

TSOs consultation on design options for the future European aFRR platform (PICASSO)



EFET response – 20 December 2017

The European Federation of Energy Traders (EFET) thanks the TSOs participating in the PICASSO project for this early consultation on design option for the future European platform for the exchange of aFRR. We are happy to see that some of the questions raised by market participants at the PICASSO workshop of 5 October found their way into the consultation.

We take the opportunity of this consultation to remind the TSOs participating in the PICASSO project of the importance of coordinating their approach on the aFRR platform with that of the other implementation projects of the Electricity Balancing Guideline. In this respect, we welcome the publication in parallel to this consultation on the PICASSO project of a consultation on the MARI project on the future European platform for the exchange of mFRR¹. Due consideration should also be given to interactions with the TERRE project on the future European platform for the exchange of RR, and the IGCC project on imbalance netting. While the most obvious danger is steering rules of common interest for different projects in opposite direction, TSOs should also not leave gaps, believing that the questions would be addressed by other projects.

You will find below detailed responses to the consultation questions. However, we left some questions unanswered when they were seeking to understand individual market participants' future behaviour in the context of the future platform. As an association, and as per its anti-trust policy, EFET cannot take a position on such matters.

¹ See the EFET response to the TSOs consultation on the MARI project, dated 20 December 2017, available at: <http://www.efet.org/energy-markets/electricity-market/balancing/>.

1. Questions regarding the general standard product design

1. Do you agree with the choice of parameters for the standard product (FAT, validity period, divisibility, minimum and maximum bid size)?

Yes.

Generally we agree with the choice of parameters. The locational information must not go beyond LFC-area in order to preserve the opportunity for portfolio-based bidding.

2. Do you agree with the TSOs conclusion of not harmonising the ramping approach and FAT approach

Yes.

3. Do you support the incentive to react faster

Yes.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

2. Questions regarding economic FAT assessment (only for BSPs)

4. Do you agree with the assumption of a linear impact on offered aFRR volumes of thermal units?

No.

Available volumes for balancing of thermal plants are not only dependent on the rate of activation but also on other technical constraints (coal mills, etc.). Therefore, a simple linear relation between volume and FAT can only be established when increasing the FAT (30 MW of 7.5 min FAT will be 20 MW of 5 min FAT). But the reverse does not hold: a plant with 20 MW for 5 min FAT might still just have 20 MW of flexible generation for 7.5 min FAT.

This approach (linear impact for increasing FAT, no impact for reducing FAT) could be used as an estimate. Moving to a 7.5min FAT will decrease the availability of thermal availability and therefore thermal volumes offered by BSPs.

5. Do you agree with the assumption of no impact on offered aFRR volumes of non-thermal units for FAT in the range of 5 and 15 min?

No opinion.

6. Do you agree with the assumption that power output changes (due to a FAT change) and their effect on relative efficiency have negligible impacts on bidding price changes?

No.

See our response to question 5: if a change in FAT has an impact on offered volumes, this will also likely impact bidding prices, and in any case will impact clearing prices.

7. What is your current minimum FAT (required for providing aFRR)? In case you are active in more than one country, please provide one answer per country, including the names of countries you are active in.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

8. Please provide us an estimation on the impact of a FAT change to 5 minutes on the offered volumes and prices – both in percentage and absolute values. In case you are active in more than one country please provide one answer per country including the name of the countries you are active

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

9. Please provide us an estimation on the impact of a FAT change to 7.5 minutes on the offered volumes and prices – both in percentage and absolute values. In case you are active in more than one country please provide one answer per country including the name of the countries you are active

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

3. Questions regarding validity period

10. Which is your preferred validity period? – please give the reasoning for your answer

15 minutes.

A validity period of 15 min would fit with the target ISP in the EB GL. It would also allow a better integration of sources of short-term flexibility. However, it is worth noting that a FAT beyond 5 min would be unworkable with a validity period of 15 min. A FAT of 7.5 min together with a 15 min validity period would result in 25% dummy energy in case of a CMO change during a constant aFRR demand.

4. Questions regarding bid sizing

11. Which minimum bid size do you prefer?

1 MW.

A low minimum bid size would allow a better integration of sources of short-term flexibility. 1 MW is a fine compromise between this objective and the need to not overload the platforms with an excessive number of bids. Below the 1MW threshold, smaller providers of upward/downward energy can make use of aggregation.

