

Electricity Balancing Stakeholder Group (EB SG) Meeting

Date: 25 May 2023
Time: 09:00-13:00
Place: Physical meeting & telco

Participants

No.	Surname	Name	Company	Present (Y/N)
1.	Tellidou	Athina	ACER	Y
2.	Fransen	Mathieu	ACER	Y
3.	Viehhauser	Martin	ACER	Y
4.	Rossi	Stefano	ARERA	Y
5.	Dubbeling	Timon	ACM	Y
6.	Behrens	Simon	BNetzA	Y
7.	Zwinka	Barbara	BNetzA	Y
8.	Beune	Rene	E-Bridge	Y
9.	García Escoín	Virginia	CNMC	Y
10.	Fortanier	Vincent	CRE	Y
11.	De Chambure	Cyprien	SIA-Partners	Y
12.	Maenhoudt	Marijn	CREG	Y
13.	Kabinger	Alexander	E-Control	Y
14.	Orzechowski	Adrian	URE	Y
15.	Piğēns	Kārlis	SPRK	Y
16.	Bonda	Michael	Amprion	Y
17.	Olivares Noguera	Sebastian	Amprion	Y
18.	Schlosser	Ilona	Mavir	Y
19.	Tóth	Luca Adrienn	Mavir	Y
20.	Lániková	Denisa	URSOSK	Y
21.	De-Veyrac	Antoine	RTE	Y
22.	Zajac	Tomáš	CEPS	Y
23.	Anandha	Jayaram	Accenture	Y
24.	Janson	Stefan	ENBW/EFET	Y
25.	Cummings	Victoria	Europex	Y
26.	Peerhossaini	Donia	Eurelectric	Y
27.	Schlipf	Dominik	ENTSO-E	Y
28.	Marcina	Kristine	ENTSO-E	Y

No.	Surname	Name	Company	Present (Y/N)
29.	Brandauer	John	ENTSO-E	Y
30.	Oliveira	David	ENTSO-E	Y
31.	Brun	Vanessa	ENTSO-E	Y
32.	Csete	Márk	ENTSO-E	Y
33.	Maier	Sarah	ENTSO-E	Y
34.	Steber	David	ENTSO-E	Y
35.	Szer	Anna Kamila	ENTSO-E	Y
36.	Vrolijk	Ruud	ENTSO-E	Y
37.	De La Fuente	Jose Ignacio	ENTSO-E	Y
38.	Farrokhseresht	Mana	ENTSO-E	Y
39.	Cerman	Anton	ENTSO-E	Y
40.	Przychodzien	Krzysztof	ENTSO-E	Y
41.	Stenklov	Inge	ENTSO-E	Y
42.	Pentasuglia	Enzo	ENTSO-E	Y

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Minutes

1. Opening

ACER representative and ENTSO-E representative welcome participants and introduce the agenda.

2. Balancing platform updates:

ENTSO-E representative expresses gratitude for everyone's contributions to the platform projects. He informs about the operation of all platforms with pending connections to some TSOs expected within the legal timeframe next year. He notes that the European design implementation is ongoing and BSPs are tasked with data collection and platform management. Highlighted progress includes design improvements, status updates, and significant economic surplus in 2022 of around 790 million EUR for IGCC platform, frequent exchanges between Germany and Czech, and an economic surplus of 766 million EUR in 2022 for TERRE platform, while PICASSO generated an economic surplus of 135 million EUR in 2022.

EBSG discusses:

- EURELECTRIC representative asks how the economic surplus is computed.
 - ENTSO-E representative clarifies that the computation takes into account both platform operation and disconnected platform operation. He uses PICASSO as an example, explaining that it considers the Merit Order List (MOL) of each country, the balances of the demand of each country, and then sets the price. In addition, he highlights that actual results from the AOF operations are included in these computations. Speaking to the broader topic of imbalance netting, he elaborates that the platform considers the avoided activation, dependent on whether imbalances are netted and counter-activated. He notes that this outlines the general principle behind the process. He notes that there are specific details that make it challenging for the MARI platform, particularly with recalculations concerning the conditional bids as these factors make it hard to determine. He mentions that ENTSO-E plans to publish these details in the near future.
 - ACER representative adds that this aims to solve the same issue, but with zero cross-zonal capacity.
 - ENTSO-E representative explains that this process prioritizes platform operations, even when someone is disconnected. He informs that it sets prices based on each country's MOL, taking into account actual results from operations. He notes that given the complexity of defining certain conditions, there are currently no clear number to represent right now, but it is planned to provide them soon.

a. IGCC

ENTSO-E representative informs that a significant milestone has been reached, with all TSOs now connected to the platform. He notes that prices are still higher than in other years. He discusses the

utilisation of ATC for the exchange of energy. He emphasises that although there is sufficient ATC, it is not available all the time.

