



Union Française de l'Électricité

15th February 2018

UFE answer to the consultation on the Frequency Containment Reserve (FCR) cooperation draft proposal

What is your opinion on the proposal regarding market design in Article 3 "TSO - TSO Model"?

The TSO-TSO model is indeed the one foreseen by the GLEB. UFE would like to underline that, in addition, it would be worthwhile evaluating how aspects which are also relevant to create a European level playing field between market participants, such as prequalification and penalization, could be further harmonised.

What is your opinion on the proposal regarding market design in Article 4 on "Auction frequency"?

UFE notes that, depending on the results of the negotiations on the Clean Energy Package, the future target model could actually encompass a combination of procurement through daily auctions and at longer timeframes.

UFE is therefore of the view that the implementation roadmap should be adapted to deal with such uncertainty. (See also our answer to the question regarding Article 11.) For instance, if daily auctions are to be implemented, UFE would suggest to also develop forward products that would allow TSOs to procure part of the balancing capacity at longer timeframes.

What is your opinion on the proposal regarding market design in Article 4 on "Auction timing"?

See our answer to the previous question

What is your opinion on the proposal regarding market design in Article 5 "Product"?

UFE agrees with the target model of 4-hour, symmetric blocks. In addition, UFE suggests to open the possibility for BSPs to link blocks



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What is your opinion on the proposal regarding market design in Article 6 "Bid design possibilities"?

UFE generally agrees with the proposals of the TSOs. However the rationale of having a maximum indivisible bid size of 25 MW is not detailed in the proposal and should be further explained to be supported.

What is your opinion on the proposal regarding market design in Article 7 "Auction allocation algorithm"?

UFE agrees with the proposals of the TSOs

What is your opinion on the proposal regarding market design in Article 8 "TSO-BSP settlement"?

UFE agrees with the proposals of the TSOs

What is your opinion on the proposal regarding market design in Article 9 "TSO-TSO settlement"?

UFE would welcome a practical example of the distribution mechanism.

What is your opinion on the proposal for the process of joining of new parties as described in Article 10 "Accession of new parties"?

The inclusion of new parties will indeed foster market integration, which UFE supports, provided sufficient information is given to stakeholders in a transparent way, and sufficiently in advance.

What is your opinion on the proposed roadmap for implementing the proposed changes in the market design as described in Article 11 "Implementation roadmap"?

UFE disagrees with the intermediate step of daily auctions at D-2. If daily auctions are to be implemented, additional (costly) steps should be avoided. Instead, auction timing should move directly to the target model of D-1. Similarly, the 4h product duration should be implemented from the start, so as to avoid costly intermediate steps.



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Should D-2 auctions be implemented nonetheless, UFE underlines that the Friday auction should be for delivery date Sunday, Monday and Tuesday.

Irrespective of the target model finally chosen, UFE would be in favour of its direct implementation without intermediate steps, and would favour postponing the implementation deadlines to this aim, which requires NRAs giving the necessary comfort to TSOs vis-à-vis the requirements of the EBGL. Such postponement would also allow to adapt the methodology before its actual implementation based on the results of the Clean Energy Package negotiations, if needed. Furthermore, it would give the necessary time to market participants to adapt their processes.

UFE therefore encourages TSOs to adapt the implementation roadmap to make it compatible with these objectives, and NRAs to give TSOs the necessary comfort vis-à-vis the requirements of the EBGL when considering it.

What is your opinion on the requested exemption for not allowing cross border transfer of capacity obligations as described in the "Draft Proposal for the exemption of the FCR Cooperation Parties from the obligation to allow balancing service providers to transfer their obligations to provide balancing capacity in accordance with Article 34(1) of COMMISSION REGULATION (EU) 2017/2195 establishing a guideline on electricity balancing"?

UFE notes that TSOs argue that enabling secondary trading of BSP obligations would incur costly developments on their side. UFE would like this claim to be further detailed and justified so as to be able to have an informed view on the exemption request.