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# Electricity Balancing: Updates to the Network Code

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# Agenda

| | |
|---|---|
| 1 | Aim of the Code |
| 2 | Scope of the Code |
| 3 | Progress to date |
| 4 | Key Comments from Consultation |
| 5 | Significant Changes |
| 6 | Remaining Timeline |

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# Aim of the Code

***To facilitate sharing across balancing regimes throughout Europe by standardising products, roles and responsibilities***

***Benefit: Increase in Social Welfare through the Reduction of EU Electricity balancing costs***

***Harmonisation of regimes is only the method if this provides benefits***

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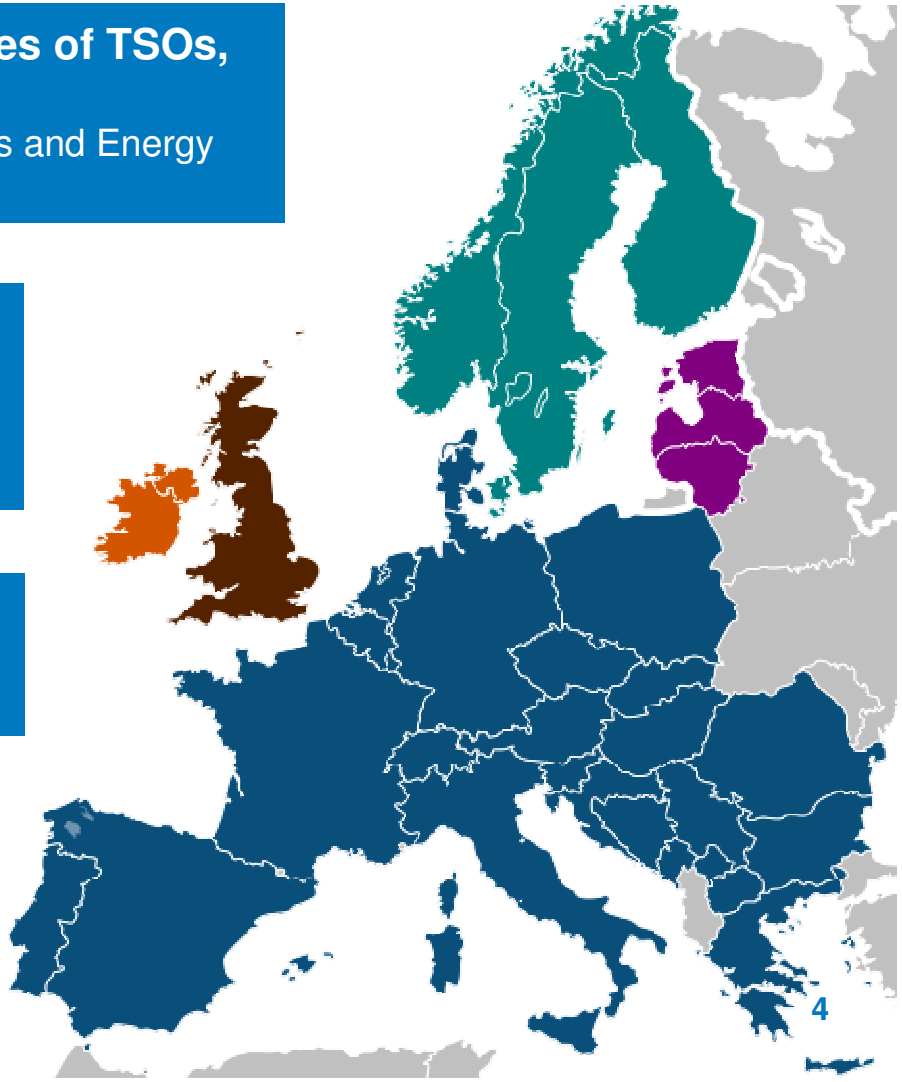
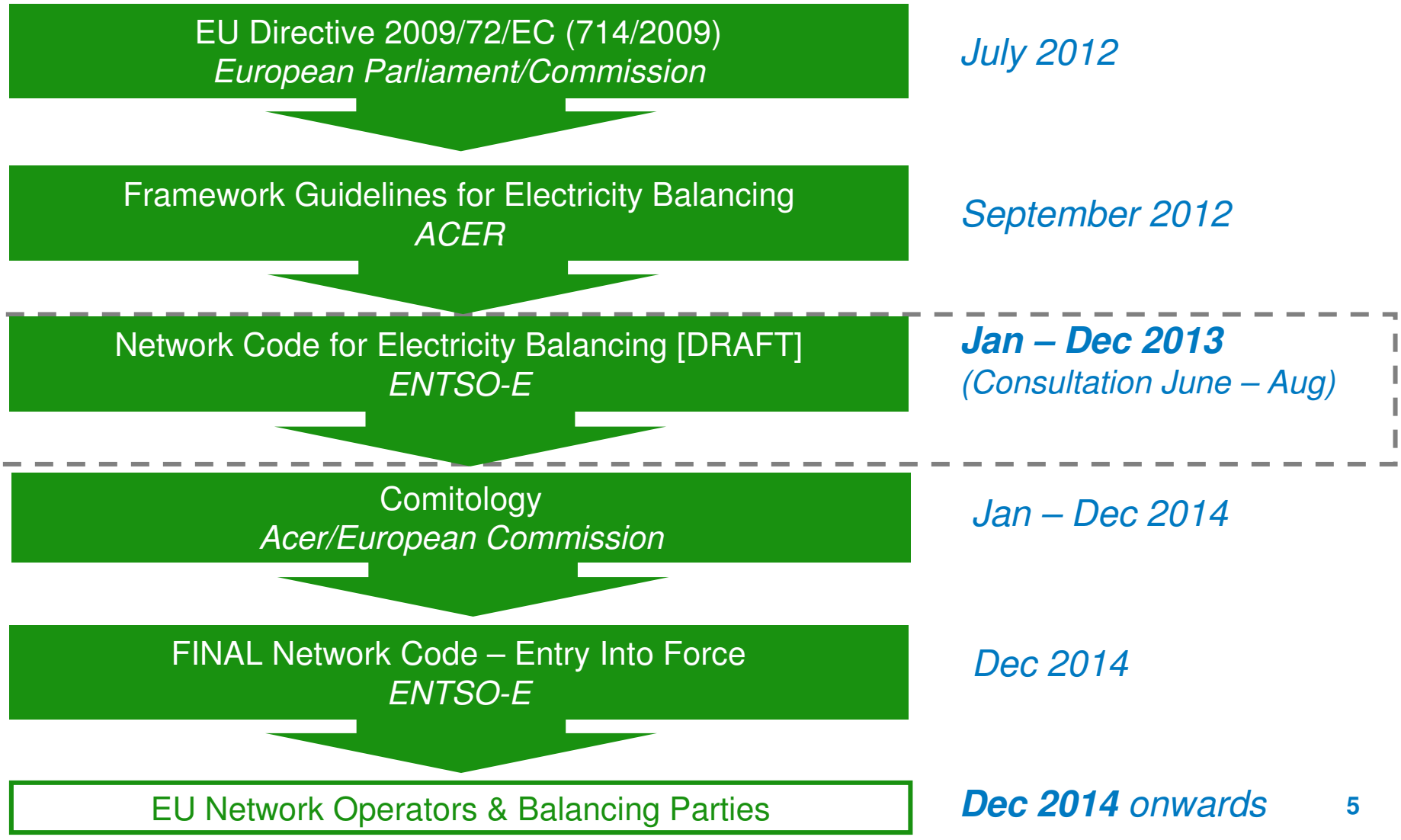
# Scope of the Code

