# **European Electricity Balancing Code JESG, Elexon**

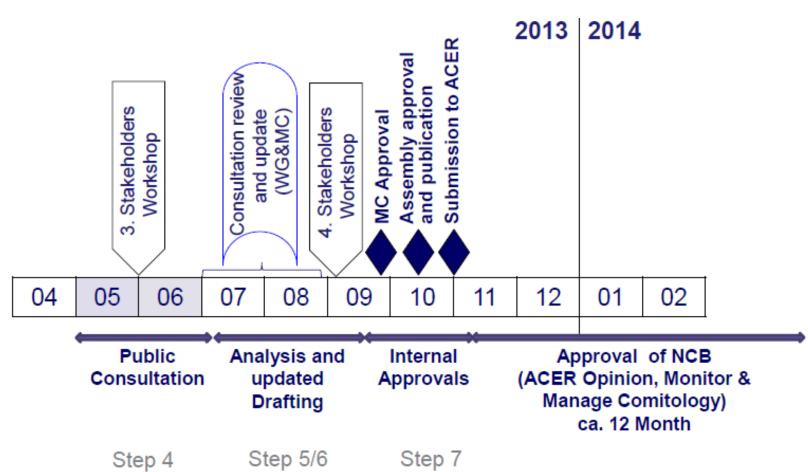
Graham Hathaway 7 November 2012

#### **Code Drafting timing challenge!**



→ Very short effective drafting period!

#### Timing of consultation and approval



<sup>\*</sup> Indicative Overview, under the assumption that the EC letter will come beginning of November! Detailed schedules of Stakeholder Workshops will follow!

#### **Stage 1 of Balancing Code Development**

Step 1- Scoping

- Identify a structure.
- ·Discuss key issues.
- · Ensure a common understanding

Step 2 – Drafting

- Draft text to meet the structure
- Discuss & refine
- Share with stakeholders & listen to views
- Develop supporting material

Step 3 – Internal Approvals

- Get comments (avoid detail) from Committees & WGs
- Update code before committee approval
- ·Seek Assembly approval to consult

Step 4 – Public Consultation

- 2 month consultation
- ·Listen to views (national and at EU level)
- Get ready for next steps (don't stop work)

Engage with stakeholders, EC & ACER throughout

#### **Stage 2 of Balancing Code Development**

# Step 5- Analysis of responses

- Review comments & listen to views
- · Develop reasons to change or not to change things
- · Identify key issues

## Step 6 – Updated Drafting

- Update the text to reflect comments (be open)
- Develop supporting material
- Resolve contentious issues
- · Manage member states

## Step 7 – Internal Approvals

- ·Get comments (avoid detail) from Committees & WGs
- Update code before committee approval
- ·Seek Assembly approval

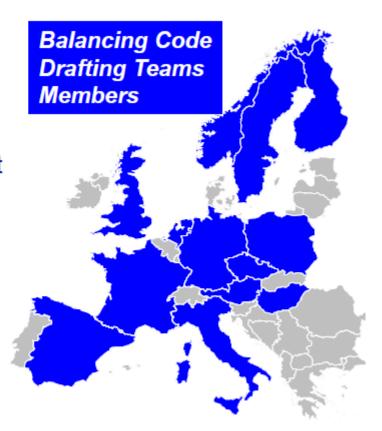
### Step 8 – Final Submission

- ·Submit supporting documents and code to Assembly
- Submit approved code to ACER

Engage with stakeholders, EC & ACER throughout

#### **Drafting Team**

- DT consists of 16 people in order to cope with the challenges.
- Also, we have an excellent geographical representation in order to consider different practical experience.
- As we have almost no blue prints available (compared to e.g. operational security, CACM, etc.); hence, we have a lot of work still in front of us.
- → Stakeholder involvement is very important!



#### **Key challenges for Balancing Code**

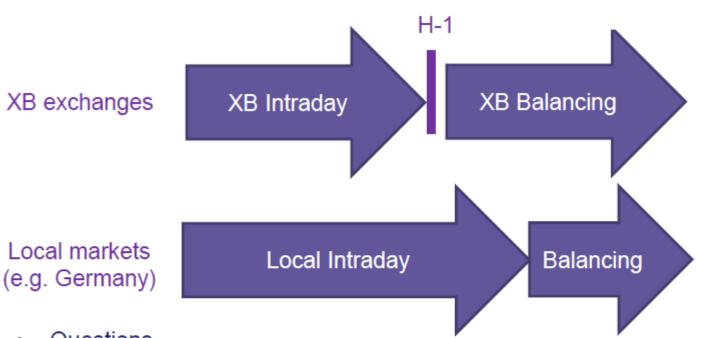
Standardisation of products

**Pricing** 

Balancing vs. Intraday

Combining a decentral control structure with a common market

#### **Balancing vs. Intraday markets**



- Questions
  - How do we combine as-close-as-possible ID markets with XB Balancing processes?
  - Should Belgium or Germany introduce hourly balancing products if they do not need them? How would this affect the liquidity of the local closest-toreal-time Intraday market?

#### Code split into 3 main areas

- Procurement and product definition
  - Product and procurement harmonization
  - Procurement of Balancing reserves
  - Procurement of Balancing energy
- Capacity reservation and use
  - Cross border exchange
  - Reserve sharing
  - Co-optimisation methodology to reserve / allocate capacity
- Imbalance settlement
  - Imbalance settlement period
  - Imbalance pricing methodology
  - Volume calculation

#### **Main Links to Other Codes**

- Links to LFC&R
  - LFC&R introduces "area hierarchy"
  - synchronous area control block control area, etc
  - NCEB will have to translate this into "Balancing timeframes"
- Links to CACM
  - CACM refers to "Bidding zones"
  - "Balancing Area" to be introduced unclear as yet

#### Stakeholder engagement

- What stakeholder engagement has taken place within:
  - Europe (ENTSO-E) —Introductory meeting 11 Oct
  - GB (JESG) first mtg 7 Nov
- What further stakeholder engagement is planned?
  - External stakeholder meeting planned 10 Dec by ENTSO-e
  - Internal further JESG

#### **Questions?**