

**Stakeholder telco on single balance – single
imbalance price model**

12.3.2020

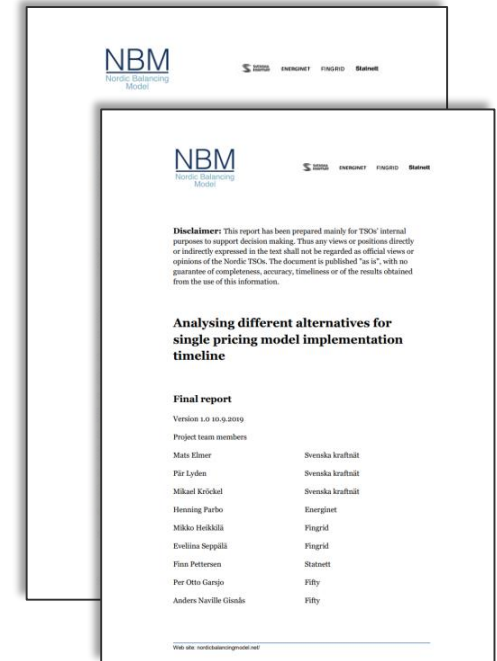
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1. Upcoming changes to Nordic imbalance settlement model
2. The European Methodology for the harmonisation of Imbalance settlement
3. Possible mitigation measures and the Nordic balancing model
4. High-level overview of implementation & work plan for the single price project

1. Upcoming changes to Nordic imbalance settlement model

Recent developments (1 of 3)

- Nordic TSOs published [a discussion paper on imbalance pricing](#) focusing on dual pricing on so called diverging ISPs on 22 November 2019
- Stakeholder consultation on the TSO paper on imbalance pricing was finalized on 1.1.2020
- [Summary](#) of stakeholder feedback¹ was presented to all stakeholders on 13.1.2020 in a telco
- Almost all stakeholders express their clear preference of not having dual pricing on diverging ISPs even as an interim solution before 15 min ISP



¹ Individual responses available here (stakeholders who gave permission to publish): <http://nordicbalancingmodel.net/wp-content/uploads/2020/01/Nordic-stakeholders-feedback-on-imbalance-pricing-consultation.pdf>

Recent developments (2 of 3)

- Working group evaluated the stakeholder feedback and different mitigation measures for concerns related to self-balancing
- Nordic Balancing Steering Committee decided 24.1.2020:
 - To implement a single price - single position imbalance model by **Q2/2021**, without the previously proposed dual pricing in so-called diverging ISPs
 - To continue considerations regarding alternative mitigation measures, as the Nordic balancing model is based on market parties following plans and keeping their balance
 - Start the IT implementation in eSett
- Main reason for reconsideration was uncertainty of the cost/benefit of dual pricing as mitigation measure before 15 min ISP
- Decisions were [communicated to stakeholders](#) on 29.1.2020

Recent developments (3/3)

- The all TSO proposal on harmonization of imbalance settlement has been referred to ACER on 14.1.2020
 - Moves the legal deadline for implementation up to 6 months and gives uncertainty in particular on the conditions for pricing
 - ACER is expected to make a decision on the proposal on Board of the Regulators meeting on 17th of June. Legal deadline for ACER decision is 14.7.2020.
 - After ACER decision, the TSOs have 18 months to implement the proposal
- Referring the imbalance settlement harmonization proposal to ACER extends the legal deadline, but it is not proposed to delay implementation of single position – single price model

2. The European Methodology for the harmonisation of Imbalance settlement (ISH Methodology)

Current status of the ISH Methodology

- The proposal is currently at ACER and is open for public consultation from 9 March until 29 March
- ACER is in charge of the consultation (i.e. not a TSO consultation).
- ACER will use the Stakeholder input to assess the amended proposal
- Further info:
www.acer.europa.eu/Official_documents/Public_consultations/Pages/default.aspx

