

ALL TSOS' PROPOSAL ON METHODOLOGIES FOR PRICING BALANCING ENERGY AND CROSS-ZONAL CAPACITY USED FOR THE EXCHANGE OF BALANCING ENERGY OR OPERATING THE IMBALANCE NETTING PROCESS PURSUANT TO ARTICLE 30(1) AND ARTICLE 30(3) OF COMMISSION REGULATION (EU) 2017/2195 OF 23 NOVEMBER 2017 ESTABLISHING A GUIDELINE ON ELECTRICITY BALANCING

Introduction

On 13 September, all European TSO's and ENTSO-E issued a public consultation on the proposed Pricing Proposal Implementation Framework which can be found on the European Network of Transmission System Operators for Electricity (ENTSO-E) website [here](#).

The Pricing Proposal Implementation Framework is a cross EU defined balancing product (RR - Project TERRE, mFRR - Project MARI, aFRR - Project PICASSO) proposal that defines how the prices of these products are to be determined.

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, 13 November 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

Third Party Market Operator (for further details please see Q19 general comments)

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

Q7. Which is (are) your connecting TSO(s)? National Grid ESO

Q8. Please add here your feedback on 'Whereas'

In regards to Whereas (4) we note that the referenced Article 30 of the EBGL is subject to Article 5 of the EBGL where it is stated that implementation timescale shall not be longer than 12 months after the approval by the relevant regulatory authorities. Therefore the theoretically latest implementation date to remain compliant with the EBGL is probably summer 2020.

However Article 10 of the PPIF states TSOs shall implement the PP in accordance to Article 4 of aFRR, mFRR and RR implementation frameworks. If we take the earliest standard balancing product implementation date (i.e. that of RR) then the PPIF is to be implemented before the end of 2019.

Can you confirm whether the PPIF has to be implemented at the same time as the RR product platform or whether a later date is being considered?

Q9. Please add here your feedback on Article 1 and Article 2 'Subject matter and scope' and 'Definitions and interpretation' respectively

ELEXON agrees with the scope of the PPIF and welcomes the opportunity for stakeholders to provide feedback. ELEXON believes the most cost effective way to deliver integration of European balancing services markets would be to consider the RR, mFRR and aFRR markets together. ELEXON notes that the Pricing proposal takes this holistic approach which we find encouraging. We fully support this integrated approach and hope that this continues.

Q10. Please add here your feedback on Article 3 'General Principles'

We note that Article 3 (2) (b) suggests that there should be a XBMP calculated for each activation direction which is inconsistent with statements made at the PPIF stakeholders' workshop.

ELEXON seeks clarity on this point with great urgency. Should any requirements change and impact our local GB arrangements in any way, we would always endeavour to deliver in a timely manner. However we would request for 18 months' notice of any such change. This is 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 5 'Additional Provisions for the Pricing of Standard mFRR Balancing Energy Product Bids with Direct Activation Type'

Article 5 (2) introduces the notion that a DA mFRR bid can be attributed to a BEPP that is different to the BEPP that the accepted bid energy volume is physically delivered.

This notion, that a DA mFRR bid can be attributed to a BEPP that is different to the BEPP that the accepted bid energy volume is physically delivered, raises concerns from a Balancing Settlement perspective as when accepted bid are processed all accepted bid energy volumes will be attributed to a single BEPP regardless of where it was physically delivered. This will result in a balancing energy volume with an associated price attributed to a bid in QH that was physically delivered in QH+1.

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

ELEXON has raised this concern previously and continues to question whether this is appropriate.

Q17. Please add here your feedback on Article 10 'Publication and implementation of the PP'

In regards to Whereas (4), we note that the referenced Article 30 of the EBGL is subject to Article 5 of the EBGL where it is stated that implementation timescale shall not be longer than 12 months after the approval by the relevant regulatory authorities. Therefore the theoretically latest implementation date to remain compliant with the EBGL is June 18 2020.

However Article 10 of the PPIF states TSOs shall implement the PP in accordance to Article 4 of aFRR, mFRR and RR implementation frameworks. If we take the earliest standard balancing product implementation date (i.e. that of RR) then the PPIF is to be implemented for 18 December 2019.

We note that whilst an implementation date of 18 December 2019 is not non-compliant with the EBGL it is dependent on NRA agreement and therefore could be considered uncertain.

Can you confirm that the PPIF is to be implemented on 18 December 2019 for the RR product?

Q19. Please add here all general comments on the proposal

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 and have been assigned 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 the EU Replacement Reserve product (implemented via Project TERRE) and the EU manual Frequency Restoration Reserve product (implemented via Project MARI). Both of which are impacted by the Pricing Proposal and, subject to our NRA's approval, ELEXON will be incorporating these requirements into the existing GB settlement arrangements.

We recognise that not all Member States will use Replacement Reserve, and therefore will have additional time to develop their local implementation solutions. However, for us, there will be limited time to implement any changes to our GB solution for TERRE that may be required following the approval of these pricing proposals.

Under normal circumstances we request 18 months' notice of any change to our imbalance pricing arrangements, so that we can follow our TSO dependent and GB legally-mandated process of assessment, design, NRA approval and implementation.

So in our view it is imperative that ENTSO-E and ELEXON closely engage and coordinate at all times on all requirement changes that the Pricing Proposal is considering. This will enable ELEXON to incorporate them in a timely and consistent fashion. We believe this coordination and liaison is key to deliver an efficient / economic solution and in the best interests of end consumers.

END