| | |
|---|---|
| 1 | **Harmonisation of roles and responsibilities of TSOs, BRPs, BSPs, DSOs**<br>•Procurement and activation of Balancing Reserves and Energy<br>•Terms & Conditions for Balancing |
| 2 | **Harmonisation of Products, enabling Demand Response and RES participation**<br>•Standard & Specific Products<br>•Common Merit Order Lists |
| 3 | **Rules for use of Cross Zonal Capacities for Balancing**<br>•Agreed approach for reservation of capacity |
| 4 | **Harmonised framework for Imbalance Settlement**<br>•Imbalance Settlement principles |



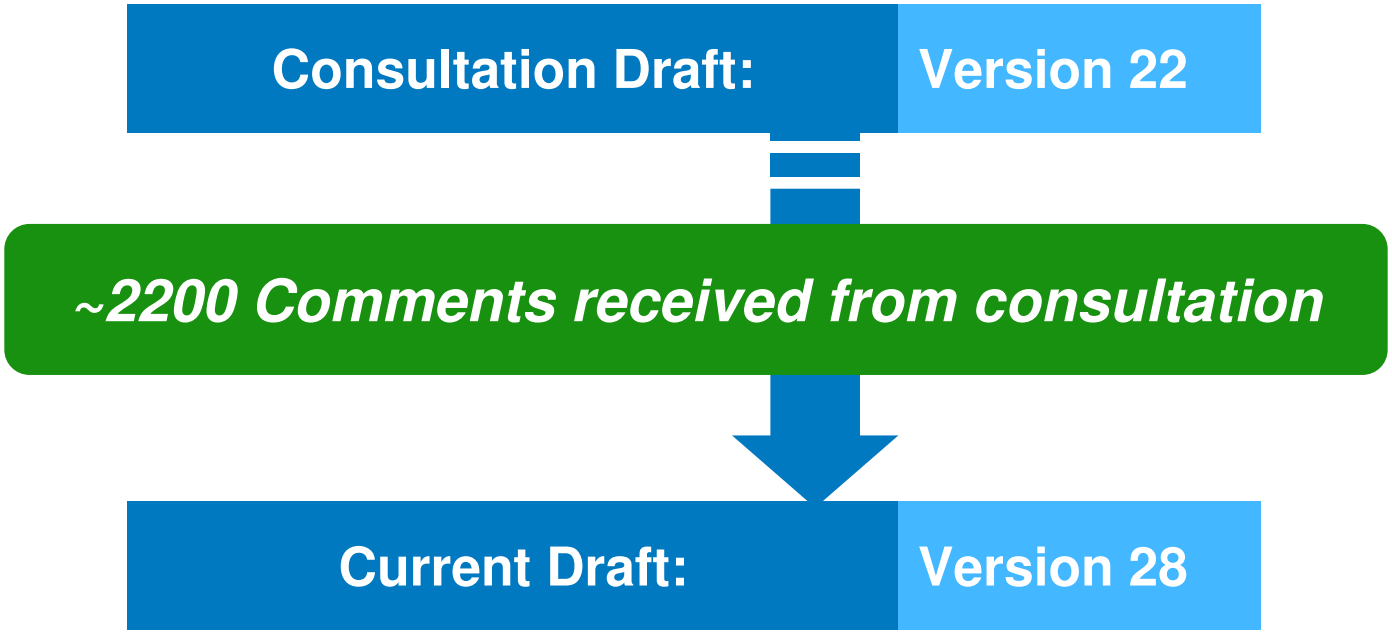
# Balancing Code Progress



# Balancing Code Progress

Network Code for Electricity Balancing [DRAFT]
*ENTSO-E*

***Jan – Dec 2013***
*(Consultation June – Aug)*



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# Consultation Comments

| The following areas attracted the most comments: |
| --- |
| Timescales/Derogation |
| Definitions |
| Regulatory Approvals |
| Procurement of Balancing Reserves |
| Reservation & Allocation of Cross-Border Capacity |
| T&Cs for Balancing |
| Imbalance Pricing |
| Procurement of Balancing Energy |

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# Significant Changes

## Target Models

**Consultation Version:**

- Prerequisites unclear
- Target names not defined
- Implementation framework not included

**Current Version:**

- Prerequisites included
- Target models given individual articles
- "Intermediate" and "Target" defined
- Includes framework for implementation

New Target Model Articles:

- **Imbalance Netting**
- **Replacement Reserves (RR)**
- **Frequency Restoration Reserves: Manual Activation (mFRR)**
- **Frequency Restoration Reserves: Automatic Activation (aFRR)**

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# Significant Changes

## Definitions

***Key Definition change for GB:***

"Designated Entity" changed to **"Delegation to Third Parties"**

*Allows TSOs to delegate any function in the Code to a Third Party – not limited to Imbalance Settlement*

## Regulatory Approvals

**References updated to reflect changes in Code**

**Approval required for a number of proposals more clearly stated**

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# Significant Changes

## Procurement of Balancing Reserves

### Consultation Version

**Procurement of Balancing Reserves**

- General Provisions

**Exchange and Sharing of Balancing Reserves**

- General Provisions
- Transitional Procurement of Balancing Reserves in the form of a TSO-BSP model

