

TERRE number of clearings

Brussels, 30 June 2023 - The European Federation of Energy Traders (EFET) appreciates the social welfare benefits that the RR platform (TERRE) is bringing. We also appreciate the clear explanatory note and presentation published by the TSOs. In general, we agree with the increase in the number of gate clearings.

However, the RR process is looking more and more similar to the mFRR (MARI) process, only with longer lead times.

Therefore, we kindly ask the TSOs active in TERRE to consider its eventual phase out by shifting to more efficient reactive balancing.

You will find our detailed feedback to your questions below.

Q1. Considering three options presented in the explanatory document, which option is your preferred one? Please explain, in detail, your selection.

Our preferred option is the use of the intraday market with a gate closure time closer to real time and the mFRR platform for balancing purposes. TSOs could consider a possible elimination of RR (a non-mandatory standard product) once TSOs shift to reactive balancing relying on the EU mFRR platform.

Given the increased similarity with the mFRR platform, TSOs participating in TERRE should consider focusing on the mandatory products for the sake of efficiency, liquidity and uniform balancing model across EU, and limit national specific products to a minimum.

Notwithstanding this:

- Option #2 is our preferred one. It is the least invasive design option, although it has challenges in terms of operability and overlap with mFRR management. It is fundamental to ensure that the participation of BSPs in the RR platform is done on a voluntary basis in all bidding zones.
- Option #1 has the fundamental drawback that it requires conditional linking.
- Option #3 is challenging in terms of implementation and it is still unclear how the double clearing would be designed.

Q2. Is there an impact on your RR bids with the changes proposed in the final option? Please elaborate in detail.

Bidding dynamics will change depending on the retained option in order to:

- Reflect technical constraints of the assets and very narrow operational timings (in particular with Option #1)
- Avoid overlap with mFRR in the three options. TSOs should take into account that energy offered by the BSP must be optimised in the clearing of the most valued product in terms of operational security (i.e. mFRR).

Q3. Do you consider conditional linking necessary for option #1? Please elaborate why.

Yes, conditional linking in Option #1 is crucial, but it poses relevant challenges for market participants, as said in our previous responses.

Q4. Will your availability to provide RR be affected with the reduction of the delivery period? If so, please indicate to what extent for: Option #1 and #2 (reduction of maximum delivery period from 60 to 15 minutes).

No. Flexibility is crucial for the energy transition, so liquidity in the RR platform must move to intraday and mFRR/aFRR, depending on the type of flexibility that market participants/BSPs can deliver to the market/system.

The design of intraday and balancing timeframes must give a meaningful and lean investment signal to deliver the flexibility that the system needs, according to Regulation (EU) 2019/943.

Q5. Will your availability to provide RR be affected with the reduction of the delivery period? If so, please indicate to what extent for: Option #3 (reduction of maximum delivery period from 60 to 30 minutes).

Option #3 is not acceptable at all for market participants. Flexibility is crucial for the energy transition as said in our previous response.

Q6. Currently there are 5 minutes between ID GCT and TERRE GCT, would it be possible to shorten this timing (please provide an answer in minutes)?

No. It will impact even more intraday trading.

Moreover, 5 minutes is already too short for BSPs in bidding zones with unit-based bidding. The foreseen move to 15 minutes MTUs constitutes a severe operational burden on the BSPs affected. EFET calls for the implementation of portfolio bidding in the RR process and in the balancing timeframe in all self-dispatch bidding zones.

Q7. Currently there are 5 minutes between TERRE results and MARI GCT, would it be possible to shorten this timing (please provide an answer in minutes)?

No, our preferred option is the gradual phase out of the RR platform and shifting to more efficient reactive balancing as said in our general remarks and previous responses.

Q8. Do you have any other comments or proposals on the RRIF or on the RR process in general?

EFET, as long as TERRE is functioning, calls for the implementation of the following alterations in the RRIF:

- It should be stated that the participation of BSPs in the RR market is voluntary and cannot be mandatory.
- Elastic needs by TSOs should not be allowed. TSOs should be price takers and should not intervene in price setting, distorting market functioning.
- Data to be published should be harmonized with the requirements of the other platforms' IF, in particular the mFRRIF. For instance, the requirements of articles 3(4) and 13(1) of the mFRRIF should be included in the RRIF.
- The filtering of bids by TSOs, with the possibility of reservation of local bids not to be sent to the platform, should be regulated in the RRIF with transparent and common criteria.

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