Timeline

- | | | | |
|---------------------|--|-----|--------------------------|
| 1. | EB Regulation entry into force (Article 52.2 Legal basis for Imbalance settlement harmonisation) | 1. | 18 December 2017 |
| 2. | TSOs consulted first proposal with stakeholders | 2. | 28 Sept to 16 July 2018 |
| 3. | TSOs submitted proposal to NRAs | 3. | 18 December 2018 |
| 4. | NRAs submitted RfA to TSOs | 4. | 14 June 2019 |
| 5. | TSOs submitted amended proposal to NRAs | 5. | 11 November 2019 |
| 6. | Nordic TSOs indicate implementation date (in NBM roadmap) | 6. | 14 November 2019 |
| 7. | NRAs submitted the amended proposal ACER | 7. | 14 January 2020 |
| We are here! | | | |
| 8. | ACER launch second stakeholder consultation and in parallel consult TSOs and NRAs | 8. | 9 March to 29 March 2020 |
| 9. | ACER public workshop in Brussels | 9. | 18 March 2020 |
| 10. | ACER will decide and publish their decision | 10. | 14 July 2020 (at latest) |
| 11. | TSOs to implement the methodology (at latest) | 11. | 14 January 2022 |

The methodology

The "important" content

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All TSOs' proposal to further specify and harmonise imbalance settlement in accordance with Article 52(2) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

11 November 2019

Disclaimer: All TSOs submit this proposal taking into consideration market design options agreed by all TSOs, all NRAs requests for amendments and the known status of discussions with ACER on EB GL related proposals (AFRER, mFRER, FR). Changes on proposals related to the content of this proposal should be taken into consideration by the relevant regulatory authorities in their approval process.

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For a run-through of the "important" content, see the presentation from the Single Price telco with stakeholders yesterday, 11 March 2020, on [NBMs webpage](#).

3. Possible mitigation measures and the Nordic balancing model

Introduction

- The balancing model of the Nordics is based on market parties following plan and maintaining their balance – this will not change with the go-live of the new imbalance model
- There is a need to further assess alternative mitigation actions for self-regulation
- With self-regulation we mean taking an active imbalance with the intent to support the system

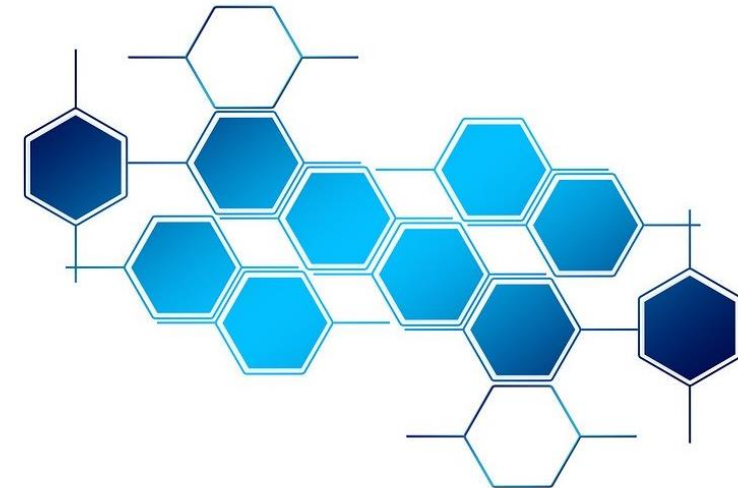
Alternative mitigation measures - overview

| Mitigation measure | Description | Target |
|--|---|---|
| Higher imbalance volume fee | Will increase the cost of having an imbalance | Incentive to maintain balance |
| Requirement for production plans | Give requirements on scheduling of production and provide the TSOs with necessary information for real-time operation | Incentive to follow plans |
| Monitoring requirements for production plans and/or monitoring of imbalances | Follow up on BRP imbalances and the following of productions plans | Both incentive to maintain balance and follow plans |
| Limiting real time information | Design of when information is made available to the market players | Both incentive to maintain balance and follow plans |
| <p>Implementation of single price without specific mitigation measures for self-balancing</p> <ul style="list-style-type: none"> • or with mitigation measures not yet identified, • or implementing mitigation measures later if issues rise | | |

