

Stakeholder's feedback about public consultation document for Baltic for the Baltic mFRR standard product



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Elering AS
AS "Augstsprieguma tīkls"
Litgrid AB

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1. Introduction and summary

This public consultation was launched on 27.06-15.08.2016 to collect views from stakeholders for the review of document for the Baltic mFRR standard product). The objective of document for public consultation was to collect the feedback about the preliminary view on the Baltic mFRR standard product proposed by the TSOs.

Stakeholders who submitted the feedback for Baltic mFRR standard product were:

- Nordic Power Management – BRP – EE/LT
- Eesti Energia / Enefit– BRP – EE/LV/LT
- Latvenergo – BRP – EE/LV/LT
- Fortum – BRP – EE/LV/LT
- Energijos Tiekimas UAB– BRP – LT
- Imlitex UAB – BRP - LT

The feedback derived from stakeholders' presents several key conclusions:

- a) Several participants have stressed the need to determine the price caps for mFRR standard product.
- b) Several participants proposed to shorten the gate closure for submission of mFRR balancing offers.
- c) Several participants have highlighted the importance of transparency of future coordinated balancing model in Baltics.
- d) Most of participants proposed to consider the automatic interface for TSOs to give activation orders for BSPs.
- e) Also questions regarding demand side response participation in balancing market were raised.

Detailed stakeholders' feedback and Baltic TSOs' response is provided in section 2.

Based on provided feedback from stakeholders' Baltic TSOs have made following changes to Baltic mFRR standard product for balancing:

Minimum and maximum price	MIN not determined; MAX = 5000 EUR/MWh
Divisibility	To be defined by BSP (Divisible or Not divisible)

Full description of Baltic mFRR standard product is provided in section 3, and description of Baltic specific emergency reserve (ER) mFRR product is provided in section 4.

Each Baltic TSO shall publish the standard terms and conditions for BSPs in accordance with national regulations with target to implement the Baltic mFRR standard product for balancing starting from 1st of November 2016.

2. Responses to the public consultation

Detailed stakeholders' feedback and Baltic TSOs response is provided in table 1.

Table 1 – Detailed stakeholders’ feedback and Baltic TSOs response

Question 1.1 - Do you have any remarks or comments to description of Coordinated balancing model for year 2017 in Section 3.1? Please provide your detailed views on this section.	
Answer	TSOs comment
Common transparent trade platform for mFRR should be considered.	Information related to balancing will be made available to all stakeholders as close as possible to real time operations. Exact technical solution is still under discussion.
<p>Would like to pose the following questions for consideration of TSOs, from demand-side-response viewpoint:</p> <ul style="list-style-type: none"> • While all required real time and planning tools are available for each Baltic TSO to coordinate balancing actions between TSOs, then why are the mFRR offers set out to be agreed by the phone call? We estimate that with the minimum limit of 1 MW probably there could be growth in the market participants and a real time online platform for accepting activations would be less difficult to manage them all. • According to that, how would offer-making function on Baltic CoBA when one DSR aggregator has for example 10 MW in Estonia, 15 MW in Latvia and 25 MW in Lithuania for required hour. Does one have to offer balancing reserves separately to Elering, AST, and Litgrid? 	<p>Communication channels and procedures between connecting TSO and BSP including the automatic activations is responsibility of each TSO of balancing area. It means that that the technical and other requirements needed for automatic or semi-automatic activation should be agreed between connecting TSO and local BSP.</p> <p>Balancing energy bids shall be provided per each BSP per balancing area. BSP can aggregate balancing energy bids within one respective balancing area (Lithuania, Latvia, Estonia).</p>
Question 1.2 - Do you have any remarks or comments to description of Baltic mFRR market model for year 2018 in Section 3.2? Please provide your detailed views on this section.	
Answer	TSOs comment
Common transparent trade platform for mFRR should be considered.	Information related to balancing will be made available to all stakeholders as close as possible to real time operations. Exact technical solution is still under discussion.
Marginal price promotes efficient use of resources	
<p>Would like to pose the following question for consideration of TSOs, from demand-side-response viewpoint:</p> <ul style="list-style-type: none"> • Is Demand Side Response (DSR) acceptable as mFRR product (aggregated upshifting and downshifting of end-customers to offer balancing reserve)? 	Baltic mFRR standard product could be also provided from Demand Side Response. Technical qualification requirements shall be set by connecting TSO. The minimum 1 MW volume of mFRR bid would be available to be aggregated by BSP within the respective balancing area (Lithuania, Latvia, Estonia)
Question 1.3 - Do you have any remarks or comments to description of Standard product for mFRR balancing in Section 4.1? Please provide your detailed views on this section.	