12. Which granularity do you prefer?

1 MW.

A low minimum granularity would allow a better integration of sources of short-term

flexibility. 1 MW is a fine compromise between this objective and the need to not overload the platforms with an excessive number of bids. Below the 1MW threshold, smaller providers of upward/downward energy can make use of aggregation.

5. Questions regarding contracted vs. non-contracted bids

1. Do you intend to offer non-contracted bids? Could you choose one of following options and explain reasoning:

No opinion.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

6. Questions regarding aFRR BEGCT and link with other balancing processes

2. What would be your preferred aFRR BEGCT (\leq 1hour before realtime)? Please explain your reasoning:

Other.

The choice for a preferred BEGCT is dependent on the choices being made for the other implementation projects – especially MARI – and the choice by each TSO to apply article 29(10) of the Electricity Balancing Guideline.

A common BEGCT for all standard balancing processes could be considered 45 minutes from real time to allow the RR, mFRR and aFRR processes to run concomitantly. In this case, article 29(10) should be implemented throughout Europe. Alternatively, a common BEGCT for aFRR and mFRR only very close to real time could be considered.

If the various balancing processes are not run concomitantly, and if the MARI project reaches for a BEGCT closer to 25 minutes instead of 30 minutes where TSOs would decide individually whether to apply article 29(10), it can be of interest to have a BEGCT in PICASSO of close to 45min provided that bids that are returned to the market under article 29(10) can be returned with sufficient time to re-optimize in the local intraday market, or for submission under MARI.

3. Considering interrelation with other balancing products, what would be your preferred sequence of BEGCTs for the different balancing energy products (aFRR, mFRR, RR)?

Other.

As stated in the previous question, the choice to have a separate or concomitant BEGCT for aFRR and mFRR is dependent on the ability to re-use non-selected aFRR capacity for mFRR in addition to the local intraday market.

Should different BEGCT for aFRR and mFRR be too close to allow the re-use of unused aFRR bids in the mFRR process, then a concomitant process for aFRR and mFRR would be the preferred solution, as the unused bids from the aFRR process

could in any case only be used in the local intraday market. Having the two processes in parallel would allow using both aFRR and mFRR unused bids in the local intraday market and bring the common BECGT closer to real time.

If the processes do not run concomitantly, it could be of interest to have the BEGCT for aFRR before mFRR. aFRR is generally considered the more valuable product and should therefore be tendered first. The reverse option to have mFRR before aFRR does not seem to have an additional value. If there is no ability to re-use non-selected aFRR capacity due to the compressed timeframe, a concurrent BEGCT could be preferred if it would allow for the aFRR BEGCT to be brought closer to real-time.

4. How long would you need after the moment when the results of one balancing process are known to acknowledge these results and possibly re-offer the flexibility related to your non-selected bids of the preceding process in the next process?

5 min ≤ t < 10 min

5. Can you based on the relevance of the market and technical considerations for BEGCT determination prioritize (higher number gives higher priority)? In case some are missing, please add and prioritize.

No opinion.

It is unclear how choices 2, 4, 5 and 6 should be prioritised; technical feasibility, fallbacks and management of congestion should always be guaranteed by TSOs. A BEGCT before XZID GCT is generally not allowed by the EBGL.

6. In case BEGCT of aFRR and mFRR coincides, which market would you rather choose?

No opinion.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

7. Do BSPs agree the BEGOT should not necessarily be harmonised?

No.

The BEGOT should provide BSPs with the ability to submit bids for a sufficiently long period – i.e. a minimum of 36 hour– to make an initial bulk offer for any capacity remaining after the day-ahead market clearing. Afterwards, bulk bids can be updated depending on subsequent market outcomes until the BEGCT.

So while the BEGOT is not a key feature to be fully harmonised, there should be a common minimum standard for the BEGOT of 36 hours before real time, with the possibility for individual TSOs to define a BEGOT further from real-time.

8. Do BSPs intend to offer for multiple bid validity periods at the same time – if the BEGOT allows for this?

No opinion.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

7. Questions on pricing and settlement

1. Do stakeholders support the design choice for cross-border marginal pricing in combination with proportional cost sharing?

Yes.

We agree with the proposed design choices. However, several open issues remain, notably the pricing/settlement and the influence on the imbalance price of non-ISP related energy (ramps and dummy energy).

2. Considering the effects of XB MP on imbalance pricing outlined in subchapter 4.3.1.3, can you order the effects, starting with the most relevant for you? Apart from the outlined effects, do you see additional ones that should be taken into account? (free textbox)

For BRPs, the relevant information to assess the balancing position of its control area is the imbalance price.

