

# ACER public consultation on the amendments of the mFRR, aFRR and IN Implementation Frameworks

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A Eurelectric response paper

June 2022

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

### We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

**investing** in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

**transforming** the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

**accelerating** the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

**embedding** sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

**innovating** to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: D/2022/12.105/22

The Amendment Proposals on the designation of entities to perform the functions and to thereby operate the CMF function aim to define that:

- for mFRRIF: the CMF will be operated by an entity different from the one already designated for the operation of the activation optimisation function ('AOF') and the TSO-TSO settlement function, pursuant to Article 12(2) of Annex I of the ACER Decision on mFRRIF1;
- for aFRRIF: the CMF will be operated by an entity different from the one already designated for the operation of the AOF and the TSO-TSO settlement function, pursuant to Article 12(2) of Annex I of the ACER Decision on aFRRIF; and
- for INIF: the CMF will be operated by an entity different from the one already designated for the operation of the imbalance netting process function (hereafter: INPF) and the TSO-TSO settlement function, pursuant to Article 10(2) of Annex I of the ACER Decisions on INIF.

As already explained in the previous section, in case a multiple-entity setup is proposed, the proposal needs to demonstrate and ensure additional requirements are met in accordance with Articles 20(3)(e), 21(3)(e) and 22(3)(e) of the EB Regulation.

### **Question 1**

Would you like to make any comments with respect to the Amendment Proposals on the multiple entity setup proposed to operate the EU balancing platforms?

EURELECTRIC feels comfortable with the proposed rules. TSOs have the correct incentives to properly define the rules, especially when the designated entities are single TSOs performing the tasks on behalf of all other participating TSOs.

We particularly welcome the introduction, since the ENTSOE consultation in December 2021, of the new article defining the high-level principles that the contractual framework must follow and the paragraph on transparency requirements for the publication of data.

On this latter topic, the publication of data, Eurelectric would like to recall the European Balancing Stakeholder Group (EBSG) meeting of 20 October 2021 where there was a general agreement between all participants (market agents, TSOs, ACER) on having the information related to the balancing platforms published "*as soon as possible*".

The Amendment Proposal on the mFRR IF technical changes aims to provide more clarity on the possibilities for the BSPs to offer bids within the same quarter hour and between consecutive quarter hours.

The term 'economic linking' has been replaced by the term 'complex bids' for the bids offered within the same quarter hour while the terms 'technical linking' and 'conditional linking' relate to linking of bids between quarter hours. The term 'conditional linking' has been introduced to allow for more flexibility in market participants' bidding strategy where linking between the quarter hours can be made without the restriction of being consecutive. Technical linking therefore relates to a specific consecutive conditional link.

The Amendment Proposal also introduces a new definition of 'multipart bids' which replaces the existing definition of 'parent-child linking'. The new definition adds additional constraints to the bids to reflect the monotonous price constraint, needed for the improved performance of the algorithm.

## Question 2

Would you like to make any comments with respect to the Amendment Proposals on mFRR technical changes?

The proposed technical amendments to the mFRRIF aim to clarify formulations related to complex bids and technical linking. While we welcome the effort for clarifications, we would like to present our views on both proposals.

With regards to complex bids, we question the necessity of introducing the term "complex bid", which does not exist in the RRIF. Such different wording across the IF could lead to confusion and misunderstandings among the BSPs.

ENTSOE explained in the document of answer to the comments received during the ENTSOE consultation on this amendment proposal in December 2021 (published in March 2022) that the term has been introduced to highlight the fact that complex bids have additional constraints compared to simple bids. EURELETRIC is still of the opinion that this new definition is unnecessary and would prefer to keep terminology with the other IFs consistent, BSPs are already aware of the additional constraints as they are the ones deciding to eventually apply links between their bids.

Moreover, EURELETRIC considers that the definition of the previous parent-child linking is less restrictive than the one proposed in the new multipart bid definition. Indeed, the multipart bid has been added a monotonous price constraint.

According to ENTSOE (document of March 2022), the constraint stems from an algorithmic performance issue, which would contradict the explanatory document where it states that these amendments "do(es) not constitute a change of the original intended design as approved". EURELETRIC asks for more clarity from the TSO side regarding algorithmic issues of the balancing platforms and better detailed information for the explanatory documents.

