

ACER Decision on the amendment of the pricing methodology: Annex I

Amendment to the methodology for pricing balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process

in accordance with
Article 30(1) of Commission Regulation (EU) 2017/2195
establishing a guideline on electricity balancing

25 February 2022

Whereas

- (1) This document provides an amendment to the methodology for pricing balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process in accordance with Article 30(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing ('EB Regulation') approved by ACER decision 01/2020 of 24 January 2020 ('pricing methodology'). This amendment is hereafter referred to as the 'amendment to the pricing methodology'.
- (2) Article 30(2) of the EB Regulation allows all TSOs to jointly propose to introduce the technical price limits in case TSOs identify that technical price limits are needed for efficient functioning of the market. In such a case, these technical price limits shall take into account the maximum and minimum clearing price for day-ahead and intra-day timeframes pursuant to Regulation (EU) 2015/1222.
- (3) The technical price limits pursuant to Article 30(2) of the EB Regulation have already been set in the pricing methodology at the level of 99,999€/MWh and -99,999€/MWh for both positive and negative balancing energy. These price limits are not lower than the limits imposed within the day-ahead and intraday timeframes and therefore do not restrict price formation.
- (4) This amendment introduces transitional price limits in addition to the technical price limits which are lower than the technical price limits, for a limited period of time. The purpose of these transitional price limits is to alleviate any concerns linked to the transitory period during the first years of the operation of the European balancing platforms with the participation of all the TSOs, in accordance with Article 19 to Article 22 of the EB Regulation. As such, introducing these temporary lower price limits aims to facilitate the integration of the balancing markets, in line with the objective set out in Article 3(1)(c) of the EB Regulation.
- (5) This amendment to the pricing methodology has no negative impact on the other objectives listed in Article 3 of the EB Regulation, since the technical price limits remain unchanged.

Article 1

Definitions and interpretations

1. Article 2 – Definitions and interpretations – shall be amended as follows:

a) New definitions shall be included and read accordingly:

‘(g) ‘maximum technical price limit’ means the maximum price for all balancing energy product bids and the maximum value of the cross-border marginal price;

(j) ‘minimum technical price limit’ means the minimum price for all balancing energy product bids and the minimum value of the cross-border marginal price;’

Article 2

General Principles

1. Article 3 – General Principles - shall be amended as follows:

a) Paragraph 3 shall be amended and be read accordingly:

«3. The maximum technical price limit shall be 99,999 €/MWh. The minimum technical price limit shall be -99,999 €/MWh. »

Article 3

Implementation Timeline

1. Article 9 – Implementation timeline - shall be amended as follows:

a) A new paragraph 3 shall be included and be read accordingly:

‘3. Once the European balancing platforms are implemented in a Member State, and for a transitional period of up to 48 months from the implementation deadline pursuant to paragraph (1):

(a) The transitional upper price limit shall be 15,000 €/MWh and the transitional lower price limit shall be - 15,000 €/MWh;

(b) If the harmonised maximum clearing price for the single intraday coupling in accordance with Article 54(1) of Commission Regulation (EU) 2015/1222 increases above 9,999 €/MWh, the transitional upper price limit in accordance with subparagraph (a) shall automatically increase by the same amount. In this case, the transitional lower price limit shall be decreased to the same absolute value.’

Points (a) and (b) shall apply for the TSOs participating in the RR-Platform from 1st July 2022.

Following the transitional period, the technical price limits from Article 3(3) shall apply.

b) A new paragraph 4 shall be included and be read accordingly:

‘4. All TSOs shall report to ACER and to regulatory authorities on quarterly basis on the following aspects of the balancing energy price formation during the transitional period referred to in paragraph (3):

(a) monthly average values of used and available cross-zonal capacity for the exchange of balancing energy per each bidding zone border and direction;

(b) average percentage of both submitted and activated standard balancing energy bids per product and per direction with prices higher (and lower) than 50%, 75%, 90%, 95% and 99% of the upper (and lower) transitional price limit; and

(c) volume weighted average price of the last (most expensive) 5% of the volume of submitted standard balancing energy bids for each European balancing platform per direction and per participating TSO;’

c) A new paragraph 5 shall be included and be read accordingly:

‘5. If the cross-border marginal price during the transitional period pursuant to paragraph (3) reaches at least 50% of the upper or lower transitional price limit, all TSOs shall prepare a joint report and submit it to ACER and all the regulatory authorities within a month following this event. This report shall include an analysis of the event and the indicators of the balancing energy market concentration level including at least Residual Supply Index (RSI), Herfindahl - Hirschman Index (HHI) and the market shares of 5 largest BSPs from the BSPs for which the participating TSOs have forwarded balancing energy bids.’

d) A new paragraph 6 shall be included and be read accordingly:

‘6. All TSOs shall perform an assessment of the functioning of the balancing market 36 months after the implementation deadline of the European balancing platforms pursuant to paragraph (1) in order to investigate whether different technical price limits are needed for efficient functioning of the market.

Article 4 **Publication of the Amendment**

All TSOs shall publish this amendment to the pricing methodology without undue delay pursuant to Article 7 of the EB Regulation after a decision has been adopted by ACER in

accordance with Article 5(2) of Regulation (EU) 2019/942.

Article 5 Language

1. The reference language for this amendment to the pricing methodology shall be English.
2. For the avoidance of doubt, where TSOs need to translate this amendment to the pricing methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 7 of the EB Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this pricing methodology to their relevant national regulatory authorities.