A cross-border marginal price can indeed create secondary effects where the imbalance price does not reflect solely the imbalance situation of the control area in case there is no congestion. However, as correctly indicated in the consultation document, any overreaction by the BRPs to the imbalance settlement price will result in corrections – like the occurrence of congestion and divergence in imbalance price – that will discourage excessive overreaction.

For both TSOs and BRPs, the use of a cross-border marginal price will present new market dynamics that will require a learning curve and some time to adapt. TSOs can help BRPs better assess the balance of the control area compared to the uncongested area by providing further transparency and information on the system state.

Beyond the learning exercise, national rules must ensure that BRPs face the same rights and responsibilities if they are exposed to the same imbalance price, notably when it comes to obligations or options to support the system, and penalties. We refer to our response to the questions of section 10 for more details on this subject.

3. Do stakeholders see potential issues for incentives on BRPs functioning under cross-border marginal pricing?

No.

As stated in our answer to the previous question, under cross-border marginal pricing it is to be expected that the imbalance price will not solely reflect the balancing

situation of the control area but rather of the uncongested area. However, as long as the area is indeed uncongested, this should not present an issue and would rather be automatically taken into account through the netting mechanism.

Overreaction by BRPs to imbalances outside of the control area, with possibly actions that would go contrary to a local TSO's objective in an LFC block, would eventually result in the occurrence of congestion and decoupling of the imbalance price. With time, BRPs will gain experience with these new market dynamics, provided they are given sufficient information and the balancing market framework is sufficiently stable.

8. Questions regarding BEPP

1. Which pricing period for aFRR do you prefer? Please justify your answer

Quarter hour BEPP.

In the current state of discussion within EFET, we support marginal pricing calculated over a quarter-hour BEPP for reasons of technical simplicity, easier readability for BSPs and BRPs, and improved clarity of the price signal in the other market timeframes. You will find more details on those elements in the paragraphs below.

We do not believe that the control cycle BEPP, with 225 marginal prices over an ISP averaged into one, can be considered a marginal pricing scheme. Instead, we rather see this proposal as a weighted average price scheme based of a number of sub-periods. The concept of a Balancing Energy Pricing Period is moreover a new concept that was never discussed in the Electricity Balancing Guideline, where only the Imbalance Settlement Period is mentioned for pricing towards BSPs and BRPs.

The only relevant time period for market participants is the Imbalance Settlement Period. It is the basis for pricing signals towards the Balance Responsible Party as well as the reference for the pricing of the energy by the Balancing Service Provider. It forms a clear link between any actions taken by market participants on the previous markets (FWD/DA/ID) and the balancing markets.

Towards BSPs, a control-cycle BEPP would create the issue of providing one price but subsequently participating to 225 separate auctions, each with a separate clearing price. It blurs the distinction between Pay-as-Bid and Pay-as-Cleared, as it artificially reduces the infra-marginal rent that is the basis for a bidding strategy in Pay-as-Cleared. Towards the Balancing Responsible Party, the control cycle BEPP results in a drastically suppressed price signal – if there is at least some alignment between imbalance energy pricing and imbalance settlement price – by providing a weighted average price of the individual activation cycles.

The control cycle BEPP would also entail a significant increase in data and complexity for both BSPs and BRPs. Such an exponential increase in data to process and check would be problematic for market participants. It furthermore poses questions in transparency towards BRPs, as the imbalance settlement price will be partially determined by the outcome of the 225 clearings of each activation cycle. This would be detrimental to the transparency of the imbalance settlement price.

We also do not agree with the concern raised in the consultation document regarding the problems posed by the potential occurrence of price spikes when using a quarter-hour BEPP. If a price spike is caused by an activation of a large part of the CMOL for a couple of seconds, the TSO controller settings may have to be reconsidered. As there is FCR capacity reacting to imbalances, there is no need for aFRR to be activated for such short moments. Furthermore, the current observation of extreme prices on the German MOL – as shown in an example in the consultation documents – should be considered in the current market framework. This market framework includes Pay-as-Bid, weighted average imbalance settlement prices, co-determination of capacity and energy prices, and very short activations of large parts of the MOL. These elements contribute to the occurrence of such high prices and can even incentivise it. The simplistic transposition of such prices to a Pay-as-Cleared market environment is therefore misleading.

Similarly, there is no clear reason why congestion during a sub-ISP period should be isolated to this period. Price convergence should not be achieved artificially by measuring it during a finer time-resolution. If at any moment during an ISP, the activation of a local bid is required for congestion reasons, such congestion should be reflected towards BSPs and BRPs during the relevant Imbalance Settlement Period.

