

Implementation frameworks for the European balancing platforms

Brussels, 10 June 2022. The European Federation of Energy Traders (EFET¹) welcomes the opportunity to provide comments on the ACER consultation on the amendments of the Implementation Frameworks for the European balancing platforms in accordance with Articles 20, 21 and 22 of Regulation (EU) 2017/2195 (EBGL). In this respect, we welcome the publication in parallel of the aFRR Implementation Framework (IF) with the mFRR IF for the upcoming European balancing platform for the exchange of mFRR (MARI) and aFRR (PICASSO) with the Imbalance Netting IF for the project on imbalance netting (IGCC). Due consideration should also be given to interactions with the RR IF for the operating European platform for the exchange of RR (TERRE).

Key messages

1. Improve transparency and reporting timeliness as agreed in the European Balancing Stakeholder Group (EBSG).
2. Improve the characteristic for standard products
3. Increase harmonization of national terms and conditions

Detailed comments

Question 1: would you like to make any comments with respect to the Amendment Proposals on the multiple entity setup proposed to operate the EU balancing platforms?

We do not have any specific comment on the multiple entity setup proposed by the TSO to operate the European balancing platforms. The current setup seems to have worked well over the years.

However, we would like to amend all articles below on transparency and reporting. The publication of information “no later than 30 minutes” in article 12 of the EBGL is not satisfactory especially when MARI and PICASSO will go live. Regional and national

¹ 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. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

platforms are timelier even before the delivery period rather than “no later than 30 minutes”. In the European Balancing Stakeholder Group (EBSG) meeting of 20 October 2021 there was a general agreement between TSOs, ACER and market participants to have publications “as soon as possible” as a requirement².

Therefore, we proposed the following amendments:

Article 2 Transparency and reporting mFRRIF: *The Member TSOs shall publish the relevant information stemming from mFRRIF in a commonly agreed harmonised format at least through the ENTSO-E central information transparency platform established pursuant to Article 3 of Regulation (EU) No 543/2013 and ~~as required~~ by Article 12 of EB Regulation as soon as possible and no later than 30 minutes.*

Article 2 Transparency and reporting aFRRIF: *The Member TSOs shall publish the relevant information stemming from aFRRIF in a commonly agreed harmonised format at least through the ENTSO-E central information transparency platform established pursuant to Article 3 of Regulation (EU) No 543/2013 and ~~as required~~ by Article 12 of EB Regulation as soon as possible and no later than 30 minutes.*

Article 2 Transparency and reporting INIF: *The Member TSOs shall publish the relevant information (articles 3.10, 4.3, 4.4, 4.5 and 7.2) stemming from INIF in a commonly agreed harmonised format at least through the ENTSO-E central information transparency platform established pursuant to Article 3 of Regulation (EU) No 543/2013 and ~~as required~~ by Article 12 of EB Regulation as soon as possible and no later than 30 minutes.*

Question 2: would you like to make any comments with respect to the Amendment Proposals on mFRR technical changes?

We welcome the proposal for standard products for balancing energy as a cornerstone to integrated European balancing markets. Common product characteristics are vital to provide a level-playing field in joint balancing capacity procurement.

Technical and conditional linking could be simplified. Conditional linking is a subset of technical linking. However, the distinction can be maintained if technical linking goes live before conditional linking.

On the mandatory characteristics, we consider it fundamentally impossible to associate a location with an energy bid, since the bidding is portfolio-based and not unit-based, and BSPs don't necessarily know themselves which unit(s) they will use to fulfil their commitment at the time they bid in the auction.

Imposing an ex-ante choice of the units that will be providing the service would be extremely restrictive and would for example prevent BSPs to react to an unplanned outage. We agree that the information on the bidding zone location is necessary (because it has an impact on the use of XB capacity) – but also sufficient, given the arguments

² https://eepublicdownloads.entsoe.eu/clean-documents/Network%20codes%20documents/NC%20EB/2021/211020_EBSG_Meeting_MoM.pdf

above. Having each standard balancing energy product bid tagged with a location would cripple portfolio-based bidding by BSPs. Congestions should be tackled with adequate market-based congestion management mechanism, and not foreclose balancing energy bids.

Possibility to submit indivisible balancing energy bids by BSPs is determined in the national terms and conditions. The TSOs propose to not harmonise the maximum indivisible bids size and leave such decision to the TSOs exchanging balancing capacity or sharing of reserves. This is also in line with the proposal for standard product for balancing energy. However, it must be noted that indivisible bids will introduce complexity in the auction clearing algorithm, which may potentially lead to unwanted effects such as unforeseeably rejected bid (URB) or unforeseeably accepted bid (UAB).

Question 3: if you would like to comment on any other topics please indicate clearly the related Amendment Proposal, Article and paragraph of the Amendment Proposal and add a sufficient explanation

As in our previous responses³ we would propose the following amendments:

Art. 5.3(c): in the mFRR IF and aFRR IF could be improved further to avoid diluted efforts from the TSOs to harmonise terms and conditions related to balancing. It could also lead to national legislation prevailing over the EB GL in the implementation of harmonised and mFRR IF-compatible terms and conditions by the national TSOs. This would be in stark contradiction with Art. 18 EB GL. To avoid any confusion and in order to fully comply with the EB GL, Art. 5.3(c) should be amended as follows: “ *before the deadline pursuant to point (b), all member TSOs shall gradually adapt the terms and conditions related to balancing in accordance with Article 18 of the EB Regulation and in line with their national legislation to make possible their early and timely accession to ...*”

Article 8.2: in the mFRR IF and aFRR IF should be amended for a shorter gate closure time.

EFET would like to remind that during the last hour before delivery, local intraday markets remain open in many countries allowing market participants to re-adjust or rebalance their portfolios. Recital 12 of the EBGL explicitly requires the balancing energy market to facilitate self-balancing of market participants up to real-time. Consequences of the inevitable overlap between the cross-border balancing processes and local intraday and

³ See our [EFET response to the ACER consultation on the TSOs methodology for the mFRR implementation framework](#),
[EFET response to the ACER consultation on the TSOs methodology for the aFRR implementation framework](#)

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self-balancing actions should be minimised by the TSOs. Any excess procurement of balancing resources by the TSO should be avoided.

Therefore only the original TSO demand should be taken into account by the TSO and in the corresponding common merit order list. To maximise the potential alternative use of the returned bids (intraday market or self-balancing) and therefore the social welfare the BEGCT should be set to 15 minutes before real-time.

This objective is explicitly stated in the EBGL through the requirement that the BE GCT is 'as close as possible to real-time' (Article 24(2)). EFET questions the BE GCT time of 25 minutes is indeed as close as possible to real-time. Specifically, the TSO GCT will retain 10 to 20 minutes before the beginning of the validity period.

EFET requests that at least the ambition of the TSOs be to move to a TSO GCT of 10 minutes before the validity period, and a BE GCT in line with that, i.e. 15 minutes before real-time.

Therefore the article should read: "*The balancing energy gate closure time for the submission of a standard [...] balancing energy product bid by BSPs to the participating TSO, shall be ~~25~~ 15 minutes before the beginning of the validity period...*"