Answer	TSOs comment
<p>If an automated IT solution is anyway needed for mFRR activation, then minimum amount should be lower than 1MW. Under Preparation Period it is said “Agreed during the phone call”. Is a phone call always required for activation?? This would probably complicate situation if for example 10 lowest bids would need to be activated simultaneously.</p>	<p>Communication channels and procedures between connecting TSO and BSP including the automatic activations is responsibility of each TSO of balancing area. It means that that the technical and other requirements needed for automatic or semi-automatic activation should be agreed between connecting TSO and local BSP.</p> <p>Minimum quantity of 1 MW for Baltic mFRR standard product is foreseen considering harmonization and future integration with Nordic mFRR balancing market.</p>
<p>Minimum duration of Delivery Period should be 15 minutes. Gate closure of the offers should be H-15min.</p>	<p>Minimum duration of Delivery Period of 1 minute is based on existing practice within Baltics and considering harmonization and future integration with Nordic mFRR balancing market.</p> <p>Gate closure of the offers H-45 is foreseen considering harmonization and future integration with Nordic mFRR balancing market.</p>
<p>If the minimum and maximum prices need to be determined for technical reasons, then they should be in line with the Nordic and European balancing markets. The upper limit should be clearly higher than in the day-ahead and intraday markets, and the lower limit lower than in the day-ahead and intraday markets. The limits should be harmonised with the future limits in the Nordic market, in order to avoid distortions between Nordic and Baltic markets.</p> <p>If there are no limits, there is a risk that participant can price mFRR extremely high or low (well above or below any reasonable cost of balancing), which could cause severe consequences even for a small balance error. Also, when limits are known, BRPs have an indication, how expensive imbalance can be in worst case, which can encourage for better balance management.</p> <p>Integration with the Common Merit Order in Nordics should also proceed swiftly.</p>	<p>Considering harmonization and future integration with Nordic mFRR balancing market, minimum and maximum prices for Baltic mFRR standard product offers shall be harmonized with Nordic price caps: minimum price is not determined; MAX = 5000 EUR/MWh.</p>
<p>We think, that there shouldn't be no restrictions of min and max prices. For example, if there is the situation when NordBalt link is disconnected, the weather is very hot and there is the power shortage in the market, the</p>	