2. Do you believe that either the control cycle or the quarter hour BEPP would lead to entry barriers for participating in the aFRR balancing markets? Please explain your answer. (free textbox)

We believe that the control cycle BEPP could create entry barriers for participation to the aFRR markets.

As mentioned in our answer to the previous question, the control cycle BEPP would imply an exponential increase in data and complexity; as a simple example, it would result in 151.200 clearings per week that can differ from BSP to BSP as their bids may or may not be included in any of the 151.200 clearing outcomes. The necessary IT infrastructure and operational requirements to perform the necessary checks would indeed pose an entry barrier.

A secondary barrier consists of the hybrid Pay-as-Bid and Pay-as-Cleared market design that the control cycle BEPP induces. As Pay-as-Cleared is considered a market design more conducive to market entry, any departure from it should be considered a step backward for ease of market entry.

3. Do you consider the infra-marginal rent incurred in case of a quarter hour BEPP to be justified?

Yes.

4. PICASSO TSOs presented two views with respect to reflection of scarcity of energy within the ISP in relation to activations of short duration. Which view do you support?

No opinion.

5. There are concerns that BSPs would add mark-ups in case of a control cycle BEPP due to reduced income in comparison to a quarter hour BEPP as well as imbalance risks. Otherwise, mark-ups are usually a question of the level of competition in the market. Do you consider BEPP as relevant for mark-ups in light of competition? Please explain your answer.

No.

The control cycle BEPP could indeed result in the application of some form of mark-up by BSPs. This should be considered purely as the result of the choice for such a market design, which is a hybrid between a Pay-as-Cleared and Pay-as-Bid pricing scheme. However, given the expected size of the PICASSO market, such mark-ups should not be considered a competition issue.

6. If the control cycle BEPP with average imbalance pricing is chosen, the average aFRR settlement price over an ISP will differ according to the individual activation of each BSP.

a. Do you think the aFRR price is required to be equal to the imbalance price for each ISP to incentivize BSPs to place (especially uncontracted) bids?

No opinion.

b. Do you think the aFRR price is required to be equal to the imbalance price for each ISP to incentivize BSPs deliver on their bids?

No opinion.

7. In countries where BRPs are allowed to support the system balance, BRPs need near real-time information on the system state and the imbalance price they can expect. To help ensure this information, do you think that each activated bid price should set the minimal imbalance price for the respective ISP? If you have further thoughts on BRP balancing and necessary incentives, please share. (free textbox)

In the first place, we believe that common rules should be established with regard to the possibility or not of BRPs to support the system balance. A harmonisation in that regard would ensure the level-playing field between market participants. If these harmonised rules allow for the provision of system support by BRPs, then we think the proposed approach should be implemented in order to provide BRPs that support the system with the necessary confidence that they will receive at least the price they are reacting to. If the imbalance price could fall during the ISP – as would be the case with the control cycle BEPP - BRPs would be reacting to a price signal that is at risk of disappearing retroactively at any time during the ISP. As a result, BRPs will become more hesitant to support the system as they face a substantially larger price risk.

8. The quarter hour BEPP will lead to price divergence in a larger percentage of the time than the control cycle BEPP (TSOs estimated two times more congested situations). Do you think these additional congestions are justified?

Yes.

9. Do you have any further comments on the BEPP? (free textbox)

Section 8 only addresses superficially the question of the BRP imbalance settlement and its link to BEPP. This question is tightly linked to that of BEPP and should be addressed in the framework of the project.

Also, TSOs need to improve and harmonise the level of information at the disposal of BRPs: information in (near-)real time on the state of the system and the imbalance price is vital to enable them to react to react appropriately and to compete with other market participants on a level-playing field, whichever the control area they are situated in.

9. Questions regarding volume determination

1. Is it a priority for you to harmonise the volume determination?

We do not see the need to harmonise the volume determination as long as the TSO-BSP signal is not harmonised. For the moment, we do not consider the TSO-BSP signal as a vital harmonisation element.

10. Questions regarding other harmonisation topics

2. What issues should in your opinion get priority for harmonisation? Please prioritize the above-mentioned by applying a number (higher number defines a higher priority). In case a topic should be missing, please add and prioritize. If possible please quantify their effect on the level playing field and on pricing.

Unit-based versus portfolio-based bids: High harmonisation priority

As portfolio based bids have more scope for optimisation, forcing some BSPs to continue submitting unit-based bids in a market where also portfolio-based bids can be submitted is detrimental to the level-playing field.