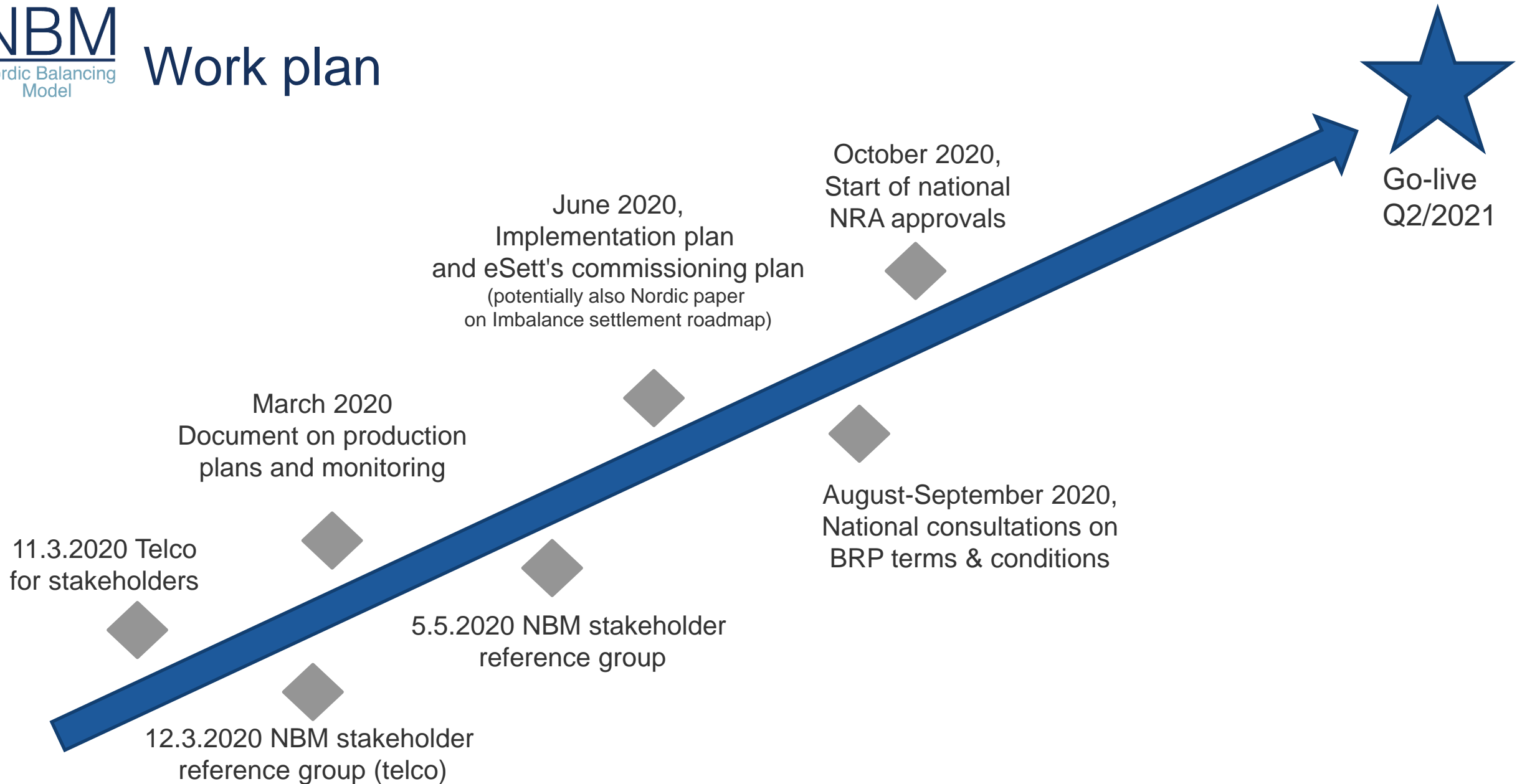
4. High-level overview of implementation & work plan for the single price project

High-level overview of implementation

- Biggest changes to IT systems are needed in the joint Nordic imbalance settlement company, eSett
 - In addition TSOs back-office systems needs to be updated
- TSOs have understood that BRPs and market players need to make only minor changes to their IT-systems
- **National** terms & conditions for BRPs needs to be updated (no Nordic legal process required)



Work plan



Thank you!

Material will be uploaded to
<http://nordicbalancingmodel.net/>