With regards to the new definition of technical linking (and the creation of the term conditional linking), we would like to make the following remarks:

1. It is not clear in the new definition of technical linking whether there is a limitation regarding the number of consecutive quarter-hours (Qhs) that can be linked together. ENTSOE, in the March 2022 document, explains that only 2 consecutive quarter hours can be linked together, however we do not see this reflected in the text of the amendment proposal. Moreover, this seems a setback with respect to the Workshop on MARI and PICASSO implementation on 13<sup>th</sup> of July 2020 where technical linking has been presented as possible between 3 subsequent Qhs (for instance being able to link Qh-1 DA and Qh+1 due to ramping restrictions).
2. Also, as both technical and conditional linking are based on the same principle (however designed to serve different purposes), we question if it is really needed to introduce a distinction between them. This is perhaps linked to the fact that mFRR bids can be labelled "direct activable" or not, but then we have the feeling that this distinction is rather based on IT considerations rather than justified on the ground of market relevance. In the March 2022 document, ENTSOE explains that the difference between the two concepts lays in the fact that conditional linking is not possible with complex bids (while technical linking is possible). EURELETRIC, however, could not find any mention to this impossibility in the amendment proposal, nor in the explanatory documents.
3. Furthermore, if ACER is of the opinion that the separation between technical and conditional linking has to be maintained, we would like to suggest the following new definition for conditional linking: "conditional linking' means links between a bid of a BSP

and at least another bid, whose delivery period is in one of the consecutive three quarter hours. The delivery periods of the two linked bids do not have to be consecutive.”

4. Finally, the explanatory documents explain that "Given that constraints in portfolio may differ, the linking (conditional or technical) may not be relevant only in consecutive quarter hours. Thus, links between the quarter hours can be made without the restriction of being consecutive", however, we don't see this possibility reflected in the new wordings.

### Question 3

If you would like to comment on any other topics please indicate clearly the related Amendment Proposal, Article and paragraph of the Amendment Proposal and add a sufficient explanation.

EURELECTRIC would like to emphasize the lack of harmonization and homogeneity across the different Implementation Frameworks (IF), specifically the ones concerning the platforms for the activation of standard balancing products (excluding INIF then). While we acknowledge that the different platforms are dedicated to different services, they still have the common purpose of sharing and activating balancing energy. This should be reflected in the use of common terminology, wording, and convention, to the extent possible.

While we welcome the effort of clarifying certain definitions and formulations, we see this as an opportunity to move forward and harmonize even further the platforms' IF, to avoid misunderstandings and unclarities for the numerous BSPs active on more than one platform.

We understand that ENTSOE took notice of the above remarks in their document of answer to the comments received during the ENTSOE consultation on this amendment proposal in December 2021 and would “strive to ensure harmonization and homogeneity across the Implementation Frameworks if the opportunity arises”. However, we fail to understand why the proposal has been sent to ACER almost unchanged. This would have been already the opportunity for harmonizing the text of the different IFs, also considering the upcoming go-lives of the platforms.

Furthermore, EURELECTRIC would also like to point out that an effort towards harmonization of the IFs should also be pursued regarding transparency requirements. For instance, the RRIF and the mFRRIF both allow for the presentation of elastic needs by the TSOs while demanding very different obligations (RRIF lacks transparency obligations). A greater consistency among IF, resulting from the application of more transparent rules to all platforms, would be beneficial to all BSPs and ensure less market distortions in those regions where elastic needs are applied.

Once again, we acknowledge that ENTSOE took note of our comment to their consultation in December 2021 and would “strive to ensure harmonization and homogeneity across the Implementation Frameworks if the opportunity arises”. Nevertheless, we noticed that the issue has not been tackled in the last RRIF amendment consultation. We wonder thus when the right opportunity will arise, stressing the importance of this issue.

Finally, with regards to the sign convention, we would like to express our concern on the lack of harmonization across platforms. Indeed, in the aFRRIF and the mFRRIF, the terms Positive and Negative are used while Upward/Downward are used on the RRIF. EURELECTRIC would like to see a harmonization across all EU BAL platforms and proposes to use the U/D rather than P/N approach, as adopting the U/D approach also has the advantage of clearly separating price consideration (that can be positive or negative) from balancing energy needs. Also, the terminology positive/negative rather refers to the imbalance of the system/BRP.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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