ELEXON'S RESPONSE TO THE ENTSO-E SURVEY ON STANDARD BALANCING PRODUCTS

1. Introduction

1.1 ENTSO-E, the European association for Transmission System Operators in electricity, published its draft "Proposal for standard products" in December 2016. More recently it published a set of survey questions on standard balancing products aimed at stakeholders here. Responses were requested by 31 May 2017.

1.2 ELEXON has responded to the survey as follows. As the survey questions were entered directly onto a webpage, we have reproduced the ENTSO-E survey questions, and our answers in red, in this note below.

1.3 Many of the survey questions were mandatory to answer even though we did not wish to express a view in answer to that particular question. For these questions (which were Questions 6,7, and 9 to 13 inclusive) although we have not reproduced our answers below, we answered with the following comment:

- "We do not wish to express a view on this question at this stage, but this question was mandatory to answer and there was no possibility to select other than one of the options above. So we have selected an answer at random. So this answer should be discounted in your analysis of survey responses."

2. Survey Questions and our responses

 # General

1. Could you please indicate the identity of your entity?

ELEXON Limited.

We are the balancing settlement and imbalance settlement administrator for Great Britain (GB).

As a neutral, legally mandated, central not-for profit body funded by the electricity market in GB, we seek to make our consultation responses publicly available. Therefore this response is not confidential and need not be anonymised. However, although we have no views on answers to a number of the Questions in this survey, the survey required a response to those Questions - a null response was not an option. So for Questions 6, 7 and 9 to 13 inclusive we should stress that we do not have an opinion. We have selected one of the options at random merely to allow us to complete the survey – these particular answers should be discounted in the analysis of your survey responses.

2. Could you please indicate the sum in MW of all the resources amongst your portfolio?

None. ELEXON is not a market participant. (See our Answer to Question 1.)

3. Could you please indicate the geographical scope of your activity (at least the name of the countries)?

ELEXON administers balancing settlement and imbalance settlement in Great Britain.

4. Please share your general questions or comments about the standard products document.

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ELEXON is interested in this survey as we are likely to be tasked with the settlement of TSO-BSP RR, and possibly mFRR, Standard Product acceptances in Great Britain (GB) under our local implementation projects. We are also likely to be responsible for publishing information related to the Standard Product bids and acceptances relating to GB BSPs on our GB electricity information platform.

We have some thoughts and questions on Section 6.5 of the standard products document (balancing energy bids overlapping several ISPs).

With directly activated 15 minute blocks (e.g. a merged mFRR product), some of the required energy will be spread over different ISP periods with different clearing prices for each 15 minute period. Prompted by this ENTSO-E survey, we have started to consider this, but so far we have the following thoughts and questions which may help when you are considering this scenario further. And if you wish to discuss this with us, please do not hesitate to contact ELEXON.

- With directly activated products that can be activated at any time, does it make sense to base settlement on the clearing price in a 'main' ISP? The ISP boundaries seem rather artificial constructs when it comes to continuous directly activated trading.

- A similar question. When TSOs select directly activated products to activate, should they (the activation optimisation function) consider the overall cost, e.g. in the example, the cost over ISP1, ISP2 and ISP2?

- Should the settlement price for an individual activated product be specific to that product, e.g. directly dependent on the bid price of that product? Does this conflict with the Electricity Balancing Guideline requirements for marginal clearing prices in Article 30? Can the calculation of the clearing price for ISP 1 include consideration of the bid price related to V1, ISP 2 on the bid price related to V2, etc., no matter how small the volume of V1, V2, etc.?

- Is there any case where the BSP would lose money, e.g. if the bid price was higher than the clearing price? And, if so, what should be the resolution of this?

These questions lead us to ponder whether the settlement of balancing energy bids overlapping ISP boundaries can be considered in isolation from: decisions on the activation optimisation function/how TSOs select directly activated standard product bids; and the calculation of the clearing price(s).

We suggest that the question on overlapping ISPs needs to be considered together with consideration of the operation of the activation optimisation function and the calculation of the clearing price.

5.2.1 Manual standard products

8. Do you share the necessity to define a tolerance band in order to enable the participation of BSP-capabilities which can physically deliver a product shape that is different from the shape of the physical cross-border exchange?

Yes [mandatory 'Yes' or 'No' answer required by the webpage.]

For clarification: the delivery of power profiles different than the cross-border physical exchange may have consequences such as imbalance energy being charged to the BRP the BSP belongs to. The tolerance band is related to either monitoring quality or prequalification.

Could you please explain your answer?

BSPs' generating and consumption assets will all have different dynamic characteristics so cannot reflect the cross-border trade shapes exactly if these are fixed. TSOs will need to instruct or allow different ramp ups and ramp downs and so manage the output required to be sent between TSOs.

END.