wonder on which basis AEEGSI will impose sanctions on those which are found in breach of these principles.

Nevertheless, we would recommend a prudent and constructive approach: this would consist in AEEGSI first cautioning the trader about his violation of the principles of “conduct according to the balancing service rules”. Then, he would risk to incur in additional sanctions only if the same violation persists after the warning. This approach would have the merit of guiding market participants infringing rules towards a conduct in line with the above-mentioned provisions of del. 525/2014, without the need for imposing penalties at first hand.

In any case, we stress that in the context of a market, the bid strategy followed by traders does not always minimise program errors, but it is generally aimed to minimise the risk and maximise the income.