

ENTSO-E Stakeholders Advisory Group for the Network Code on Electricity Balancing (EBSAG)

Second meeting

10 December 2012

10:00 – 16:00

ENTSO-E Secretariat Premises

Minutes

List of Participants

1	Martin Povh	ACER
2	Thomas Mueller	ACER
3	Charles Verhaeghe	ACER
4	Candice Richaud	CECED
5	Paul de Wit	CEDEC
6	Matti Supponen	EC/DGener
7	Didier Halkin	EDSO4SG
8	Florian Chapalain	EDSO4SG
9	Marco Garbers	EFET
10	Stefan Janson	EFET
11	Bernt Anders Hoff	ENTSO-E
12	Christina Blassmann	ENTSO-E
13	Kjell Arne Barmsnes	ENTSO-E
14	Jimmy Bourdrel	ENTSO-E
15	Paula Junco Madero	ENTSO-E
16	Peter Campbell	ENTSO-E
17	Antonio Lopez-Nicolas	ENTSO-E
18	Christian Todem	ENTSO-E

19	Timon Dubbeling	ENTSO-E
20	Javier Alonso	Eurelectric
21	Koen Noyens	Eurelectric
22	Olga Uikhailova	Eurelectric
23	Pierre Castaigne	Eurelectric
24	Ruud Otter	Eurelectric
25	Jorge Tello Guijarro	Eurelectric - DSOs
26	Pavla Erhartova	Europex
27	Matthijs Nijpels	Europex
28	Ivan Pineda	EWEA
29	Ali Haider	SEDC
30	Jessica Stromback	SEDC

Welcome, Approval of Minutes from EBSAG Kick-off meeting

The meeting is opened at 10:20 h by Antonio Lopez-Nicolas. An introduction round is held. There are comments on the minutes by Jorge Tello Guijarro (DSO associations). His comments have been added to the previous minutes, and the most updated version is approved after lunch.

Update on official letter from EC & update on process & project plan

Matti Supponen (EC) states that the official letter for the drafting of the NC EB is to be sent out in early 2013.

Approval of EBSAG Terms of Reference

Peter Campbell (ENTSO-E) discusses the Terms of Reference for the EBSAG. CEDEC and EDSO4SG are added to the group. The terms of reference are approved.

Discussion on ENTSO-E Recommendations for NC EB

Ruud Otter (EURELECTRIC) states that there is a lack of obligation for TSOs to work together. Moreover, some clauses allow TSOs to overrule market rules. Thirdly, the rules close to real-time (i.e. in the balancing timeframe) should be similar for market players in central-dispatch and in self-dispatch systems.

Matti Supponen (EC) finds it very hard to understand the grand design of the NC EB. Except for the timeline, many elements require further clarification. Without a grand design it is very hard to understand what the NC EB is about. Christian admits it is tricky to follow and a high level overview will be prepared.

Jessica Stromback (SEDC) states that it will be important to delineate the context around the NC EB in order to enhance understanding, especially the interaction with other codes.

Ivan Pineda (EWEA) states that the step-wise approach ENTSO-E is following prevents a clear understanding of a “master model” for balancing markets. He reiterates the previous comments that it is important to understand the “grand model” for balancing.

Ivan Pineda (EWEA) asks what is exactly meant with “the calculation methodology should be at least as efficient as the one used in previous timeframes”. Kjell Barmsnes (ENTSO-E) responds that if Day-Ahead and Intraday markets use a flow-based capacity calculation methodology, this will equally apply to the balancing market. Ivan Pineda (EWEA) warns that the running time of the involved calculations might become a factor of importance.

Martin Povh (ACER) states that the NC EB will need to allow balancing market to adapt to a given situation; when a TSO faces internal congestion, for instance, it might be needed to change to a nodal system.

Discussion on parts of the preliminary NC EB Draft Table of Content

Christian Todem (ENTSO-E) presents the content of the current draft articles.

Areas

There are some questions for clarifications of the different “areas” used in the presentation. Christian Todem (ENTSO-E) acknowledges that this issue requires further clarification. He stresses that this discussion goes further than the NC EB and will build on close cooperation with other network codes. He states that ENTSO-E will work on this issue further in the coming months. Antonio Lopez-Nicolas (ENTSO-E) adds that ENTSO-E strives to have members from other Drafting Teams, especially LFC&R, attend these stakeholder meetings.

