

# **SETSO TF**

## **Work Plan for the SEE Sub- Regional Balancing Market Pilot Project**

**Zagreb**  
**January 20th, 2006**

# Topics

- **Presentation of the Activity SEE Sub-Regional Balancing Market Pilot Project**
- **Discussion of Work Plan (hand out)**
- **Role of Joint Work Group – Balance Management**
- **Designation of participants to JWG-BM**

# Context

- **EC SEE Options Paper**
  - ✓ Identifies need for Study on Intra-day and Balancing Markets (Item 13)
- **Athens mini-Forum Oct '05**
  - ✓ Discussion of potential sub-regional balancing arrangements
  - ✓ Action: CIDA to carry out a study on regional real time balancing market in SEE, including a pilot-project on a sub-regional basis
- **Athens Forum Belgrade Nov '05**
  - ✓ “... welcomes the information presented by CIDA ... on the projects, related to the development of subregional balancing market ... and expects that further results will be presented during the next Forum meeting.”

# Context (cont'd)

- **Emerging balancing arrangements in SEE**
  - ✓ **Romania has a functioning balancing market;**
  - ✓ **Bulgaria has an hybrid model;**
  - ✓ **Different regulated and hybrid arrangements under development in other SEE countries**
- **In the EC Countries:**
  - ✓ **There are now more market – based arrangements than regulated ones;**
  - ✓ **Emerging sub-regional arrangements:**
    - **France-UK, France-Spain (under discussions: France-Germany, Italy, Switzerland);**
    - **Nordic single balancing market;**
    - **Germany multiple balancing markets (moving towards a single market with the inclusion of Austria)**

# Reminder

## Price formation - the direction

- **Expectations of balancing market prices ...**



- **... drive day-ahead market prices. And expectations of day-ahead market prices ...**



- **... drive long-term bilateral contract prices.**

# Expected (potential) Outcomes

- **Lower total Balancing Cost through more efficient use of balancing resources in the region;**
- **Emergence of representative sub-regional balancing market prices through increased liquidity**
  - ✓ **Important reference prices for day ahead and contracts;**
  - ✓ **Minimize potential for market power abuse.**
- **Increased incentives to participants to bid in the balancing market;**
- **Gradual harmonization of imbalance settlement procedures, gate closures, nomination formats, etc.**

# Specific Objectives

- **Identification of technical/financial obstacles for regional balancing management;**
- **Design and testing of balancing management alternatives;**
- **Conclusions/recommendations on applicability of sub-regional balancing management**

# Activity Outline

## 0 Initial meetings

- Confirmation of DWP by SETSO;
- Creation of Joint Working Group – Balance Management (JWG-BM) and designation of country representatives.

## 1 Review of existing balancing regulation practices

- Visit to countries
- Report 1 (Review of existing practices, rules, standards)

## 2 Review of international sub regional BM, and assessment of adaptability of models to SEE

- Study Tour (France/UK, Germany, Sweden)
- Report 2 (Review of models and adaptability to SEE)

## 3 Recommendation of balancing arrangements, and selection of pilot project countries

- Report 3 (Proposed model and countries selected)
- Workshop

# Activity Outline (cont'd)

## 4 Design Pilot Project

- Report 4 (Sub regional BM Pilot Project Design Report)

## 5 Implementation of Pilot Project and support

- Weekly review Report by participating TSOs

## 6 Summary results of the Pilot Project

- Summary Results and Final Recommendation Report

# Time Schedule and Deliverables

Tasks	05	2006												2007			
	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	
<b>1 Review of existing balancing regulation practices</b> <ul style="list-style-type: none"> <li>- Visit to selected countries</li> <li>- Report 1 (Review of existing practices, rules, standards)</li> </ul>																	
<b>2 Review of international sub regional BM, and assessment of adaptability of models to SEE</b> <ul style="list-style-type: none"> <li>- Study Tour (France/UK, Germany, Sweden)</li> <li>- Draft Report 2 (Review of West Europe models)</li> </ul>																	
<b>3 Recommendation of balancing arrangements, and selection of pilot project countries</b> <ul style="list-style-type: none"> <li>- Workshop Balancing Arrangements</li> <li>- Final Report 2 and 3 (Proposed model &amp; countries)</li> </ul>																	
<b>4 Design Pilot Project</b> <ul style="list-style-type: none"> <li>- Report 4 (Sub regional BM Pilot Project Design)</li> </ul>																	
<b>5 Implementation of Pilot Project and support</b> <ul style="list-style-type: none"> <li>- Weekly review Report by participating TSOs</li> </ul>																	
<b>6 Summary results of the Pilot Project</b> <ul style="list-style-type: none"> <li>- Summary Results and Final Recommendations Report</li> </ul>																	



JWG-BM Meeting

AF: Athens Forum or mini Forum

# Joint Working Group – Balance Management

- **SEETEC proposes the creation of Joint Working Group – Balance Management (JWG-BM) under ETSO/SETSO for the supervision/follow-up of the activity**
- **Proposed members**
  - ✓ **Slovenia, Greece (EU member States)**
  - ✓ **Romania (SEE Country, ETSO member)**
  - ✓ **HR, BA, MK, SB, MO, BG, AL, UNMIK (SEE)**
- **2 members per country (at least one from System Operator)**

# JWG – BM Responsibilities

- **Take an active role in the activity through participation in discussion of alternatives, proposals, recommendations and review of reports to be presented to the Athens Forum**
- **Main contact for SEETEC team**
- **Participate in the presentation of the reports to the Athens Forum and mini-Forum**
- **Participate in visits to selected TSOs in Western Europe**

# Costs covered by SEETEC

- **Transportation, accommodation, meals and incidentals for the recipients countries under SEETEC (Albania, BiH, Bulgaria, Croatia, FYR Macedonia, Romania, Serbia and Montenegro, and UNMIK) for 4 meetings\***
  - **Rules pertaining to the costs will be communicated to each representative by SEETEC (as per Treasury Board of Canada rules)**
  - **Other members of JWG-BM will cover their own costs**
- \* **Note: If meetings occur at the same time (right before/after or during) of other scheduled ETSO/SETSO meetings, only the incremental costs will be covered.**

**Thank you !**