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ERGEG proposal for Guidelines of Good Practice for Electricity Balancing Markets Integration - comments by Finnish Energy Industries

Finnish Energy Industries wish to provide its' contribution in preparing ERGEG guidelines for electricity balancing markets integration in Europe. We hope that these comments will be taken into consideration by ERGEG in its' future work.

Finnish Energy Industries support the ultimate goal of creating integrated balancing markets in Europe. Balancing market is a key tool for TSOs to secure balance in electricity transmission system. We also see that integration of national balancing markets enhance security of supply and efficient use of balancing capacity.

ERGEG has identified different markets in electricity market structure, namely financial market, spot market, intra-day market and finally, balancing market. In our opinion the goal should be to achieve a situation where market participants could adjust their balance as close to real time as possible. This would minimize the need for balancing by TSOs. To achieve this, existence of a well functioning intra-day market is essential. We wish that ERGEG would pay more attention to creating good conditions to enhance well functioning intra-day market.

The availability of transmission capacity at interconnectors is a crucial factor in electricity market integration. In our opinion TSOs should firmly guarantee as high available transmission capacity (ATC) as possible. Opportunity of using balancing market bids (also in neighbouring countries) in short-term counter trading purposes gives a good tool for TSOs to maximise the commercially available transmission capacity in an efficient and market based manner.

Finnish Energy Industries see no need for any specific interconnection capacity reservation for balancing market needs. As we have stated above the goal should be to enhance possibilities for market participants to adjust their own balance before time of delivery as far as possible. Therefore the volume of balancing power trades would be rather low. A separate interconnection capacity reservation would reduce available capacity for primary market (spot market) and therefore would weaken functioning of electricity market.

ERGEG has presented three options for integration of balancing markets. Finnish Energy Industries support the latter option where market participants may enter the balancing market without need to acquire cross-border capacity separately.

Finnish Energy Industries see no need for establishing a balancing market coordinating party. In the Nordic countries we have had a single balancing market (regulating power market) since 2002. The market was established by Nordic TSOs. The terms for the operation are set in an agreement between TSOs. The market is operated by a common data system. We consider imperative that the Nordic system can be further developed taking the existing system as starting point.

Regarding intra-day market there is a single market place between Finland, Sweden and Eastern Denmark. The decision to expand intra-day market to Western Denmark and Norway has been made.

Finnish Energy Industries support comments provided by Eurelectric regarding ERGEG Guidelines in question.

Yours sincerely,

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Finnish Energy Market Authority