



Promoting choice and value
for all gas and electricity customers

Framework Guidelines on Electricity Balancing

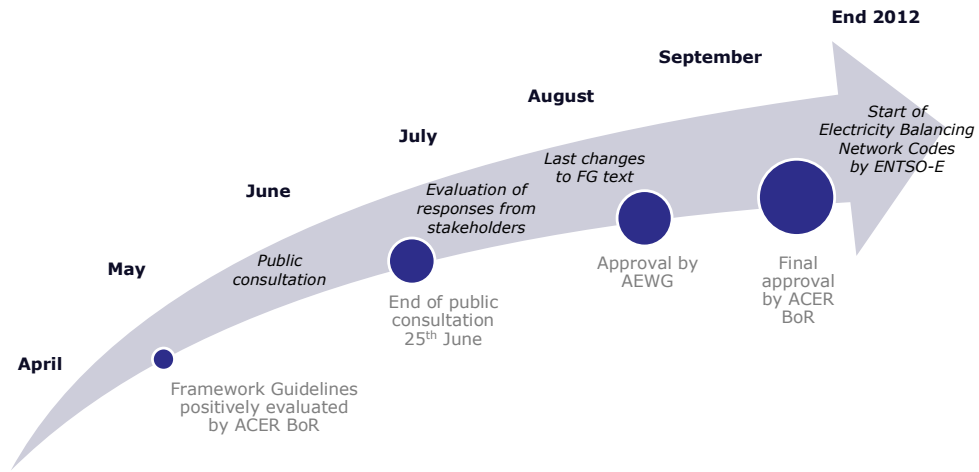
JESG update on ACER consultation and
next steps

July 17th 2012

Agenda

- Timeline for Framework Guidelines development
- Feedback on ACER consultation
- Next steps

EBFG process



- ACER consultation ended 25th June
- Process of drafting updates by the ACER drafting team between during July/Aug
- Intention of getting ACER EWG approval mid Aug
- Final approval by ACER Board of Regulators Early September

Update on ACER consultation (1)

- Closed on 25th June (47 total responses, 5 from GB stakeholders)
- Overall: support for the objectives and principles in the FGs
- Majority support for key aspects of the FGs:
 - harmonisation of pricing methodology
 - standardisation of products
 - aim of similar target models for reserves (FRR and RR)
 - suggested timeframes for implementation

47 total responses to the ACER consultation on the draft framework guidelines
Headline finding: General support for the objectives and principles of the FG. But not unanimous.
Particular strong levels of support for the issues in the lower bullets

Update on ACER consultation (2)

- In light of responses, further ACER consideration in the drafting with regards to:
 - Use / definition of 'margins'
 - Pricing methodology
 - Different target models for automatic and manual reserves
 - References to LFC&R NC
 - Derogations
 - Treatment of merchant interconnectors
 - Obligation for BRPs to be balanced day ahead

The consultation responses have provided some 'food for thought' for the drafting team

In particular, further consideration and discussion by the drafting team will focus on:

- The description of margins and how these will be determined
- The pricing methodology – whether or not to state pay-as-cleared is the preferred option in the FG
- Whether automatic and manual reserves should be treated slightly differently
- Improve references to how the Electricity Balancing network code will fit/work along side other related network codes – particularly the Load Frequency Control and Reserves NC
- The need for derogations for central dispatch markets
- Improve the explanation of how merchant interconnectors will be able to recover costs
- Revising the current wording that suggests Balance Responsibility Parties will be obliged to be balanced at day ahead

Next steps

- Further meetings for the ACER drafting team and final changes to the FG text (July/August)
- ACER EWG approval (mid-August)
- ACER BoR final approval of FG (September)
- ENTSO-E to start development of Electricity Balancing Network Codes (late 2012)

To recap from earlier process slide – these are the intended next steps

The logo for Ofgem, consisting of the word "ofgem" in a white, lowercase, sans-serif font, centered within an orange rounded rectangle. The background of the entire slide features a collage of energy-related images: solar panels on the left, a large white arrow pointing right in the center, and a close-up of a gas burner with blue flames at the bottom.

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