EBSG discusses:

- EURELECTRIC representative asks what does EMS and ESO means.
 - ENTSO-E representative answers Serbian and Bulgarian TSOs
- EURELECTRIC representative asks in regard to seek clarity on the main reasons behind the different discrepancies observed in various countries like France, Italy, Bulgaria, and Spain. She asks why these countries exhibit higher differences compared to others.
 - ENTSO-E representative mentions that these countries lay in the mid-range in terms of demand, yet their overall demand is higher. He further points out that their capacities do not seem sufficient to utilize all of the netting volume. He notes that the main difference appears to be that these countries' demand is higher.
- A participant asks if IGCC will be phased out once PICASSO fully operates in 2024/2025.
 - ENTSO-E representative clarifies that once all TSOs are connected to IGCC also establish their connections to PICASSO, a phase-out of the IGCC will be initiated. He notes that there might be circumstances in which TSOs from Energy Communities, once they have agreed to all the regulations for connecting to IGCC or obtained other derogations, could maintain their association with the IGCC. He further notes that there will still be some countries within these Energy Communities that will continue to rely on the IGCC, therefore, even if there's just one TSO connected, the IGCC platform will persist.

b. MARI

The ENTSO-E representative updates on MARI developments. He notes that the platform has been 100% available since launch, with future TSO connections outlined.

EBSG discusses:

- EURELECTRIC representative asks what SA and DA mean on slide 9.
 - ENTSO-E representative answers SA = scheduled activation, DA = direct activation.
- ARERA representative asks whether ENTSO-E representees can clarify what is meant by activation for system constraints, as it seems it is not in line with ACER decision for the activation purposes.
 - ENTSO-E representative notes that the activation purpose methodology offers the possibility to activate balancing energy bids to handle system constraints. He acknowledges that discussions are currently underway regarding this methodology. He notes that in his experience, this approach hasn't been used much until now, however, the team is exploring different possibilities. He informs that if there are questions or concerns about this, he assured that ENTSO-E can clarify these issues later and provide answers if needed.

- ACER representative explains that according to the decisions made, they can delve deeper into the implementation of the platforms. For instance, mFRR bids can be activated for re-dispatching, but this action should occur outside of the platform and then declared in bid form. She emphasizes that the result of the AOF activated by the platform is primarily for balancing, although it may also address other issues. Regardless, all bids activated within the platform's context are intended for balancing purposes, and the activation decisions confirm this.
- ENTSO-E representative clarifies that there is a clear provision stating that these mechanisms cannot be used for handling internal congestion measures. He notes that within a LFC block, these measures are primarily aimed at managing cross-border re-dispatch.
- ACER representative clarifies that since the platform lacks locational information for the bids, it can't ascertain if the solution genuinely resolves congestion issues. As a result, ACER has adopted the approach that all bids activated by the platform are designated for balancing purposes. She acknowledges that counter-trading and re-dispatching could indeed be improved by activating bids, but she emphasizes that this improvement does not come directly from the platform.
- EFET representative questions the recent comment regarding the accession roadmap. He notes that managing multiple TSOs joining nearly simultaneously could pose a significant challenge. He asks if there is a real chance of a reaching the legal deadline for accession for all TSOs or is this opportunity already missed with all derogations.
 - ENTSO-E representative addresses the question, explaining that the current state of the accession roadmap is a direct result of individual implementation plans. He acknowledges that, due to a range of technical constraints and market effects, it isn't practical to have a 'big bang' approach where multiple TSOs join simultaneously. Instead, a more gradual, step-by-step approach is preferred. He notes that this strategy also aligns with the balancing process, as it enables better management of system operation behaviour, among other aspects. He discloses that internal discussions are currently underway to refine the go-live planning process. The results of these discussions will be incorporated into the next accession roadmap, which is due to be published in October. He notes that the upcoming roadmap will present a de-escalation from the current accession round set to occur in July.

c. PICASSO

ENTSO-E representative provides an update on the recent developments in the PICASSO platform.