Matti Supponen states that the links with the future NC on emergency situations should be taken into consideration.

Standard/specific Balancing Products

Jessica Stromback (SEDC) asks whether the time of standard products will be defined in detail in the NC EB, given that this is vital for demand-side participation. Christian Todem (ENTSO-E) responds that these will be incorporated into Article 14 of the current draft text. Jessica Stromback (SEDC) mentions that some characteristics will need to be incorporated into this list in order to allow for demand-side participation. She will follow up to ENTSO-E and Christian Todem with specific comments to the draft text on this issue, so that the drafting team can take these comments into consideration.

Ivan Pineda (EWEA) asks a question on the process for making a change to standard products. Antonio Lopez-Nicolas (ENTSO-E) responds that this will require a comitology amendment process.

Matthijs Nijpels (EUROPEX) asks how ENTSO-E will ensure that “the use of Specific Products shall not create significant inefficiencies and distortions in national and/or adjacent markets”.

Matti Supponen (EC) proposes to include the products into the NC EB itself. He sees the current timeframe, which foresees a 3-year process before the final product definitions are delivered, as “impossible”.

There are some questions on the introduction of specific products. Ruud Otter (EURELECTRIC) states that it might lead markets to be further apart. Jessica Stromback (SEDC) argues however that not all national markets need the same products. Ruud Otter (EURELECTRIC) states that he is not against the use of specific products, but that their use will need to be justified through a similar process as the standard products. Both agree that a more detailed description of the products at an early point in time is of vital importance for market players to understand the impact the NC EB has on them. Christian Todem (ENTSO-E) states that their proposals on this issue will be taken into consideration by the drafting team.

Collateralisation / Aggregation

Concerning collateralisation, Ruud Otter (EURELECTRIC) notes that aggregation of BSPs follows the same logic. Jessica Stromback (SEDC) asks whether such aggregation can also be performed by individual market players. Christian Todem (ENTSO-E) states that this should be possible in principle but further analysis is deemed necessary.

Jessica Stromback (SEDC) asks more clarification on the provision of information by aggregators. Christian Todem (ENTSO-E) states that detailed online information on individual units is needed for monitoring purposes, but that aggregated information for e.g. bidding purposes (in order to fulfil the participation requirements) should in principle be sufficient.

Trade-off Balancing obligation / Balancing market functioning

Ivan Pineda (EWEA) asks a question about the involvement of market players which do not have pre-contracted reserves in the balancing market. In the case of wind, for instance, generators can bid their excess production into neighbouring markets in order to prevent curtailment of output.

Matti Supponen (EC) states that forcing all parties to be in balance might reduce the efficiency of the balancing market. Ivan Pineda (EWEA) adds that if all participants are obliged to be in balance, BRPs with large portfolios will balance themselves to the detriment of market liquidity. If you allow for submission of schedules not in balance, the general calculation function allows for optimization of balancing services according to the number of balancing bids.

Ruud Otter (EURELECTRIC) disagrees with this statement, stating that BSPs are not obliged to be in balance, but BRPs are. Ivan Pineda (EWEA) states that he will try to elaborate in further detail later on.

Procurement

Ruud Otter (EURELECTRIC) asks whether TSOs actually “procures” balancing services, given that the TSOs only “activates” them. This question relates to a larger question of whether the TSO is a single buyer or a single counterpart. Christian Todem (ENTSO-E) states that this is mostly a question of semantics, but welcomes proposals to improve the wording.

Pricing method

Ruud Otter (EURELECTRIC) doubts whether the possibility to allow TSOs to show that pay-as-bid is more efficient in some cases is beneficial for the development of balancing markets. He asks if a consultation could be started now? Martin Povh (ACER) explains that there are some concerns on experience and feasibility and why ACER left the option open.

LUNCH BREAK 13:00 – 14:00

Stakeholder input on parts of the preliminary NC draft & discussions

Presentations

Stefan Janson (EFET) presents EFET viewpoints. The slides will be shared with all meeting participants. There are no comments to his presentation.

