



Union Française de l'Électricité

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## UFE's answer to the consultation on the cost/benefit analysis report's results under article 156-11 of Regulation 2017/1485

UFE welcomes the opportunity to express its views on the draft report on the results of the cost/benefit analysis (CBA) to determine the time period (Tmin) required for FCR providing units with limited energy reservoirs (LER) to remain available during alert state.

**UFE believes that, from a general standpoint, the objective when setting the Tmin should be the safe system operation in a cost-efficient way.** In light of the elements provided by the draft report, **UFE thus supports setting the Tmin for FCR providers with LER to 15 minutes (option "15 minutes with LER share limitation") as it is the most economically efficient solution.**

On the contrary, **setting a Tmin longer than 15 minutes would, in UFE's view, result in extra-costs for FCR providers** and exceed the FCR products' requirement stating that "FCR providing units shall be able to fully activate FCR continuously until the activation of FRR" – the full FRR activation occurring within the 15 minutes frequency restoration time set by article 157 of SO GL as regards the Continental Europe (CE) synchronous area. A 15-minutes Tmin also presents the advantage of not impacting the existing LER which already have a 15 minutes time requirement.

**Furthermore, UFE stresses that the main cost driver of FCR procurement is the LER share, not the Tmin.** Indeed, given a same LER share, the difference of FCR provision costs between a 30-minutes Tmin and a 15-minutes is almost negligible. It is therefore appropriate to consider a LER share limitation.

**In our view, other solutions considered in the draft report would result in an increase of FCR procurement costs and therefore be less economically efficient.** In particular, a Tmin equal to 30 minutes without exemption for existing installations would generate stranded costs coming from the LER units unable to fulfil this new requirement. Complying with the new Tmin would also imply extra-costs (upgrade, qualification, etc.) for existing units.

When it comes to the option "30 minutes (without LER share limitation) and exemption for existing LER", despite not being our preferred solution, UFE considers that the potential legal risk related to the competition between FCR providers with different



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requirements should be relativized, given that there is already no full harmonization at EU level of the FCR technical minimum requirements. UFE would support an approach similar to the Requirement for Generators (RfG) network code with differentiated requirements between new and existing LER (also similar to the TSOs' proposal for additional properties of FCR in the CE synchronous area Operational Agreement Policy 1 (Load Frequency Control and Reserves) which considers potentially differentiated requirements between new and existing LER).