EBSG discusses:

- A representative poses a question regarding price conversions, specifically asking about the congestion rent that was achieved. He asks whether this congestion rent is considered as part of the calculation for economic surplus.

- ENTSO-E representative confirms.
- ACER representative poses a question regarding slide 14, seeking clarity on whether the non-AOF volume is the difference between the green and purple lines or the green and red lines. She further asks whether the difference between the red and purple lines represents an unexpected response from the BSPs, essentially defining it as the discrepancy between the LFC output and the aFRR activation.
 - ENTSO-E representative clarifies that the difference between the red and purple lines represents the dynamic behaviour of the BSP. He notes if someone requests 100MW from the BSP through an automatically prepared signal, the non-AOF volume should indeed be the difference between the green and purple lines.
 - ACER representative indicates that the total represented by the blue colour should equal the total of the green, after subtracting the imbalance netting.
 - ENTSO-E representative agrees and highlights that it is the imbalance netting specifically for IGCC.
- ENTSO-E representative clarifies that exceeding demands can also occur through the use of IFs in the MARI platform. He notes that this is not limited to PICASSO alone, as the provision in the IFs allows each connected TSO to MARI and PICASSO to access the full MOL available on the platform.

d. TERRE

ENTSO-E representative explains the latest developments in TERRE. He notes that PSE connection is expected in 2024.

EBSG discusses:

- EURELECTRIC representative raises a question regarding slide 27, seeking an explanation for the increased demand and activation of negative RR observed in the last two months. He expresses curiosity about the underlying reasons behind this trend.
 - ENTSO-E representative responds that the increased demand and activation of negative RR in the last two months is primarily related to the higher production of renewable energy. He notes that when there is a surplus of renewable energy generation, negative RR can be utilized to help balance the system accordingly.
- EURELECTRIC representative expresses appreciation for the upcoming consultation on the daily gates and acknowledged the openness of the scenarios presented. She suggests that in the first round of consultations, it would be beneficial to include graphs and detailed explanations of how each option works in terms of optimization. This would help market participants better understand the options and contribute to a more informed outcome of the consultation process. Additionally, she notes that the third option appears to be more open in terms of the ability of market participants to submit bids. She asks whether criteria such as liquidity and the capacity for a high volume of supply were considered when deciding among the three options.
 - ENTSO-E representative responds to the first question, stating that they will be organizing a workshop to thoroughly discuss each of the three options related to the

daily gates. He also mentions that a public consultation and survey will be launched on the ENTSO-E website in the upcoming week. In addition, ENTSO-E will provide an explanatory document that covers all three options in detail. He further emphasizes the importance of joining the stakeholder workshop to gain a more comprehensive understanding of the daily gates and their implications. Regarding the second question, he explains that all three options have been carefully evaluated, considering their respective advantages and disadvantages. These evaluations will be presented in the explanatory document, which will be made available along with the workshop on the ENTSO-E website.

