

# ELEXON'S RESPONSE TO THE 'ALL TSOS' PROPOSAL FOR THE IMPLEMENTATION FRAMEWORK FOR A EUROPEAN PLATFORM FOR THE EXCHANGE OF BALANCING ENERGY FROM FREQUENCY RESTORATION RESERVES WITH MANUAL ACTIVATIONS IN ACCORDANCE WITH ARTICLE 20 OF COMMISSION REGULATION (EU) 2017/2195 ESTABLISHING A GUIDELINE ON ELECTRICITY BALANCING'

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## Introduction

On 15 May, European Project MARI, which is creating a European platform for the exchange of manually-activated Frequency Restoration Reserve (mFRR), issued a public consultation on the proposed Project MARI mFRR Implementation Framework proposal which can be found on the European Network of Transmission System Operators for Electricity (ENTSO-E) website [here](#).

As Project MARI is very similar to Project TERRE, it is likely to have significant impacts on at least the BSC and Grid Code. ELEXON has responded to the consultation as follows.

### Format of this document

Responses to the consultation had to be in a set format loaded into a web interface on the ENTSO-E website.

This document was used to develop the ELEXON response in the format required and represents the submission made. We did not answer all the consultation questions. Only the questions to which ELEXON made a substantive response are listed below.

Matt Roper, 16 July 2018

## Consultation Questions to which ELEXON responded and the ELEXON Response

### 1. Introduction

**Q4. What types of organization do you represent?** Other

**Q5. If selected "Other", provide description of your organization**

ELEXON Limited delivers the electricity balancing settlement, imbalance settlement and related data publication services that are critical to the successful operation of Great Britain's (GB's) current electricity trading arrangements under the national GB Balancing and Settlement Code. We are not a TSO, but we undertake operations that, in some other EU Member States, are undertaken by TSOs (see [Europex documentation on Third Party Market Operators](#)).

The views expressed in this consultation response are those of ELEXON Limited alone, and do not seek to represent those of the Parties to the GB Balancing and Settlement Code which we administer.

Our local TSO (National Grid) plans to use Replacement Reserve and is party to Project TERRE (the EU Replacement Reserve project). We recognise that not all Member States will use Replacement Reserve, but based on our experience to date with designing local arrangements to fit with Project TERRE (the EU Replacement Reserve project) we expect that MARI project will continue to develop requirements through additional proposals. Subject to our NRA's approval, ELEXON will be incorporating these MARI requirements into our existing GB arrangements, as we are doing with TERRE. We will also rely on MARI settlement data to calculate the GB imbalance price.

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So in our view it is imperative that Project MARI and ELEXON closely engage and coordinate at all times on all requirement changes that MARI is considering. This will enable ELEXON to incorporate them in a timely and consistent fashion with MARI so that, for example, BSPs and BRPs are paid/charged appropriately as soon as our TSO, National Grid, participates in the live operation of MARI. We believe this coordination and liaison is key to deliver an efficient / economic solution and in the best interests of end consumers.

ELEXON recognises the decision that TSO-BSP settlement arrangements are not in scope of the project and are to be defined nationally but want to reiterate that it is very important in our view that the EU balancing projects are consistent and when possible harmonised, e.g. TERRE and MARI Projects should not take decisions on their respective market designs in isolation. But rather they should cooperate and make sure that their designs are consistent with each other to ensure an efficient and economic integration of TERRE and MARI product activations into local settlement processes.

**Q6. In which country is your organisational based?** United Kingdom

**Q7. In which country is your organisational based?** National Grid ESO

**Q8. Please add here your feedback related to the introductory Articles 1 and 2 'Subject matter and scope' and 'Definitions and interpretation'**

ELEXON agrees with the scope of the mFRRIF and welcomes the opportunity for stakeholders to provide feedback. Whereas ELEXON understands the need to restrict the scope of the mFRRIF as per Article 1 (2) this could be somewhat problematic from the perspective of a Third Party Market Operator (TPMO) who delivers the electricity balancing settlement, imbalance settlement and related data publication services. We cannot consider mFRR (MARI) in isolation from other balancing services as we need to have systems / process that work with all defined balancing products (RR, mFRR and specific).

ELEXON believes the most cost effective way to deliver integration of European balancing services markets would be to consider these markets together. ELEXON notes that the ENTSO-E Balancing Workshop on balancing, the TSO Pricing proposal and TSO Activation Purpose proposal take a holistic approach which we find encouraging. We hope that this integrated approach continues and Project MARI actively contributes in discussions.

