

# Electricity Balancing Guideline (EB GL)

## Fact Sheet

### Background

**The Electricity Balancing Guideline (EB GL) sets out the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply.**

The EB GL aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European TSOs. Given the historical isolation of balancing markets the starting point for this integration and harmonisation varies across Europe, hence there could be a number of the changes to the GB balancing market. However these changes are in many cases in line with the general direction of travel in terms of increasing the participation of demand side and renewables in the provision of balancing services, improving pricing signals and creating a level playing field.

EB GL sits alongside the other European market codes (Forward Capacity Allocation (FCA) and Capacity Allocation and Congestion Management (CACM)) to describe the market rules, together known as the EU target model.

#### Pan European Balancing Energy Market

In order to facilitate the sharing of balancing energy across borders, the EB GL has defined a set of "Standard Products" to be exchanged using pan-European platforms. TSOs are obliged to implement and make operational these platforms, whilst all BSPs will have access to participate in these new Standard Products.

#### Standard Products:

- Replacement Reserves (RR)
- Manual Frequency Restoration Reserves (mFRR)
- Automatic Frequency Restoration Reserves (aFRR)

The first of these obligations to come into force will be for the sharing of Replacement Reserves. TSOs are working on the development and implementation of a platform to facilitate this through **Project TERRE (Trans European Replacement Reserves Exchange)**. See our dedicated Factsheet for more information on TERRE.

The second platform to be implemented will be the manual Frequency Restoration Reserves platform through Project MARI (Manually Activated Reserves Initiative). The Automatic Frequency Restoration Reserves exchange platform is unlikely to be implemented in GB.

#### Exchange Harmonisation of Market Design and Settlement

EB GL requires European TSOs to harmonise the Gate Closure time of these standard products across all markets. The guideline also requires TSOs to align on certain aspects of imbalance arrangements (such as aligning to a single imbalance price), reserve procurement arrangements and harmonisation of Imbalance Settlement Periods on a synchronous area level. This harmonisation will create a level playing field for all BSPs participating in the cross-border balancing markets.

#### Cross Border Capacity Reservation

EB GL opens the possibility for TSOs to reserve cross-border capacity in order to facilitate the exchange of balancing energy. This process will be co-optimised with capacity reserved for market timeframes.

### Am I affected?

Balance Responsible Parties (BSRPs), Balancing Service Providers (BSPs), TSOs and Interconnector owners are all impacted by the EB GL.

### When?

EB GL entered into force as European law on **18 December 2017**, however many of the detailed methodologies to be proposed and implemented span a period of **6 years** following the entry into force date.

### How?

The standard products defined by EB GL will give BSPs the opportunity to participate in a new pan-European balancing market. The requirements to harmonise certain aspects of the imbalance settlement process will have an impact on the imbalance arrangements between BRPs and TSOs, particularly the requirement to apply imbalance adjustment for each activated balancing energy bid.

National Grid has raised two GB code modifications in relation to EB GL:

**GC0097:** this Grid Code modification reviews to what extent existing Grid Code processes need to be changed or supplemented in order to facilitate TERRE participation in GB. It will also facilitate wider access to the BM.

**P344:** this BSC modification seeks to align the BSC with the TERRE and wider access to the BM requirements to allow implementation of the project at national level and be compliant with the first tranche of obligations.