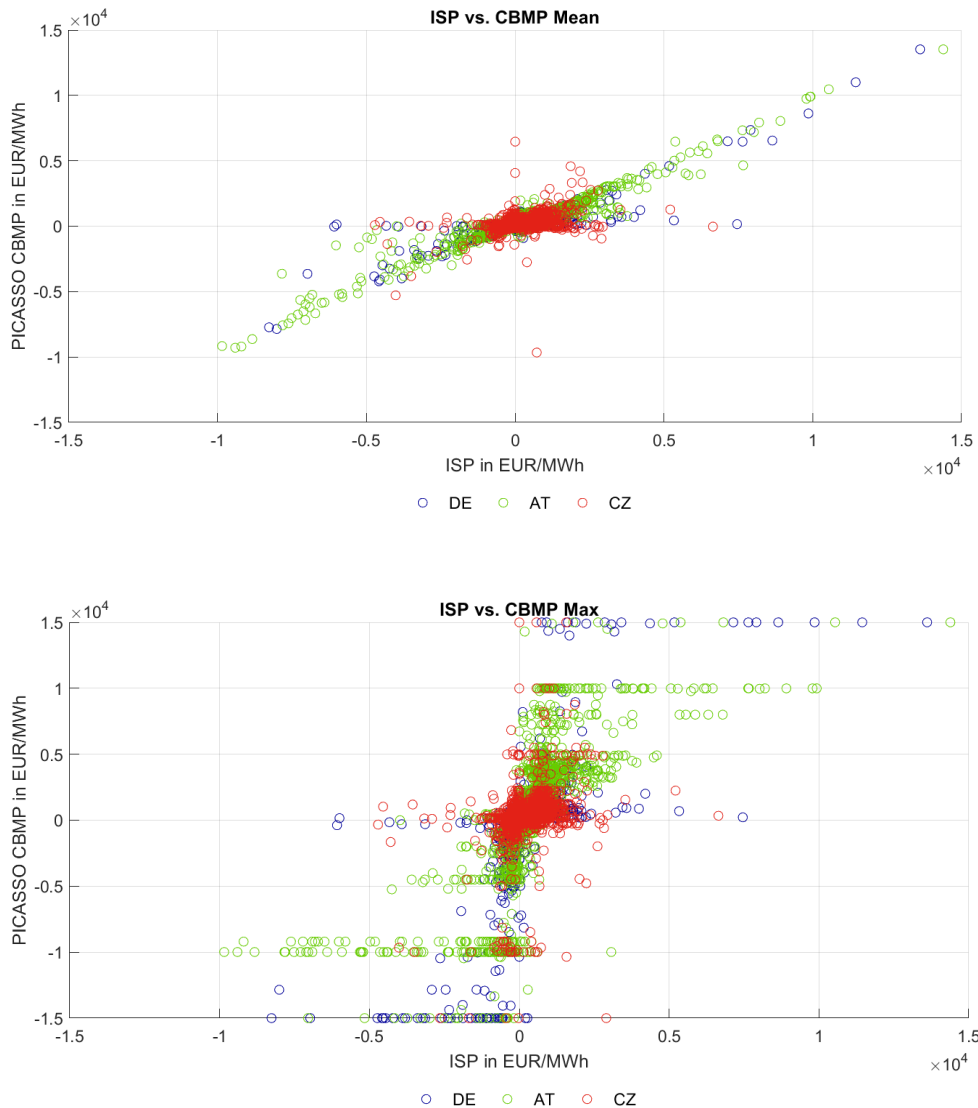
e. **Balancing Energy Prices.**

ENTSO-E representative explains the summarized slides, highlighting the occurrence of price spikes in the energy market. He emphasizes that price spikes have always been present, but the key question is whether these spikes are considered acceptable or not. He mentions that aligning with the BSPs can bring certain benefits. For example, the implementation of temporary price caps of 15k, which has been appealed by some BSPs. This helps address the issue of unavailable ATCs and flow-based capacity allocation, which ultimately leads to reduced market gains. He proceeds to elaborate on the challenges associated with unavailable cross-zonal capacity, providing further explanation.

EBSG discusses:

- The EFET representative asks for clarification on the terminology used. He notes that an incident is defined as a consecutive period during which the cross-border marginal price surpasses a certain threshold level.
 - ENTSO-E representative further explains that if the cross-border marginal price reaches or exceeds the threshold level within one MTU, it triggers a price incident. In PICASSO incidents can happen every four seconds (MTU in PICASSO), however, all incidents within the same quarter hour are grouped together as the bids submitted are valid for the same period. Therefore, a price incident in PICASSO can last from 4 seconds to 15 minutes. On the MARI platform, one MTU equals 15 minutes. Depending on the activation type, a price incident in MARI can last between 15 and 30 minutes (i.e., in case of direct activation).
 - EFET representative states that the duration of 150 seconds corresponds to 40 consecutive MTU optimization cycles where the cross-border marginal price remains above the threshold level.
 - ENTSO-E representative clarifies that the definition of a price incident in the PICASSO platform does not require consecutive occurrences. In PICASSO, a price event is identified when the cross-border marginal price reaches 7500 EUR within a single optimization cycle, which corresponds to a 4-second period. These individual 4-second periods that reach the threshold within a 15-minute period are then grouped together as one price incident. Therefore, a duration of 150 seconds could include