<p>producers have the opportunity to raise the price very high or otherwise. Please advise how are you preparing to avoid such situation, when you won't have any restrictions.</p>	
<p>BSP has the following proposals: On standard product for mFRR balancing: An electronic platform for mFRR product trading should be established for placing and accepting bids, tracking, activating bids and recording. Transactions agreed over the phone should be prohibited. Gate closure of H-45 is not justified as there is an increased balancing risk for market participants over this period. EE proposes to set gate closure to H-15. > Central management of balancing reserves. A regional coordination centre should be established for a Baltic-wide transparent and liquid regulating market. > Harmonised Baltic regulating market should be integrated with the Finnish and Swedish regulating markets to ensure liquidity and transparent regulation market price.</p> <p>Additionally, BSP would like to pose the following questions for consideration of TSOs, from demand-side-response viewpoint:</p> <ul style="list-style-type: none"> • Does the minimum quantity of 1 MW have to be one specific location or can it be offered with aggregated portfolio (for example aggregated 10 clients from different locations can offer together 1 MW for 1 hour)? • Can the delivery be offered in different locations and in different timing? For example 15:00-15:25 from one location in Estonia and from 15:25-15:59 from another location in Estonia? • Gate closure from the offers: Does TSO subtract DSR events from BRP's plan? For example when there is an event that occurs to a 10 MW down-shifting end-customer then does TSO subtract it from BRP's plan for that hour as well? • Penalties: If there should be any unplanned technical restrictions, then what are the financial penalties for not being able to offer the promised amount? 	<p>Communication channels and procedures between connecting TSO and BSP including the automatic activations is responsibility of each TSO of balancing area.</p> <p>Information related to balancing will be made available to all stakeholders as close as possible to real time operations. Exact technical solution is still under discussion.</p> <p>Gate closure of the offers H-45 and other requirements are foreseen considering harmonization and future integration with Nordic mFRR balancing market. In case there will be changes towards shortening the gate closure time in Nordic mFRR balancing market the similar changes will be considered also for Baltic mFRR balancing market.</p> <p>Answers to the questions:</p> <ol style="list-style-type: none"> 1. Balancing energy bids shall be provided per each BSP per balancing area. BSP can aggregate balancing energy bids only within one balancing area. 2. BSP provides balancing offers from its balance area, therefore distribution between sources within balance area is responsibility of BSP. 3. Activation of mFRR shall mean imbalance adjustment for respective BRP to which the BSP is assigned and shall be applied by connecting TSO for the calculation of the imbalance of this BRP. 4. In case of not delivery of balancing energy there will be imbalance energy settled for respective BRP.
<p>For change in pricing from 2018, see our comment for 1.4 (imbalance)</p>	
<p>Question 1.4 - Do you have any remarks or comments to description of Specific product for emergency reserves in Section 5.1? Please provide your detailed views on this section.</p>	

Answer	TSOs comment
<p>Minimum duration of Delivery Period should be 5 minutes. Gate closure of the offers is D-1 16:00 EET, providing that gate closure of the offered volume allocation to specific physical assets would be H-45min.</p>	<p>Minimum duration of Delivery Period of 1 minutes is based on existing practice within Baltics and considering harmonization and future integration with Nordic mFRR balancing market.</p> <p>It is not foreseen to have process for BSP to change the physical assets during intraday, however BSP should have possibility to inform connecting TSO about change of specific physical assets within BRP balance area.</p>
<p>On special product for emergency reserves: BSP proposes to establish two types of payments for market participants who are offering emergency reserve:</p> <ol style="list-style-type: none"> 1) Payment for activated energy (as described in mFRR consultation document section 5.1); 2) Standby payment for market participants who are ready to offer required reserve at any time. <p>Additionally, BSP would like to pose the following questions for consideration of TSOs, from demand-side-response viewpoint:</p> <ul style="list-style-type: none"> • Would DSR product be eligible for emergency reserve market? • Can aggregators, who offer mFRR, also participate on the emergency reserve market with the same resource? Or vice versa, can they offer emergency reserve for every day and when there is no need for emergency reserves then offer it on mFRR market? 	<p>Baltic emergency reserve mFRR product sets harmonized requirements for balancing energy exchange between BSP, connecting TSO and requesting TSO. Each TSO ensures maintenance of emergency power reserve capacity within its balance area in accordance to national regulations, therefore specific questions regarding reserve capacity market shall be addressed directly to connecting TSO.</p>
<p>We preferred the model with min and max price restrictions.</p>	<p>Price restrictions for Baltic emergency reserve mFRR product shall be consistent with pricing restrictions for Baltic mFRR standard product which will be harmonized with Nordic price restrictions: minimum price is not determined; MAX = 5000 EUR/MWh</p>

3. Baltic mFRR standard product for balancing

As result of public consultation, Baltic TSOs has adjusted the Baltic mFRR standard product for balancing. Final description of Baltic mFRR standard product for balancing is provided in table 2.