Jessica Stromback (SEDC) presents the potential role of DSR in the balancing markets. The slides will be shared with all meeting participants. Javier Alonso (EURELECTRIC) argues that the market works best when there is no differentiation between generation and demand products. Generators and demand-side response should be on equal footing, but it should first be clear what the market needs. Jessica Stromback (SEDC) agrees that it should first be worked out what the market really needs. However current rules exclude some demand-side potential because there are no appropriate demand-side participation requirements.

Jorge Tello Guijarro (EURELECTRIC-DSOs) presents the views of DSO associations and expresses his concern that DSOs have so far not been mentioned in the draft text. He asks how the aggregation of small generators will be dealt with in the NC, how the code will deal with the fact that DSOs do not have real time measurements of all generation and how this fits in with the 'real time information exchange' requirements in the NCOS. The slides will be shared with all meeting participants. Jessica Stromback (SEDC) adds that DSOs will need to have access to considerable information on the market in order to avoid large and uncontrollable flows between transmission and distribution grids. Christian Todem (ENTSO-E) acknowledges the DSO need of real time information and congestion management tools.

Pavla Erhatova (EUROPEX) shares concerns by EUROPEX concerning article 12, and proposes to replace "TSO" by "Member State". Martin Povh (ACER) notes that imbalance settlement might indeed be performed by parties other than the TSO. However, there is little reason to consider that the management of balancing markets should be performed by any other party than the TSOs.

Ruud Otter (EURELECTRIC) repeats EURELECTRIC's main comments, but states that most of the points have already been covered during the morning's discussion. He urges that the incentives have to be set right as they determine actions by market parties. To do this accurately, all market players should be exposed to all incentives. If this condition is met, the market will solve most of the balancing issues by itself.

Other/additional comments

Martin Povh (ACER) reiterates the concerns by stakeholders that the amount of methodologies needs to be minimised, and that the NC EB itself should already make the first steps and define at least the criteria and/or basic principles for topics where the Framework Guidelines ask for methodologies.

Javier Alonso (EURELECTRIC) states that the program time unit should be harmonised.

Ivan Pineda (EWEA) appreciates ENTSO-E's efforts to communicate transparently at an early stage of the drafting process. He expresses his concern however, that some stipulations allow TSOs to get away from the Framework Guidelines. He also wonders to what extent the current text on regulatory approval will A) further the ambition to harmonise balancing markets, rather than encouraging the status quo and B) imply considerable time delays in the implementation of the Internal Energy Market. Concerning article 10, he notes that the Framework Guidelines mandate TSOs to cooperate, and that the current text might not sufficiently respond to this stipulation. Moreover, he notes that product definitions should

not serve to allow TSOs to continue current practices, rather than moving towards a harmonisation of balancing principles.

Jorge Tello Guijarro (EURELECTRIC-DSOs) asks what the current opinion of the drafting team is on the participation of smaller and demand-side units. Peter Campbell (ENTSO-E) proposes to have bilateral meetings on this issue with relevant parties.

Website update & Communication Plan

Peter Campbell (ENTSO-E) notes that ENTSO-E is currently updating its website. This update should be done by late December.

Next Steps & A.O.B.

Christian Todem (ENTSO-E) states that the drafting team will try to finalise the second part of the draft network code in the coming weeks. Before sharing this with EBSAG members, there will be a review by the legal section of ENTSO-E. Ideally, ENTSO-E would be able to share a preliminary draft for all the articles by mid-February. Therefore the proposal is to have the next EBSAG meeting on February 26, 2013. This gives the following schedule:

14 December 2012	Send out minutes EBSAG meeting
mid-January	ENTSO-E Drafting team finalises full draft for internal revision (incl. LRG, WGAS)
15 February 2013	ENTSO-E shares preliminary draft
26 February 2013	Third EBSAG meeting @ ENTSO-E premises

Jessica Stromback (SEDC) states that even if ENTSO-E is not able to deliver the draft text two weeks ahead of the meeting, it would be helpful to let stakeholders know when the text will be shared to help co-ordinate internal discussion.

End of Meeting

The meeting is closed at 15:20.