- multiple 4-second periods where the threshold is reached, interspersed with periods where the threshold is not reached, as well as additional 15-minute intervals.
- EFET representative notes that the temporary delineation used is a quarter hour, meaning that the market is observed and analysed on a per-quarter hour basis. He asks if this means that the pricing and optimization cycles are considered within these 15-minute intervals.
 - ENTSO-E representative agrees with the participant's comment, explaining that in PICASSO, the demand changes are tracked every 4 seconds, but the bids submitted are valid for 15-minute intervals. Therefore, market shares do not change within this 15-minute intervals but dynamics can change due to the continuous adjustments in demand.
 - EFET representative states that market structure indicators are typically evaluated over a longer period of time. When examining a specific quarter hour with zero free bids, the assumption is that the focus is on accepted bids in the balancing energy market. In such situations, where there are no or even negative free bids, it can adversely affect the opportunities for market participants, regardless of their size or significance.
 - ENTSO-E representative states that this is not necessarily the case. For example, if there occurs a demand of 100MW in Germany perhaps no BSP is pivotal, because it would be possible to easily satisfy by activating other BSPs. It is really by having a demand which is not to be solved without this one pivotal BSP. Therefore, this is one indicator of possible execution of market power, because we think the BSPs are aware of this situation, therefore we have to look at this situation and pinpoint to regulators in order to raise awareness. He notes that the decision for investigation is on NRAs side, we just can analyse it at bring awareness on this situation.
 - EURELECTRIC asks why there are occurring many bids at the gap.
 - ENTSO-E representative responds by explaining that the significant number of bids at the gap can primarily be attributed to the price setting in Austria. The Austrian BSPs were used to a price cap of 10k before their connection to the platforms, and it appears that they still adhere to this cap. ENTSO-E acknowledges the need for further examination and understanding of the behaviour of Austrian BSPs.
 - EFET representative raises a question regarding the two displayed graphs, noting that the cross-border marginal price is fixed while the calculated imbalance settlement price varies. He expresses an expectation that all the y-values should be identical, with only the x-values changing. He states that this is not reflected in the plot.
 - ENTSO-E representative notes they will further investigate.
 - The graphs are updated after the meeting as follows:



- The EURELECTRIC representative mentions the need for further discussion with their members regarding the initial question raised. He notes that some members who are not currently connected to PICASSO have raised concerns about the occurrence of very high prices and their regulators have identified this as a potential risk for connection. The representative suggests that ACER may be better suited to comment on this matter. Additionally, she expresses interest in receiving more information on the ongoing work and further developments related to the topic. She proposes the possibility of a follow-up discussion to delve deeper into the subject at a later time.
 - ACER representative acknowledges that during this month, they, along with NRAs, are closely examining the topic raised regarding high prices and the associated risks. They appreciate the efforts made by TSOs in this regard. ACER also mentions that they are

coordinating with NRAs to determine how to address and evaluate the outcomes of this analysis, this assessment is an essential part of the overall process.

- ELIA representative raises a question regarding the alliances shown in the morning presentation, specifically focusing on the countries that have not yet connected to the TSOs but are nearly ready to do so. He asks about the analysis conducted in this regard, particularly from the perspective of Belgium. He expresses that addressing high price spikes alone may not be sufficient, as the identified risk for Belgium lies more in the occurrence of long-duration high prices rather than just spikes reaching a threshold of 7500 EUR. The concern is not limited to a few optimization cycles or one or two consecutive quarter hours, as these prolonged high prices can still occur even at levels of 2000-3000 EUR or higher. This risk is intensified when there are limited Available Transfer Capacities (ATCs) with a much shorter merit order in comparison to countries like Germany. The representative emphasizes that solving the issue of price spikes alone does not mean that the problem is completely resolved for Belgium. Even with the perfect implementation of REMIT (Regulation on Energy Market Integrity and Transparency) and BSPs bidding costs as expected by economic theory, Belgium still faces challenges in managing the issue of high prices within its market.
- **Stakeholders to provide their feedback on the high price topic by end of June 2023 (send to ENTSO-E Secretariat)**

3. Transparency platform updates

a. EURELECTRIC feedback

EURELECTRIC representative provides further feedback from EURELECTRIC. She informs that there are still some questions regarding the price analysis, particularly in relation to unusual cross-border prices, whether they are very high, low, or even negative. The representative asks whether a similar analysis could be conducted for the TERRE platform as well.