### Current Version

Procurement of Balancing Reserves within a **Relevant Area**

- General Provisions
- Transfer of a Balancing Reserve within a Relevant Area

Procurement of Balancing Reserves within a **CoBA**

- General Provisions
- Transfer of a Balancing Reserve within a CoBA
- Transitional Procurement of Balancing Reserves (TSO-BSP model)

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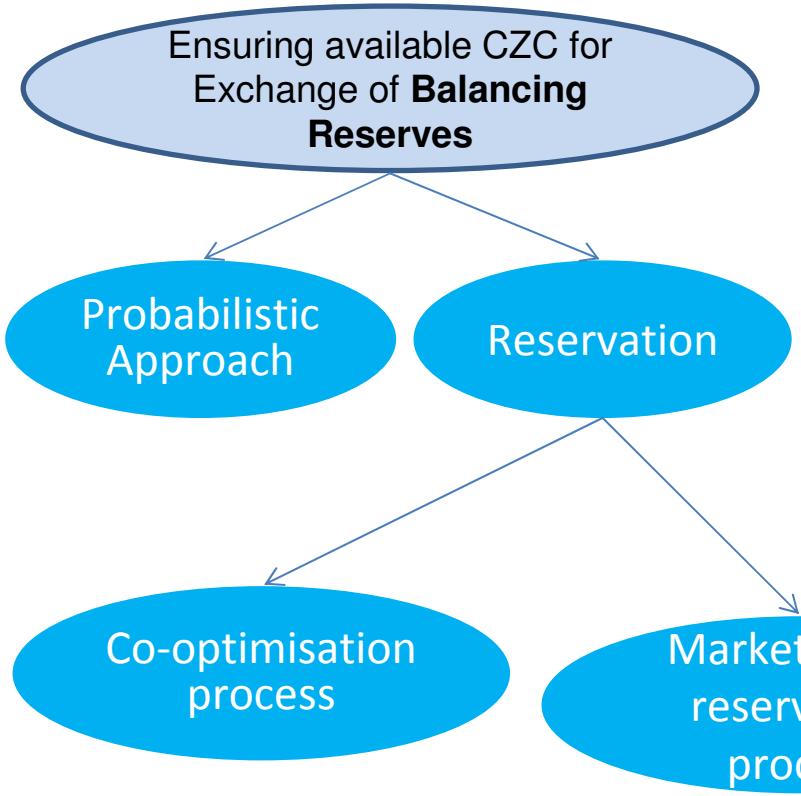
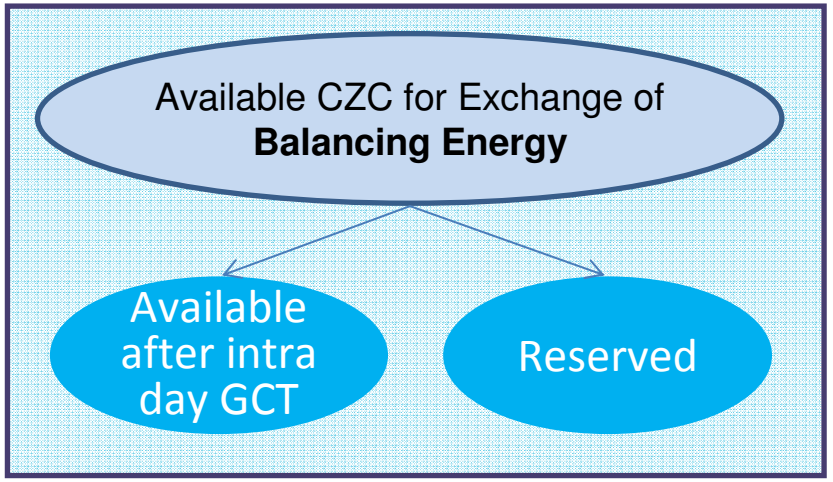
# Significant Changes

## Reservation of Cross-Border Capacity




*CZC – Cross Zonal Capacity

***Separation** introduced between reservation methods for **Balancing Reserves** and **Balancing Energy***

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# Remaining Timeline

Network Code for Electricity Balancing [DRAFT]
*ENTSO-E*

***Re-Drafting until***

***Dec 2013***

Comitology
*ACER/European Commission*

*Jan – Dec 2014?*

FINAL Network Code – Entry Into Force
*ENTSO-E*

*Dec 2014*

EU Network Operators & Balancing Parties

***Dec 2014** onwards*