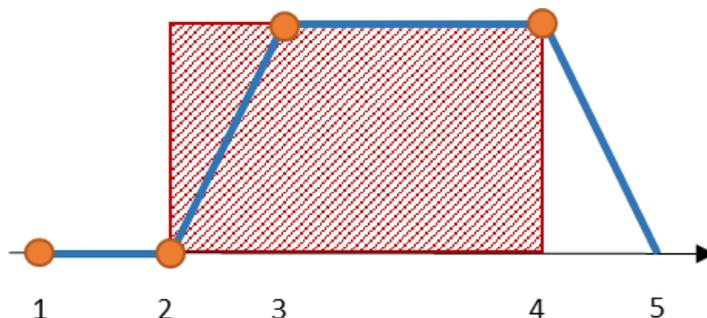
Table 2 – Description of Baltic standard mFRR product for balancing

Parameter	Baltic standard mFRR product
Preparation Period	Agreed during the phone call (except in case when activation of the bid is done through connecting TSO IT system)
Ramping Period	Not more than 15 min
Full Activation Time	Not more than 15 min
Minimum and maximum quantity	MIN = 1 MW; MAX = no restrictions
Deactivation Period	Not more than 15 min
Pricing Method	After introduction of Baltic mFRR market (expected in 01.2018) marginal price, until that the “pay as bid” method shall be used.
Minimum and maximum price	MIN not determined; MAX = 5000 EUR/MWh
Divisibility	To be defined by BSP (Divisible or Not divisible)
Minimum and maximum duration of Delivery Period	MIN = 1 min; MAX = 60 min (but not more than until the end of operational hour).
Validity Period	60 min
Mode of Activation	Manual
Minimum duration between the end of Deactivation Period and the following activation.	Not determined
Settlement volume determination: Required start of delivery end time of the order	Block product of between required start of delivery and end time of order. (Figure 1)
Gate closure of the offers	H-45min
Firmness of the offers	All received offers are firm (fixed). Market participant has responsibility to inform TSO if there are unplanned technical restrictions to execute the offer after the Gate closure but not later than exact order.

Settlement of Baltic mFRR standard product is illustrated in Figure 1, were: 1 – time of the phone call (activation request); 2 – start time of the order; 3 – time of full activation; 4 – end time of the order;

Period 1-2 is Preparation time; Period 2-3 is Ramping time; Period 2-4 is Settlement period; Period 4-5 is Deactivation time.

Figure 1: Settlement product for Baltic mFRR market



4. Baltic specific emergency reserve mFRR product

Final description of Baltic specific ER mFRR product is provided in table 3.

Table 3 – Description of Baltic specific ER mFRR product

Parameter	ER mFRR product
Preparation Period	Agreed during the phone call (except in case when activation of the bid is done through connecting TSO IT system)
Ramping Period	Not more than 15 min
Full Activation Time	Not more than 15 min
Minimum and maximum quantity	MIN = 1 MW; MAX = no restrictions
Minimum and maximum price	MIN not determined; MAX = 5000 EUR/MWh
Deactivation Period	Not more than 15 min
Pricing Method	Pay as bid of BSP
Divisibility	To be defined by BSP (Divisible or Not divisible)
Minimum and maximum duration of Delivery Period	MIN = 1 min; MAX = 60 min (but not more than until the end of

Parameter	ER mFRR product
	operational hour).
Validity Period	Not determined
Mode of Activation	Manual
Minimum duration between the end of Deactivation Period and the following activation.	Not determined
Settlement volume determination: Start end time of the order	Block product of between start and end time of order.
Gate closure of the BSP offers	D-1 16:00 EET
Firmness of the offers	All received offers are firm (fixed). Offer may be not available after activation for 12 hours or longer period.