

Balancing and Congestion Management

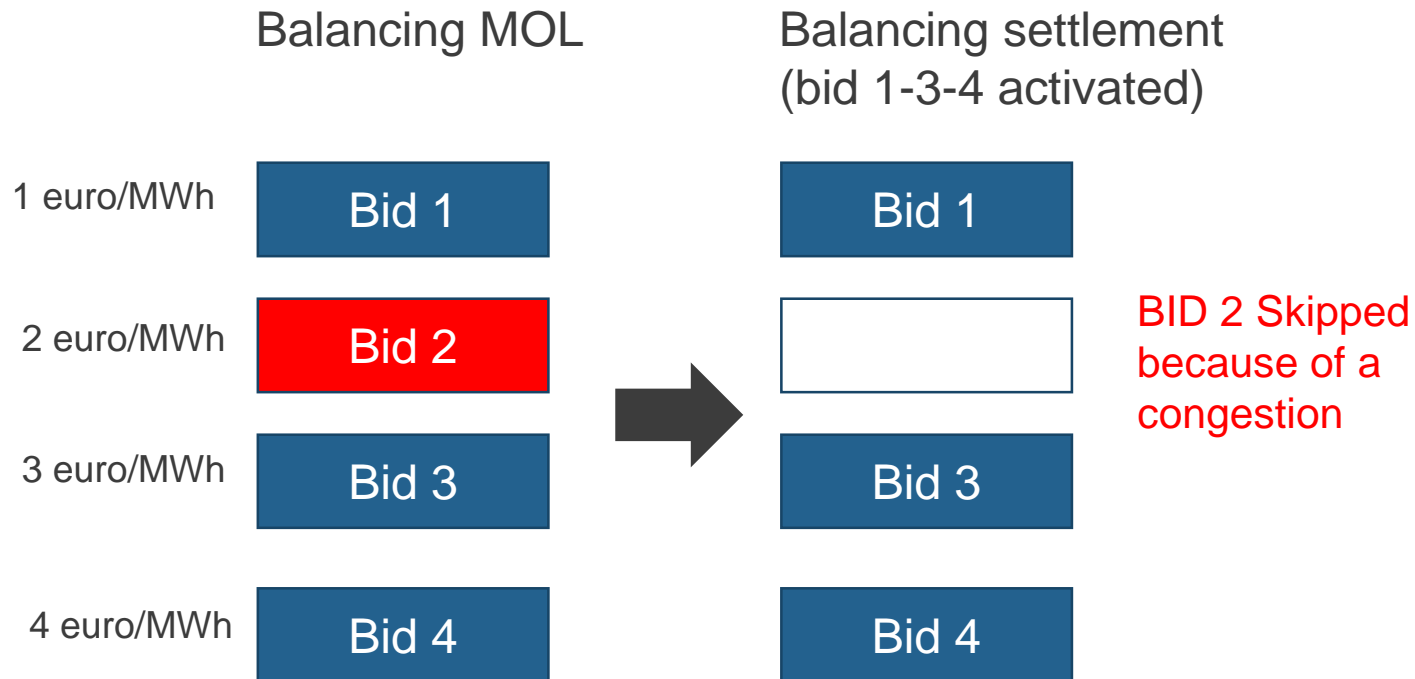
Input to Eurelectric
questions

MESC, 8 June 2018

Understanding the issue...

Skipping a balancing bid for congestion management reasons....