**Q9. Please add here your feedback on Article 3 'High level design of the mFRR-Platform'**

We note that EBGL Article 30 (pricing for balancing energy) and Article 50 (TSO-TSO settlement) are referenced in Article 3 (7) and that the EBGL mandated TSO proposals that the mFRR platform will implement will be developed outside the mFRRIF. If these subsequent proposals impact our local arrangements in any way, we would always endeavour to deliver in a timely manner however previous complex implementations have proven challenging and so we would typically ask for 18 months' notice of any such change, so that we can follow our GB legally-mandated process of assessment, design, NRA approval and implementation.

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## **Q10. Please add here your feedback on Article 4 'The roadmap and timeline for the implementation of the mFRR-Platform'**

Article 4 (3) (c) states that 'member TSOs shall develop new processes and amend existing ones related to mFRR activation, pricing and settlement in accordance with the specifications'.

ELEXON seeks clarification on the specifications referenced. Are these to align with the EBGL Article 30 (pricing for balancing energy) and Article 50 (TSO-TSO settlement) that are referenced in Article 3 (7)?

We note that EBGL Article 30 (pricing for balancing energy) and Article 50 (TSO-TSO settlement) are referenced in Article 3 (7) and that the EBGL mandated TSO proposals that the mFRR platform will implement will be developed outside the mFRRIF. If these subsequent proposals impact our local arrangements in any way, we would always endeavour to deliver in a timely manner however previous complex implementations have proven challenging and so we would typically ask for 18 months' notice of any such change, so that we can follow our GB legally-mandated process of assessment, design, NRA approval and implementation.

## **Q12. Please add here your feedback on Articles 6 'Definition of standard mFRR balancing energy product'**

We note that should the Validity Period of Direct Activations (DA) be defined as 'to take place anytime during the 15 minutes after the point of scheduled activation' then it would be possible for one MARI DA Acceptance to deliver balancing services volumes in multiple Imbalance Settlement Periods (ISPs) in some Member States with shorter ISPs.

Therefore depending on the acceptance structure to be adopted one MARI acceptance 'block' could significantly impact affect multiple ISP imbalance positions and price calculations.

**Example:** TSO imbalance price calculation will include balancing services based upon the acceptance received from MARI (which will have an associated QH i.e. an acceptance period QH). Assuming that the 'acceptance period QH' matches the 'bid period QH' then under the proposed Validity Period of Direct Activations (DA) the 'acceptance period QH' would not always match 'physical delivery period QH' (in the extreme example where mFRR DA is Activated at H+7 then only 33% of the delivered volume would be in the 'acceptance period QH').

This could lead to a distortion of the imbalance price so that it no longer represents the real time value of energy (as would no longer reflect the physical actions taken in that ISP) and so could be seen to be in direct contradiction of EBGL Article 44 1.(b).

ELEXON questions whether this is appropriate.

We do note however that should the algorithm issue an acceptance where the 'acceptance period QH' matches the 'physical delivery QH period' i.e. a DA at H+7 for QHi would have an 'acceptance period' of QHi+1, then this issue would not occur.

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## **Q13. Please add here your feedback on Article 7 'Balancing energy gate closure time for the standard mFRR balancing energy product bids'**

ELEXON supports the GCT of H -25 as, from a TPMO perspective, this would avoid any TERRE activation conflicts and provide the most clarity for settlement acceptance ordering i.e. the results of the TERRE auction would be known.

## **Q18. Please add your feedback on Article 12 'Governance'**

ELEXON notes that there are no explicit provisions for Third Party Market Operators (TPMOs) to participate in either the steering committee (SC) or expert group (EG). ELEXON is a TMPO who delivers the electricity balancing settlement, imbalance settlement and related data publication services that are critical to the successful operation of Great Britain's (GB's) current electricity trading arrangements under the national GB Balancing and Settlement Code. It must be noted that we do undertake operations that, in some other EU Member States, are undertaken by TSOs (see Europex documentation on Third Party Market Operators) and so request that the definition be expanded to include TMPOs.

We also note that should the definition not be expanded then a number of MARI members will not have an expert Settlement representative on the SC or EG and question if this proposed arrangement is appropriate.

**END**