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NBM

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Feedback to common market design – Single Price

We welcome Nordic TSOs' engagement implementing one balance – one price model. In general, we though find the document somewhat immature, containing claims without reasoning and missing clarity on the actual proposals. Please find below our comments on the specific topics.

Introduction and overview of the model

We fully agree that it is highly recommendable that single balance – single price model is implemented in all Nordic countries.

We disagree with the statements proposing that there would be need for “additional measures” and call TSOs to provide actual data for reasoning the claims such BRPs' self-regulating actions would lead to less efficient activation of mFRR or to reduce the quality of frequency or risk for overloads. On the contrary, it is expected that increased transparency on system's state, motivating for self-balancing helps TSOs to manage the system in a tight situation. We'll come back into this subject in the last part of our answer.

We call for more clarity on how ACE-based balancing and move to ISP 15 will impact on the TSOs' foreseen needs for mitigation measures.

Imbalance calculation and Imbalance pricing

We agree with the proposed imbalance calculation method and consider it to be a quite straightforward one balance calculation (as it must be).

We agree with that the imbalance price shall be calculated based on the activation of mFRR in the uncongested area, in the dominant direction. This respect the fundamental idea of having a common market.

We do not agree with the proposal of calculating imbalance prices for individual bidding zones after 2023 even though there's no congestion. It would be against the fundamental idea of having a common market. The proposal is hence somewhat immature, and requires further development

We call for further explanation on the proposal to use day ahead price as price for imbalances when there are no dominant direction activations. Would the day ahead price apply also when there are activations in the dominant direction, but mFRR price would be lower than the day ahead price?

We understand the reasoning for motivating market participants to be in balance and not deliberately purchasing energy as balancing energy instead of from the wholesale markets. However, this is overlapping with the proposal to implement a specific imbalance fee, and we emphasize that if there would be such an arrangement, the market participants need better tools for managing their imbalances. As the minimum, there must be a possibility to trade until t-0 and to accordingly update production plans until t-0. Preferably if day ahead price would always constitute the minimum price in case of upward regulation and minimum price when downward regulation, the market participants need to have it possible to trade their imbalances in the market in real-time and even after. When the system is relatively in balance, it's likely that they find better prices from other market participants then from the TSO.

Requirement on following production plans

We require the TSOs to explain much more in detail how they use and for what the production plans are required. What are the needs and use in different bidding areas? What level of detail the TSOs' find needed in different bidding zones?

The TSOs propose measures for the market participants to follow production plan and planning for being in balance. In addition, there are proposals for applying minimum prices for imbalances and implementing a specific imbalance fee. All these proposed mitigation measures increase the risks for market participants. And many of those are in conflict with the fundamentals of promoting markets' functioning and making the market fit for RES.

We consider that, as the minimum market participants must have it possible to update production plans until t-0 and have it possible to trade until t-0.

We understand that it is beneficial for the TSOs to have information on the expected production volumes in beforehand, but this must not lead to restricted possibility for the market participants for managing their balances close to real-time (that is until t-0) and also in real-time.

If the needs of a TSO for planning in beforehand is more essential in some bidding zone than in some other, this could be reflected in special requirements concerning the specifically challenging bidding zone.

TSOs could calculate, and publish, anonymous KPI indexes for production and consumption forecast comparisons, possibly on production type level, as an information source for operational benchmarking to market participants. This could promote better forecasts both for consumption and production, when clear balance cost or performance improvements could be gained.

Requirement for planning in balance

We understand that it's beneficial for the TSOs to require BRPs to plan in balance. This kind of request could be included in the balancing agreements. However, it must be combined with proper tools enabling to plan in balance. That is, not hindering the planning with badly designed requirement for production plans and enabling trading until t-0.

BRP fees

We agree with harmonizing the fee structures in Nordic countries but hesitate with the proposal of harmonizing the fee levels. The fees need to reflect the actual costs for keeping the individual bidding zones in balance, and not being a general source for funding for the TSOs.

Transparency and need for enhanced trading possibilities

We disagree with the TSOs' thinking that self-regulation would cause risks for the system. So far, the TSOs' haven't provided any evidence of such risks. We require the TSOs to explain with data why and where they expect risks to arise? Are the expected risks similarly severe for all bidding zones, or are there some exceptions that cause worries to some TSO?

We see that the risks for imbalances are increasing even without the mitigation measures proposed here, and underline BRPs' need to have more information on the system, especially:

- how much the system in imbalance in real-time and
- what are the prices of last activated mFRR bids and the depth of the mFRR order book

We are happy to answer further questions. Our contact is

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