Balancing IFs Data Publication on TP

ENTSO-E representative answers the questions from EURELECTRIC. The ENTSO-E representative explains that there are ongoing discussions between the TERRE TSOs and NRAs regarding the implementation framework. She notes that they have reopened the framework to discuss additional transparency and reporting obligations. It is important to note that until these discussions are concluded, and the framework is approved, the proposed changes may not be implemented.

EBSG discusses:

- EURELECTRIC representative asks about the current status of the approval process regarding the discussed implementation framework.
 - ENTSO representative answers that it is in the status of approval, NRAs have to approve.
- EURELECTRIC representative asks for clarification regarding the cross-border price, specifically noting that the four-second prices.

- ENTSO-E representative further clarifies that the four-second marginal prices are indeed published by the balancing platforms, specifically mentioning that TransnetBW hosts the PICASSO platform. He explains that the process is underway to publish these prices on the Transparency Platform, as they are in the finalization phase of transferring the data to the Transparency Platform. The four-second prices are published by the platform itself. Regarding the prices of activated balancing energy, the representative explains that for aFRR, individual TSOs currently publish these prices. However, once TSOs are connected to the platform, the prices for aFRR will be determined by the platform itself, ensuring uniformity across all participating TSOs.

b. TSOs updates

TP Open Points – status update

The ENTSO-E representative provides an update on the status of the Transparency Platform (TP). He mentions that there will be a next meeting planned to discuss the upcoming public consultation on the updated Manual of Procedure for the TP. The representative also mentions the ENTSO-E TP strategy for 2030, which is developed based on the feedback received from the stakeholder survey.

- **ENTSO-E to follow up on the raised points in the next ETUG/EBSG meeting**

4. CZC allocation harmonised methodology

ACER representative provides an update on the HCZA methodology process and gives an overview of the slides. He notes that they are currently in the decision-making process and aim to have the decision approved by mid-July.

EBSG discusses:

- EURELECTRIC representative states that she understands that time is needed for processing the responses and the approval process. She expresses the desire to have more details on the content and amendments that will be proposed in the next MESC meeting. The representative highlights that the graphs presented so far do not accurately reflect the concerns they have raised. She kindly requests more specific information on how the concerns will be addressed, as this would be greatly appreciated.
 - ACER acknowledges that there are several details in the replies and assures that all of the answers and information will be provided. He notes that a few subtasks can be expected mid of July.
- **ACER to provide feedback on the CZC allocation harmonised methodology decision and responses to stakeholder feedback by mid-July**

5. RCC Sizing and Procurement methodologies

ACER representative provides an update on the RCC Sizing and Procurement methodologies.

6. Capacity calculation methodologies

ACER representative provides an overview on the recent developments in terms of Capacity calculation methodologies.

7. 15 min ISP and ISH implementation overview

ENTSO-E representative provides an update and an overview on 15 min ISP and ISH implementation.

EBSG discusses:

- EFET representative asks if it is possible to compare ISPs (or methodologies)
 - ENTSO-E representative answers that it is hard to do so because there are differences in the markets of countries, it is necessary to take into account the whole picture.

8. Implementation Framework Survey

ENTSO-E representative provides an overview of the IF Survey and informs participants that it is available on the ENTSO-E consultation website. Stakeholders have the opportunity to provide their feedback on the survey until July 24th. He informs to keep in mind that the survey will be reopened next year.

- **Stakeholders to provide feedback on the Implementation Framework Survey by 24th July 2023**

9. Closing and next steps

a. Reminder on next meetings:

- i. EBSG: 26 October (physical, request to start later than 9:00)
- ii. Balancing platform stakeholder workshop: 30 November (online)

ENTSO-E (Ruud Vrolijk) and ACER (Athina Tellidou) thank the participants and close the meeting.