Monitoring: Medium harmonisation priority

The monitoring mechanism is not a crucial element to harmonise, but should not result in too large divergences in costs to perform the monitoring. The level of monitoring should however be equivalent in all jurisdictions to ensure efficient functioning of the platform base throughout Europe.

Penalty: High harmonisation priority

Penalties applicable to BSPs are a crucial element to harmonise. Indeed, to ensure a level-playing field between market participants, they must face similar penalties for

similar deviations. How exactly this is organised from one country to the other is of lesser relevance, but penalties enforcement needs to be coherent throughout Europe.

Prequalification: High harmonisation priority

Prequalification should be harmonised to the largest extent possible in order that BSPs across different countries have the same requirements and can compete on a level-playing field.

Energy availability requirements: High harmonisation priority

The energy availability requirements – similar to the prequalification – should be harmonised to the largest extent possible. They impact the costs of assets with limited energy availability to offer aFRR and as such different requirements across countries would result in skewed cost structures and unfair competition.

11. Questions regarding TSO-TSO exchange and FRCE adjustment

1. In a sense FRCE adjustment process objective is to determine the real aFRR exchange (linked to real aFRR delivery by BSPs) between TSOs, generally do you support its usage for TSO-TSO volume determination to be possibly used for publication and/or settlement?

Yes.

While we support the use of the FRCE adjustment process, we request transparency on its calculation and publication of the FRCE adjustment. At the moment, it is unclear what kind of settlement should be based on the FRCE adjustment, and why.

2. Are the principles of the optimization function satisfactory? Please justify if there is any missing objective points.

Yes.

3. Do you agree with the intended position of TSOs not to allow activation in opposite direction? Please justify your answer.

Yes.

Counter-activations are not a core objective of balancing markets, which is to source balancing energy to solve imbalances. Counter-activations on the other hand – meaning clearing bids between market participants – are market transactions that should be performed outside of the balancing market.

4. Do you identify any negative impacts to the potential access to the full CMOL for one TSO? Please justify if there is any.

No.

There is fundamentally no reason to worry about TSOs having full access to the CMOL. However, appropriate monitoring and reconciliation procedures must be in place to avoid any potential free-riding behaviour on the side of an individual TSO.

12. Questions regarding congestion management

1. Do you agree with the outlined objectives of the PICASSO platform congestion management?

Yes.

It is important to note that the lack of transmission capacity within a zone should not have a negative effect on market participants. If there is a lack of transmission capacity within a zone that prevents the activation of an aFRR bid, it is up to TSOs to solve it in a way that does not put the financial burden on the affected market participant.

Internal congestions that prevent the activation of a balancing bid implies an opportunity loss for the BSP and should be compensated by the TSO according to the difference between the clearing price and the bid price. It is the TSO that should be fully exposed to the costs of congestions within a zone to have the correct incentive to efficiently solve congestions in the short term (be it redispatching or physical interventions). In the long-term and in case of recurring congestions, this should also serve as a signal for the need of investments in infrastructure within bidding zones. Any argument that such requirements would increase costs towards consumers ignores the fact that such costs do not disappear when they are transferred from the TSOs to market participants. The occurrence of internal congestions creates market inefficiencies that have to be recovered somehow. This discussion is therefore not one of cost creation but of cost allocation. Therefore, aFRR bids that were not activated due to internal congestion should be reported and compensated for their opportunity loss.

We would also like to clarify that limiting the ATC as proposed by the PICASSO project on page 56 should only be done to reflect the actual ATC on the zonal border and not to solve internal congestions, as clearly stated in Regulation 714/2009. Internal congestions should be handled by marking bids as unavailable and providing correct compensation if such unavailable bids would otherwise have been activated.

2. Apart from the outlined objectives, do you see additional objectives which should be taken into account?

No.

3. Regarding the prioritized access to CZC for processes, do you have a preference for sequential prioritization (XBID > RR > mFRR > aFRR/IN), or do you see the necessity to prioritize certain balancing processes? Please justify your answer.

No opinion.

The prioritisation of access to Cross-zonal Capacity is a pan-balancing market discussion that should be addressed at a level above that of the individual implementation projects like PICASSO. This to ensure that the full implications for all balancing products are fully understood and taken into account.

In any case, XBID should be given priority over balancing, as it allows Balancing Responsible Parties to self-balance their perimeter, reducing the exposure of BRPs to imbalances and reduces the need for TSOs to perform balancing actions.

