



Study cross-border balancing cooperation between TenneT and Elia

Brussels

27th of September 2012

Context, drivers and objectives

CONTEXT

- the Framework Guidelines NC Balancing
- Market Designs BE & NL converging to incentive based mechanisms
- Request by market parties for closer collaboration balancing markets

DRIVERS

- Understand risks and opportunities for XB-balancing
- Identify key requirement for the future European balancing market
- Potential Pilot Project for Entso-E; decision to be taken after first results

Objective

analyse X-Border balancing market design that achieve maximum synergies between BE & NL, while keeping control areas, bid zones, and Regulatory oversight intact.

Scope: possible ways for integration

All existing balancing products are in scope

CONTRACTED RESERVES PRODUCTS

- **Reserve sharing** of a specific volume of contracted reserves. As a consequence each control area might source a lower volume of contracted reserve while respecting the reserve requirements.
- **Cross-border procurement of reserves:**
 - Individual procurement in another control area
 - Common procurement of reserves

BALANCING ENERGY PRODUCTS

- Harmonised products offered on a TSO-TSO platform with a common merit order list
- Share with or without a margin
- Required degree for harmonisation; full harmonisation or not

Analyse integration scenarios with and without reservation of cross-border capacity (subject to cost benefit-analysis)

Planning

- First phase qualitative study: Q3 & Q4 2012
 - *Regulatory and legal framework*
 - *Products specifications in the Ancillary Services Markets (As Is)*
 - *Description of different possible market integration scenarios*
 - *Estimation of implications, cost and benefits of different integration scenarios*
- Second phase quantitative study: Q1 & Q2 2013
 - Selection of optimal integration scenario by determination of:*
 - *Impact on costs for contracted reserves: volumes and reservation costs, social welfare*
 - *Balancing costs ; volumes & activation costs, social welfare*
 - *Congestion costs (If applicable)*
 - *cost benefit analysis of reservation of cross-border capacity (if applicable)*
- Planning qualitative part
 - 08/2012 Consultant selected
 - 09&10/2012 Inventory balancing markets/Workshops TenneT-Elia
 - 11/2012 Common workshop stakeholders (BE-NL)
 - 12/2012 Conclusions qualitative part study