Implementation framework for the exchange of balancing energy from frequency restoration reserves with automatic activation

Stakeholder consultation response

Please find the documents relevant for this consultation under the following link: https://consultations.entsoe.eu/markets/afrr_implementation_framework/

3. High-level design of the aFRR-Platform

1. We understand that pricing will be covered in a different document. However, since this consultation only refers to article 30 of the EBGL regarding pricing issues, and as there is not enough clarity in this article regarding the balancing energy pricing period (BEPP), we want to insist that pricing shall reflect the scarcity at any given time. Thus, paying all bids at the same price of the scarcity periods would be inefficient, since those only happen a limited amount of times.
   As stated previously, our preferred option to have the proper incentives would be an alignment between the ISP and the aFRR control cycle periods. If this is not possible, then the preferred fall-back option would be the "control-cycle BEPP" rather than the "15-minute BEPP". The "15-minute BEPP" would suppose an entry barrier, since even at periods with less scarcity, the capacities first on the merit order of aFRR would benefit more with higher revenues. The capacities on the top of the merit order will be called upon first in the 15-minute block, even several times and then get payed for the same marginal price than anybody else that was activated less times. Having one control cycle influence the price of the whole 15-minute period would lead to BSPs that didn't contribute to that scarcity having to pay for it.

Control cycle BEPP	Quarter hour BEPP
▪ The BSP settlement is settled on a control-cycle basis (e.g. 4 seconds) ▪ All BSPs activated at a control cycle receive the same (marginal) price of the highest activated bid ▪ The BRP settlement is done on the volume weighted average of the TSO-BSP marginal prices	▪ The BSP settlement is done on each 15 minutes ▪ All BSPs activated during this period receive the same (marginal) price ▪ The BRP settlement is done with the BSP settlement price of the respecting quarter hour (e.g. for ISPs longer than 15 minutes an average of the quarter hours of the ISP)
	

Table 4: Comparison of the two options for BEPP

2. Regarding the mode of activation, given the differences on national level we accept the two proposed options between the ramping approach and the FAT approach. Since each of these methods is better suited to different types of generation structures, the combined availability of the methods will better take into account different technologies and allow them to participate.
3. There are several points that need to be considered regarding the auctions and their timing:
    - To optimise bidding, it must be made sure that auctions for higher value products are performed before lower value ones (so, FCR > aFRR > mFRR)
    - Following from the previous point, different product auctions shall not be performed at the same time.
    - Allow enough time in between auctions, to be able to assess the outcomes beforehand.

6. Definition of standard aFRR balancing energy product

1. We emphasise that the 1 MW minimum bid size should not be overturned afterwards. We acknowledge that several TSOs are concerned that this will mean a lot of new bids coming into the market that will have to be managed. This is a positive point, meaning that the market is now open to different players and technologies. 1 MW is the standard minimum threshold across Europe and already in force in most capacity and energy products. Finally, given the implementation timeline, TSOs will have more than enough time to adapt and manage the new market entrants.
2. While smartEn supports the minimum quantity of 1 MW, a granularity of also 1 MW could constrain the market unnecessarily. An inferior granularity is preferred, for example 0.1 MW, to allow fair access to the markets for all parties and increase the efficiency of the market. A small granularity would allow access to different types of portfolios while still reaching the minimum bid size.
3. We support the validity period of 15 minutes.

7. Balancing energy gate closure time

1. The gate closure time is still too high (25 minutes). Shorter gate closure times would allow for different technology types to participate in the bids. We recommend a gate closure time of 15 minutes or lower.
2. In any case, the BEGCT should be equal across all platforms. This will allow BSPs to bid into several products, with all the information on the table, to be able to choose in the best way possible.

3. To ensure an efficient balancing of the system, BSPs should be able to offer into several products and shouldn't have to guess on which platform to place their bids. These different platforms should have the same BEGCT, so the TSO would be able to select the most relevant bids in each platform. The objective should be a more transparent market, both for BSPs to be able to bid into different products and for TSOs to be able to select bids efficiently in different platforms. This way the BSP would have a guarantee to be activated in one platform at least, given that his bid is relevant. Only bidding into one platform, while still possible, would mean that the bid could not be activated, a risk that the BSP has to assume.
4. The current proposed system will mean that BSPs must choose blindly between the MARI and PICASSO platform on where to put their bids. We propose a system of complex bids or compatible gate closure times, so that BSPs can offer into several platforms, increasing liquidity without having to choose beforehand.

15. Framework for harmonisation related to aFRR-Platform

1. Harmonisation should focus on the prequalification procedures to facilitate the process for all market players to participate in all markets. Having different prequalification requirements in different countries will impose undue barriers to technologies and business models, having some capacities qualified in one country but not in another.
2. The costs to manage unavailability should also be harmonised since having different structures for penalties, backup and transfer can lead to severe distortions between countries, resulting in different costs for the BSP.
3. One consultation every three years might be too little given the changes in technologies and business models. We suggest a shorter period in between consultations. Alternatively, a communication structure with stakeholders should be implemented for more recurring consultations.
4. Harmonisation of the expected shapes of products.