TSO can skip a bid if it creates congestions on the grid



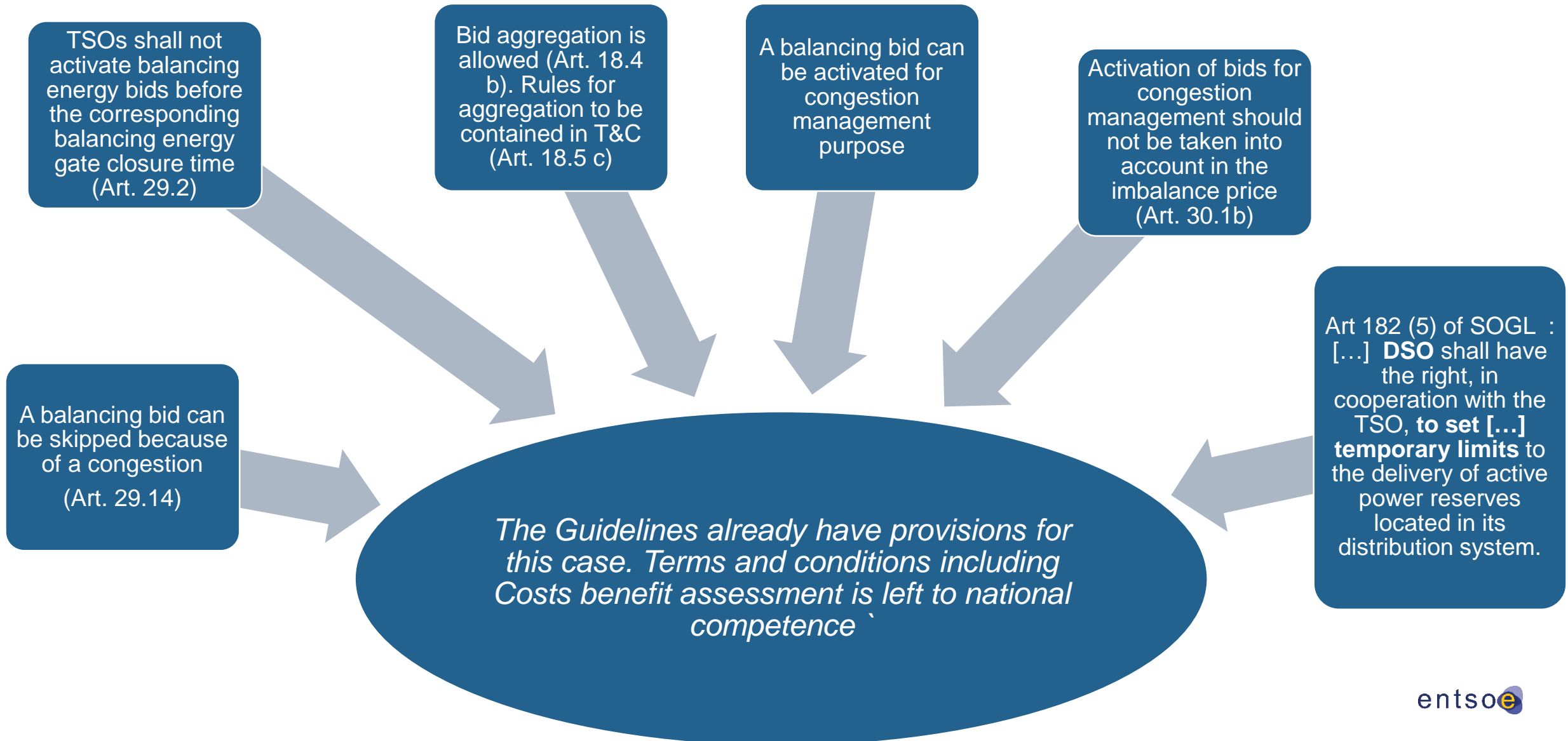
EURELECTRIC question...
Is this skipped bid subject to compensation?

Bid 2

...this will means extra payment by the TSOs to the generator so supported in the end by the consumer

→ Is this extra payment optimal?

EBGL Requirements (and SO)



Further thinking...

Compensation for so called opportunity losses of constrained bids in the balancing timeframe is rather questionable

Non structural intra-zonal congestions will always be there

- If not, it would mean a non overall cost efficient grid would have been built, i.e. a real copper plate

Increase of system costs

- Not taking into account these physical realities when selecting balancing bids and compensating non selected bids for not producing, would lead to an overall higher system cost to be born by consumers.

Gaming

- If you know you are constrained, you shall always bid (as for transparency reasons congested or constrained areas should be known...)
- Wrong incentive for generators as they will be compensated to be placed in a congested area
- Defining compensation level?

Risks sharing: TSOs, DSOs, Generators?

- Who takes risk of generation/consumer in (temporary) congested area?

Markets over physics?

Next steps...

EBGL methodologies

TSOs shall develop a proposal for a methodology for classifying the activation purposes (Art. 29.3). TSO activating the bid shall define the activation purpose (Art. 29.4)

Proposals on Activation purposes, pricing (TSO BSP settlement), TSO TSO settlement and imbalance settlement harmonization are due one year after entry into force. The content has been partially discussed in the implementation projects and stakeholder workshops/consultations.

Next steps:

- Presentation of current status in Stakeholder workshop in 20/21 June
- Official consultation in September/October
- Submission of the proposals to NRAs by December 2018