

March 2009

IFIEC Response to the draft revised ERGEG Guidelines of Good Practice for Electricity Balancing Markets Integration (GGP-EBMI)

1. IFIEC welcomes the aim of integrating the national balancing markets as a step towards an integrated European Electricity Market. Integration of balancing markets of different member states will lead to less concentration and more competition in these markets, thus reducing balancing costs. In relation to this, we believe a urgent step is also, where a member state contains more than one balancing zone, to merge these into one balancing zone.
2. When implementing actions intended to lead to a more integrated balancing market, it is essential that system stability and security of the grid is not compromised.
3. Also IFIEC would like to stress that many industrial energy consumers can - on a contractual basis - provide ancillary services to TSOs. The guidelines should require TSOs to enable industrial energy consumers to bid in their flexibility. This requires that the products which TSOs ask from market participants are designed in a way that industrial energy consumers can actually participate.
4. IFIEC supports ERGEG's view that no interconnection capacity shall be reserved for cross-border balancing. Instead, cross-border capacity should primarily be used for commercial trading and supplying.
5. Even if ERGEG prefers the TSO-TSO-approach, the TSO-provider approach (where the provider of balancing services may bid into a neighbouring balancing market) should still be possible. The stepwise approach adopted by ERGEG seems best suited for integration of balancing markets since there is no need to fully harmonise all rules of the different balancing markets.
6. In this respect IFIEC supports the guidelines mentioned in paragraph 5.1, 5.2, 6.3, 7, 9.1, 9.2 and 9.3.
7. In paragraph 6.1, the amount of cross border procurement for primary control reserves is limited to a small percentage. We believe that the reservation on interconnections on behalf of primary control should be equal to the current practice. TSOs keep a relatively small part on the interconnectors reserved to be able to help each other to balance the grid. This is related to the UCTE rules.
8. In paragraph 6.2, discrimination between balancing energy bids in different countries is not allowed. IFIEC agrees with this principle, provided it reflects the full costs for the TSO.
9. In addition, guidelines are needed to improve transparency on balancing markets. TSO's should be obliged to publish details of balancing costs, to be able to identify possible inefficiencies in the system.

END