June 2017

SEDC Response to the ENTSO-E Survey on Standard Products (of Dec 2016)

1. Could you please indicate the identity of your entity?

Smart Energy Demand Coalition (SEDC)

2. Could you please indicate the sum in MW of all the resources amongst your portfolio (at least a range in MW)?

SEDC does not operate any capacities in proper, but its members represent the major part of new assets emerging in the balancing landscape, such as Demand Response.

3. Could you please indicate the geographical scope of your activity (at least the name of the countries)?

Members of SEDC cover the whole Integrated European Market.

4. Please share your general questions or comments about the standard products document

As a specific comment for a topic that is not tackled in the survey, the SEDC strongly supports ENTSOE in its position to maintain merit order activation for aFRR as the target model, even if not "pure" merit order.

Switching from pro-rata to merit order activation will be a real game changer for aFRR, and will foster participation of new assets. It is a must.

Still, SEDC acknowledges that a "pure" merit order activation could mean lower ACE performance for TSOs, and that some "adaptations" might have to be implemented. This should however not hamper the shift towards merit order activation, and we believe that some adaptations are totally acceptable as long as the spirit of merit order is kept (assets at the end like DR are activated only when needed, i.e in case major part or all of other assets have been activated already).

5. Do you have specific comments regarding the definition of standard products characteristics in chapter 5.1?

No comment

6. Do you agree to combine DA and SCH products in a single product? Yes

SEDC agrees with the proposal of having scheduled and directly activated products in the same product. The main benefit will be to increase the liquidity and not create artificial boundaries between very close products.

To complete our answer, since directly activated products are more flexible than scheduled (they can be requested to start activation at any time instead of fix points), we also believe that they this could however be rewarded:
- by being more activated than scheduled products, direct activation products could earn extra activation revenues.
- by getting a bonus compared to scheduled only products when being selected in a tender.

7. From your point of view, does the mFRR standard product design offer sufficient incentives for the participation of all existing and future flexible assets or variations in the production / consumption with short response time (e.g. fast conventional units, RES, hydro, batteries, demand response…)? (Yes/No)

No advice

8. Do you share the necessity to define a tolerance band in order to enable the participation of BSP-capabilities which can physically deliver a product shape that is different from the shape of the physical cross-border exchange? ~~(Yes/No)~~

Yes, but SEDC believes that the issue of ramps should be tackled through a different angle.

For manual FRR and RR, we believe that ramps from BSPs should be accepted, but not requested by TSOs. Also, incentives should be designed to favor assets with little or no ramps, so the market can progressively evolve towards those assets in the future.

We do understand that some assets have ramping issues. While this should be accepted, it should not according to SEDC lead to design standard products around that. Therefore, reasonable ramps should be accepted but not rewarded, and certainly not remunerated. That way, assets with the shortest ramps would be rewarded (having less energy not paid) and not the other way around. In the midterm, this would allow to switch to more flexible assets, and allow TSOs to integrate in their calculations the fact that ramps are disappearing.

Also, the fact that TSO-TSO cross-border exchanges are currently based on trapezoids and therefore include ramps should not lead to BSPs having to internalize this and cannot be taken as an acceptable argument to request ramps. For intraday and day-ahead markets, cross-border products have indeed no ramps for instance. TSO constraints should not be put on the market.

Tolerance bands can be designed by each TSO, but it is essential that they allow for assets with no ramps to participate if ever ENTSOE still wants to require ramps in the end despite of our request.

9. Do you support the definition of one aFRR standard product per synchronous area as a starting point? (Yes/No)

No advice

10. Regarding the control signal sent to BSPs, which is an important technical issue, do you prefer to have a minimum requirement for activation with the flexibility to activate faster (incentivized by remuneration) or receive a setpoint which your activation has to follow exactly taking into account the fixed ramp of the unit or group of units?
- FAT product without ramp rate limitation
- ~~Setpoint product~~

We believe FAT product without ramp limitation is the best option for aFRR, because it allows for more kind of assets to provide the service, and more liberty in reaching the FAT. As long as the asset can deliver the requested power in the FAT interval, then it should not get penalized because of a setpoint activation model where the tolerance band to reach FAT is by essence narrower than a pure FAT product.

Also, it can indeed send the incentive to activate faster IF the ramps are not paid (see our answer to question 8).

11. Regarding the full activation time of the aFRR standard product, do you prefer 5 or 7.5 minutes?
- 5 min FAT
- 7.5 min FAT

We have no preference between 5 and 7.5 minutes: assets operated by SEDC members, and especially DR, are usually able to deliver much quicker than 5 minutes, and when they can't, 7.5 minutes is not a game changer.

What we do believe is important is that the FAT that is chose in the end is the best solution in terms of market efficiency and liquidity, and not just to manage the technical limitations of old assets. A relevant driver for the choice could on the other hand be the speed of implementation, of harmonization, and the size of the market that will be created.

12. Which of the proposed aFRR standard products allow for the participation of the maximum of flexible assets or variations in the production / consumption with short response time (e.g. fast conventional units, RES, hydro, batteries, demand response…)?
- FAT product without ramp rate limitation with 5 min FAT
- FAT product without ramp rate limitation with 7,5 min FAT
- ~~Setpoint product with ramp rate limitation with 5 min FAT~~
- ~~Setpoint product with ramp rate limitation with 7,5 min FAT~~

See our previous answer to questions 10&11: FAT product gives more liberty to how an asset will reach FAT.

13. If we consider portfolio bidding in question 9, would it be the same answer? (Yes/No)

No advice