

Comments by Vattenfall Europe Transmission on the Draft Revised Guidelines of Good Practice for Electricity Balancing Markets Integration (GGP-EBMI) – Ref: E09-PC-35 by the European Regulators Group for Electricity and Gas (ERGEG)

On 20th January 2009, ERGEG launched a public consultation on the Draft Revised Guidelines of Good Practice for Electricity Balancing Markets Integration (with reference E09-PC-35). These Guidelines set out ERGEG's recommendations on the need and method for integrating electricity balancing markets. The revision to the GGP-EBMI takes into account the feedback received from respondents to the public consultation of the of the GGP in 2006, the results of the DG COMP energy sector inquiry and the findings presented in a consultant study on this issue financed by European Commission. ERGEG has invited stakeholders to express their views on this subject.

Vattenfall Europe Transmission welcomes and supports the attempts to develop the integrated Electricity Balancing Market in the European Union and the main enhancement of this revision, i.e. the inclusion of issues related to the dependencies and interactions of balancing markets with automatically-activated reserves and intraday markets. Notwithstanding Vattenfall Europe Transmission has to make following comments to the report.

General comments:

The draft revised GGP-EBMI is an interesting and future-oriented approach for the integration and harmonisation of the European Electricity Balancing Market. In our opinion the paper shows several points for optimisations to meet the approaches of ERGEG.

First the guidelines should include a more precise and praxis oriented description of the models for cross-border balancing based on a deeper research and inputs of TSO and market participants: A more detailed explanation and comparison of the TSO-TSO approach on the one hand and the TSO-BSP¹ approach on the other hand and further a proposal for a possible design of balancing markets that includes descriptions of a standard market design and definition for its implementation).

Second we would like to point out the new cooperation model for optimising the TSO procurement of reserve capacity between the German TSO EnBW Transportnetz AG, E.ON Netz GmbH and Vattenfall Europe Transmission GmbH. After a successful testing the cooperation of the three control areas has started the real operation in December 2008 and shows so far excellent result.

Comments on special points:

4.1. Functioning of Balancing Power

- *In the last paragraph* a clear definition concerning competences, rights and responsibilities for regulators is needed.

4.7. Transparency

- The 2nd paragraph does not state clearly who is taking the responsibility for the nondisclosure of business secrets of the market players (balancing service provider, balance responsibility party and TSO). A clear definition is therefore needed.

¹ Balancing Service Provider

4.8. Market Monitoring

- In the 2nd paragraph of Market Monitoring the “competent authorities” including their rights and responsibilities have to be defined, especially the ones who will be signed responsible for defining the competent authorities have to be identified.

6.1. Cross-boarder Procurement of Reserve Capacity (Guidelines)

- The extent of the “Guidelines” should be enlarged: Cross-border procurement of reserve capacity should not only be possible for interconnections with no congestions. Even further it shall be used “against” the congestion power flow for relieving of the overloaded transmission line. And following the available reserve capacity in the relevant control areas will rise up.
- Remark: A clear definition of congested power lines and load flow directions are needed in connection with the relevant control areas are needed.

6.2. Cross-boarder Procurement of Balancing Energy

- Cross-border procurement of balancing energy shall be possible not only for interconnections with no congestions but also for the delivery of balancing energy against the congestion power flow. That enables an increasing number of market players to take part at the balancing energy delivery.
- Remark: It might be advisable to discuss the cross-border procurement of reserve capacity and the cross-border delivery of balancing energy in one chapter.

6.3. Amount of Reserve Capacity

- Regarding the “Amount of reserve capacity” we would like to point out that in Germany a transparent, non-discriminatory and - by the German Federal Network Agency (BNetzA) - agreed common methodology to determine the amounts of reserve capacity has been established.

7. Models for Cross-boarder Balancing

- On the one hand a more detailed explanation and comparison of the TSO-TSO approach and of the other hand the TSO-BSP approach are needed. That includes a profound analysis and explanation concerning functionality, advantages and disadvantages..
- Remark: The TSO-BSP Model is used in Germany for delivering minute reserve capacities. The analysis of the model could foster a better understanding of the functionality.

8. Design of Balancing Markets

- The argumentation of advantages and disadvantages of the TSO-TSO approach and the TSO-BSP approach has to be analysed in more detail (see chapter 7).
- A more comprehensive description of a standard market design and definition for the implementation based on a more profound research and input of TSO and market participants should be recommend.

9.1. Transparency

- The paragraph does not sufficiently explain “the needs of all market players”? A clear definition therefore is needed.

9.2. Public Data (*Table 1: Published information for balancing*)

- The responsibilities of the nondisclosure of business secrets of all market players (e.g. balancing service provider, balance responsibility party and TSO) have to be agreed.
- Important aspects have to be determined, e.g. target group and information provider. (Who will use this information and who will be responsible for delivering of the information?)