EBSG| Imbalance Settlement Harmonisation Methodology (ISHM) Assessment – Public Consultation and Initial Responses

28 October 2026

Reliable Sustainable Connected

Legal reference: ISHM 52(2) of EB Reg.; Art. 12(3) of ISHM

1. Background & Recent developments

- The public consultation was conducted **from 26 June to 7 September**, with a public webinar organised **on 8 July**
- The TSOs would like to **thank all stakeholders** for their valuable feedback provided during the public consultation.
- Following that, PT ISHM **received 16 public consultation responses**
- PT ISHM will prepare **responses to the public consultation feedback**
- Initial responses to the public consultation are discussed in the next slides

2. ISHM Assessment Public Consultation Feedback Summary (1/2)

Key Feedback	Initial Response from PT ISHM
• Further **harmonisation is requested.**	• The aim is to achieve the highest possible degree of harmonisation, while retaining the measures necessary to target local differences.
• **Criticize dual pricing** and **call for single pricing**, particularly due to forecasting difficulties.	• The point will be further considered under Art. 11 discussion.
• Support of **assessment outcome and measures that encourage flexibility.**	• The role of flexibility and appropriate incentives will be further considered.
• Greater **transparency regarding the VoAA.**	• Transparency regarding the VoAA will be further addressed under Art 10 discussion.
• **Activated balancing energy volumes over satisfied demand** are preferred.	• This approach will be further discussed.
• The **VWAP methodology** is preferred.	• The point will be further considered under Art. 9 discussion.
• Favor the use of **balancing energy prices only.**	• The use of balancing energy prices alone may not provide sufficient incentives. This will be further outlined under Article 9 discussion.
• Some responses request further (**clarification regarding**) **financial neutrality**.	• TSOs aim to ensure financial neutrality, which is also monitored by the respective NRAs. The financial neutrality component can support this objective. This will be further discussed under Article 9.

>3 responses
2-3 responses
One response

2. ISHM Assessment Public Consultation Feedback Summary (2/2)

Key Feedback	Initial Response from PT ISHM
• **The Risk of imbalance shifting is raised**.	• TSOs will further discuss this topic.
• **Insufficient intraday liquidity is highlighted**.	• Not the main target of ISHM. The potential interaction could be discussed.
• Some responses request **further investigation of system characteristics, BRP incentives and long-term impacts.**	• These aspects will be further discussed.
• **Smaller bidding zones exhibit larger imbalances**, potentially resulting in higher imbalance prices and costs.	• This issue will be further discussed.
• Request **further analysis of cross-country differences** and their impact on imbalance settlement.	• Cross-country differences and their potential impact will be further considered.
• Respondents **favor a simple and transparent framework**.	• PT ISHM agrees that imbalance settlement should be transparent and limited to the components and flexibilities that are necessary to achieve its objectives.

>3 responses
2-3 responses
One response

Feedback that is out of scope of the ISHM assessment

Key Feedback	Initial Response from PT ISHM
• Greater focus on preventing imbalances through: 1. **Forecasting** 2. **reserve procurement** 3. **congestion management** 4. **ancillary services** 5. **cross-border coordination.**	• One of the objectives of the ISHM is to provide sufficient incentives for BRPs to minimize imbalances 1. Each BRP needs to optimize their forecast 2. Not focus in ISHM 3. Not focus in ISHM 4. Not focus in ISHM 5. Not focus in ISHM
• Clearer **signal on balancing vs. congestion management**	• Congestion management is not targeted by ISHM
• Discuss TSO **activation strategies**	• How TSOs activate their reserves is not part of the ISHM
• **Harmonisation in prequalification** would have higher impact than in imbalance settlement	• Prequalification requirements are addressed through the ongoing harmonisation of prequalification processes and are outside the scope of the ISHM.
• Criticize differences in the **degree of flexibility allowed for passive balancing.**	• The degree of flexibility regarding passive balancing is determined by each TSO and is not harmonised through the ISHM.
• Criticize the application of the **polluter-pays principle in Sweden**	• Specific national arrangements are outside the scope of the ISHM assessment.
• Further harmonisation is requested where national differences may lead to **distortions in investment signals.**	• The PT ISHM would like to request further clarification regarding this point.
• **Removal of derogation after MARI/PICASSO accession**	• The PT ISHM would like to request further clarification regarding this point.

>3 responses
2-3 responses
One response

3. Next Steps

Date	Activity
Ongoing	• TSOs are reviewing an discussing the feedback from the public consultation. • TSOs will work on the second draft of the ISHM Assessment report.
By 1 July 2027	• All TSOs shall submit their final assessment, together with the comments received from stakeholders, to all regulatory authorities and ACER. • The final assessment will be published on the ENTSO-E website.