

TSOs consultation on the implementation framework for a European platform for the imbalance netting process



EFET response – 15 March 2018

The European Federation of Energy Traders (EFET) thanks the European TSOs for this opportunity to provide feedback on their proposal of an implementation framework for a European platform for the imbalance netting process.

Feedback related to the introductory Articles 1 and 2

No comment.

Feedback on Article 3 High level design of the IN-Platform

No comment.

Feedback on Article 4 Implementation of the IN-Platform

In the sentence “As soon as IGCC fulfils every requirement defined in this Implementation Framework **and further requirements by the GLEB**, IN-Platform is formally implemented as required by Article 22(4) and 22(5) of the GLEB”, the TSOs need to clarify what “further requirements by the GLEB” are referred to and which extra conditions they add to the Implementation Framework. If all GLEB requirements have already been included in the Implementation Framework, then the reference should be deleted.

The implementation steps of article 4 make no reference to stakeholder engagement. Though imbalance netting is a TSO-TSO process, market participants should be at least duly informed of the major steps in the project, especially the adaptation of IGCC, the testing and go-live steps.

Feedback on Article 5 Functions of the IN-Platform

In Article 5.3(a), TSOs should clarify in their concept of “proportional distribution” the difference of treatment between LFC imbalance netting between the LFC borders participating in an aFRR cooperation where economic selection of bids is performed, and imbalance netting between an aFRR cooperation and other TSOs.

Article 5.3(b) foresees the possibility for certain LFC area borders to be excluded from the imbalance netting process. The sub-paragraph generally lacks precision and robustness:

- In Article 5.3(b)i: as the GLEB does not foresee general exemptions to the participation of LFC borders to the imbalance netting process, it seems doubtful that ENTSO-E rules, or any national regulatory decision, could contradict a European Regulation.
- In Article 5.3(b)ii: the possibility for a TSO to unilaterally exclude an LFC border from the imbalance netting process for “strong detrimental effects in terms of costs and benefits” is too lax:
 - First we have concerns with the opportunity given to single TSOs to withdraw from multilateral processes. We would therefore recommend amending the beginning of the sub-paragraph as follows: “a border between participating TSOs can be excluded upon their bilateral agreement...”
 - Second, it is important that TSOs bring more clarity on their proposal:
 - these costs and benefits need to be assessed from an overall welfare perspective, not solely based on TSOs’ costs and benefits;
 - these costs and benefits should be assessed at regional level, or at the very least in common between the two TSOs on each side of an LFC border;
 - there should be more clarity on the timescale according to which these costs and benefits would be assessed.
- Article 5.3(b)iii: this sub-paragraph gives TSOs the possibly to exclude an LFC border from the imbalance netting process without justification. This is not acceptable and not in line with Article 22 of the Electricity Balancing Guideline.

Feedback on Articles 6 - 7 Governance and Decision making

In Article 6.1, we wonder – and would welcome – if the reference to “unjustified economic advantages” applies only to TSOs or to market participants active in their respective control areas.

We are disappointed to see that TSOs forgot to include market consultations and stakeholder engagement in the Implementation framework, and more specifically in these Articles 6 and 7. Though imbalance netting is a TSO-TSO process, it has an impact on the process for the activation of aFRR and consequently on the imbalance settlement price, two subjects that are key for market participants and market functioning in general.

Feedback on Article 8 Proposal for entity or entities

No comment.

Feedback on Article 9 Framework for harmonization of the terms and conditions related to balancing

No comment.

Feedback on Article 10 Categorization of costs and detailed principles for sharing the common costs

Missing word in Article 10.1(b): “several but not **[all]** member TSOs in the IN-Platform”.

It is unclear where the costs associated with pre-netting in an optimisation region are allocated.

Feedback on Article 11 Description of the algorithm for the operation of the imbalance netting process function.

In Article 11.4(c), further clarification is necessary regarding the interaction and governance of multiple optimisation regions. In particular, the treatment of multiple optimisation regions sharing an LFC border (possible co-existence, obligation to merge) needs to be clarified.

Article 11.6 should be a firm requirement: the IN platform **should be** merged with the aFRR platform once both cover the same geographical scope. This will simplify governance and technical decision-making, hopefully driving the running costs of the combined entity down.

General comments on the proposal

EFET regrets the absence in the Implementation Framework of any commitment by the TSOs regarding data transparency, in particular with regard to the publication of

netted volumes in near real time, limits on cross-border transmission capacity, limits on volumes that can be netted.

Also, there is no information with regard to the continuance or not of existing limits on imbalance volumes individual countries can net.

More generally, we insist on the need for greater involvement of market participants when TSOs propose design changes to the platform: we are disappointed to see that TSOs forgot to include market consultations and stakeholder engagement in many parts of the Implementation framework (see our comments on articles 4, 6 and 7). Though imbalance netting is a TSO-TSO process, it has an impact on the process for the activation of aFRR and consequently on the imbalance settlement price, two subjects that are key for market participants and market functioning in general.