4. Does the available cross-zonal capacity has an impact on your bidding behaviour (e.g. pricing, liquidity, etc)

No opinion.

As an association, EFET cannot take a position on its members' individual behaviour in this respect.

13. Questions regarding the CBA

1. Is there any other expectation or suggestion from your side regarding the CBA? If yes, please justify.

No.

We would like to reiterate our scepticism with regard to the CBA. Given the large difference in market design (Pay-as-Cleared, Merit Order List, free bids,...) and open design questions (amount of available cross-zonal capacity), the outcome of the CBA will be questionable, if not misleading. At the same time, the CBA seems unable to answer any relevant questions on design choices but rather focused on the implementation of a European platform itself, which in any case is an obligation under the Electricity Balancing Guideline. Therefore, both the objective and the results of the CBA do not seem to bring any added value.

14. Questions regarding publication of information

1. Regarding article 12 fulfilment, do stakeholders foresee any confidentiality issues or possible competitive advantage or disadvantage linked to the data to be published? Please justify your answer.

No.

15. Question regarding support to intermediate version implementation

1. In general, do you support the implementation or extension of intermediate versions of the aFRR platform? Please justify your answer.

No opinion.

Support for an intermediate version of the aFRR platform is dependent on its alignment with the target platform. While an intermediate version of the platform can help TSOs and market participants gradually adapt to the new framework for the activation of aFRR, we cannot support an intermediate version of the platform that would deviate significantly from the target platform in elements like pricing, congestion management, FAT, harmonisation of pre-qualification etc. The intermediate version should be considered as an early implementation project to gather operational

experience. An incomplete platform that does not provide a level-playing field and would require additional adjustments from BSPs once the final platform is implemented would not be acceptable for EFET.

Should the TSOs have in mind extending the current German-Austria platform as an intermediate version, we would not support this initiative unless the following elements are implemented:

- Merit-order activation
- Harmonized BEGCT
- Marginal pricing based on 15-min BEPP
- Free bids allowed

16. Question regarding the minimum level of harmonisation for intermediate version

2. Do you agree with the listed minimum harmonisation requirements intended for intermediate versions? Please justify your answer.

No.

As explained in our answer to the previous question, the intermediate platform should not deviate significantly from the target platform. This implies that the pricing should be aligned to marginal pricing and that the BEGCT is harmonised. The submission of free bids should be possible in all participating countries.

3. Do you see a beneficial interest compared to operational and implementation changes you could bear to implement an intermediate version of the aFRR platform? Please justify your answer.

No opinion.

The answer to this question depends highly on the characteristics of the intermediate version of the platform. If the intermediate version aligns sufficiently with the target version, its early implementation may have a beneficial interest. If this is not the case, we would consider the costs and operational burden of implementing an intermediate version not worth compared to moving directly to the target version.

17. Questions regarding a potential extension case

4. In practice, a realistic example should be possible to extend the Austrian-German initiative to France and Belgium around 2020. Would you support such extension? Please justify your answer.

No.

Without significant changes to the Austrian-German initiative to align it more closely with the target platform, we would not support such an extension unless the following elements are implemented:

- Merit-order activation
- Harmonized BEGCT

- Marginal pricing based on 15-min BEPP
- Free bids allowed

18. Questions regarding the progress of intermediate version:

5. Do you support a report on the gained experience of the intermediate platform project once a year?

No opinion.

The pace of reporting should be aligned with the implementation schedule of the target platform in order for the experience gained in the process to be leveraged into the planning and design of the target platform. It is therefore not yet possible to say what pace would be appropriate, but a fixed, yearly schedule seems unfit for this purpose.

19. Question regarding any missing topic in the consultation document

1. In general, do you have any remark or point you consider as missing in the consultation document and you would like to raise to PICASSO? Please justify your answer, if any.

Yes.

An on-going subject of concern regarding the Electricity Balancing Guideline Implementation Projects is the implementation at BSP side. The EBGL aims to harmonise balancing markets at European level, but this objective seems to stop at TSO-level. Once operational implementation at BSP-level is concerned, each country seems to act individually with its own bidding platforms and secondary rules. For companies that are active in multiple markets in Europe, this is of particular concern as the EBGL implementation projects will require large adjustments to the operational processes and IT infrastructure that will differ from one country to the next. We therefore request that TSOs also include the interface towards BSPs within the scope of the projects to ensure some level of harmonisation and/or alignment in the practical implementation towards BSPs.