

update from NRAs on the compensation of unavailable bids

MESC, 5th December 2018

Introduction – what was it about (1)

Article 29 on Activation of Balancing Energy bids from the common merit order list

- 9. Each connecting TSO shall submit, ... , all balancing energy bids received from balancing service providers to the activation optimisation function, The connecting TSOs shall not modify or withhold balancing energy bids, except for:
 - (a) balancing energy bids related to Articles 26 and 27;
 - (b) balancing energy bids that are **manifestly erroneous** and include an **unfeasible** delivery volume;
 - (c) balancing energy bids that are **not forwarded** to the European platforms in accordance with paragraph 10.

Introduction – what was it about (2)

Article 29 on Activation of Balancing Energy bids from the common merit order list

- 14. Each TSO may declare the balancing energy bids submitted to the activation optimisation function **unavailable** for the activation **by other TSOs** because they are restricted due to internal congestion or **due to operational security constraints** within the **connecting TSO** scheduling area.

Requirements on the use of article 29(9) and article 29(14)

- NRAs have different views ranging from a full and harmonized description of the requirements on the use of article 29(9) and 29(14) EBGL (e.g. in the respective IFs), to a full description of the requirements in national Terms and Conditions.
- NRAs agree that their use should be made transparent to stakeholders ex-ante.
- NRAs consider that it should be possible to agree on some general principles while maintaining the freedom to describe implementation details in the national Terms and Conditions.
- Regarding the requirements themselves, NRAs also have different views.
 - A verbatim interpretation of the EBGL is that the use of article 29(14) would be limited to tackle only operational security constraints and would not lead to the bid being skipped in the merit order but only to the bid being unavailable for activation by other TSOs than the connecting TSO.
 - Another interpretation of the EBGL is that the unavailable bid would be skipped from the merit order and would allow TSOs to use article 29(14) to also tackle issues such as e.g. economic optimisations between platforms.

Timing for declaring bids unavailable

Earliest timing for declaring bids unavailable pursuant to article 29(14)

- NRAs consider that the earliest timing for declaring bids as unavailable equals the BE GCT.

Latest timing for declaring bids unavailable

- NRAs consider that TSOs should be allowed to declare bids as unavailable until the end of the validity period of the balancing energy bid, if it does not change the results of the AOF.
- However, NRAs have different views concerning the applicability of the condition.
 - Some NRAs consider that when a bid has been activated at least once during a given validity period it cannot be marked as unavailable for remaining part of the same validity period,
 - Other NRAs consider that a bid can be marked as unavailable until the end of a validity period, even if it has been activated in a previously in the same validity period.

Compensation to unavailable bids

- In general, NRAs do not favour the compensation of unavailable bids, even if the unavailability arises due to operational security constraints.
- However, the position of at least some NRAs may change in case bids are frequently marked as unavailable.
 - Article 29(14) should not be used as a solution to a structural problem inside a scheduling area.

Publication and transparency on unavailable bids

- Based on article 12.3(b)iv of EBGL information on whether a balancing energy bid was declared as unavailable shall be reported no later than 30 minutes after the end of the relevant market time unit.
- In general, the reasons and justification why bids are marked as unavailable should be published to the market, according to the transparency requirements .

Timing for withholding or modifying bids

Earliest timing for withholding bids

- NRAs consider that the earliest timing for withholding bids equals the BEGCT.

Latest timing for withholding bids

- NRAs consider that the latest timing for withholding bids equals the TSO GCT.

Compensation to withheld bids

- In general, NRAs are not in favour of compensating bids that are withheld or modified according to art. 29(9)
 - this is either known beforehand – for specific products – or a safeguard in case of manifest errors.
 - This is also the case for bids that are not forwarded to the platforms in accordance with art. 29(10) assuming these bids are released in time for the BSP to offer them on the national intraday markets.
 - As such, no loss of opportunity costs has to be compensated for bids modified or withheld.