

mFRR EAM, information on handling quarter issue with direct activation

14.12.22

NBM stakeholder reference group

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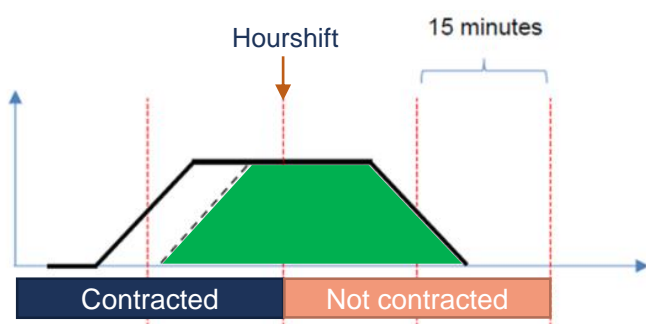
Purpose, content and context

- **Of relevance for the following NBM milestone:** mFRR EAM and MARI
- **Purpose:** To inform stakeholders and gather input on the topic. A practical solution is being developed by the TSOs
- **Content:** The requirement on the BSP when contracted in the CM is to deliver direct activatable bids in the EAM. For the last quarter hour of the CM bid the direct activatable bid exceeds the delivery period of the CM bid - thus creating a risk of the same energy being sold twice and an imbalance.

Background

We have assessed how to handle direct activatable reserves in last quarter hour (since direct activation will be activated also in first quarter hour of next hour). The result is:

- The NBM program finds that we are legally bound by the ACER Decision 11/2020 on ‘All TSOs proposal on list of standard products for balancing capacity for frequency restoration reserves and replacement’ Article 3(2) on general principles:
 - “For each contracted standard mFRR balancing capacity product, each BSP shall provide corresponding capacity in the form of integrated scheduling process bids or standard mFRR balancing energy product bid(s), defined in the all TSOs’ proposal for the implementation framework for a European platform for the exchange of balancing energy from mFRR pursuant to Article 20 of the EB Regulation. **Such bids shall be direct activatable bids, provided that the delivery period does not exceed the end of the last validity period for which the BSP is contracted**”
- In the capacity market methodology referres to the ACER Decision for standard products as the only requirement (hence bids must be direct activatable bids for the entire period the BSP is contracted, but the delivery period can not exceed the end of the last validity period).
 - If a BSP is contracted for e.g. 4 continuous hours, they will be available for direct activation for the first 15 quarters, but not the final quarter.
- **Any additional issues regarding direct activation must be solved either in the mFRR EAM or by national T&C**



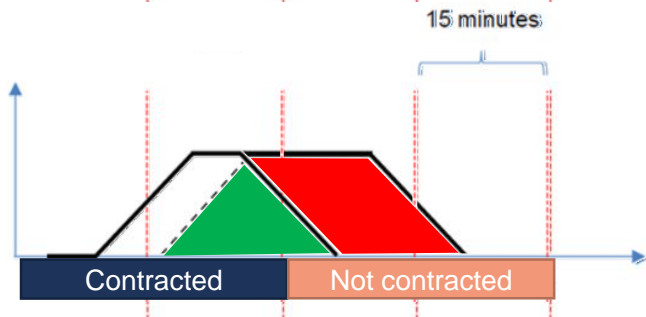
Direct activation – full availability

- Normal delivery
- BSP has not sold same capacity to any other market for next hour – technically available for next quarter
- Avoids imbalance cost by delivering full activation – incentive for full availability



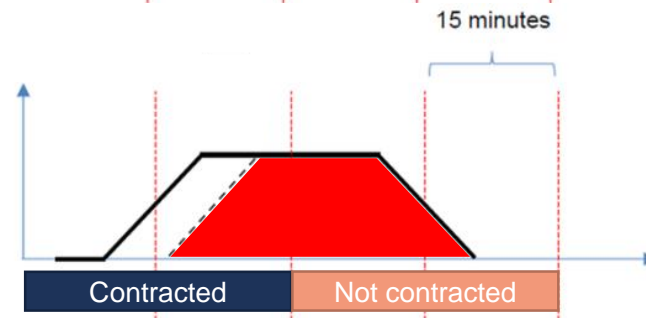
Direct activation – partial availability

- BSP has sold same capacity to Day-ahead/intra-day market the next hour – technically not available for next quarter
- Results to partial delivery further resulting in imbalance cost



Direct activation – partial availability

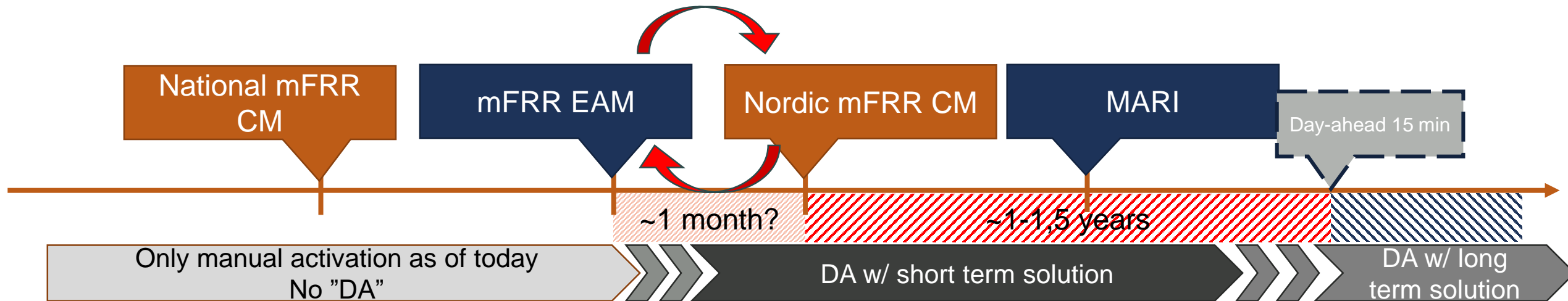
- BSP has sold same capacity to other balancing market
- Results to partial delivery further resulting in imbalance cost



Direct activation – no availability

- When could this occur due to this last quarter issue?

When is the solution needed?



- No legal mismatch but practical conflict: When mFRR EAM is live, but only national CMs – not clear how to deal with DA, but preference to have common solution.
- Mismatch: Short term solution required to be fully applied when both mFRR EAM and Nordic mFRR CM has gone live until a long term solution is introduced
- Long term solution could be applied when transition to 15 min capacity markets (≈ 15 min MTU in day-ahead)