Public

# *Public consultation document for the design of the TERRE (Trans European Replacement Reserves Exchange)*

## *RR Harmonized Balancing Area*

## *Annex Stakeholders Responses*

**Please find below the answers received from Stakeholders on the Consultation Document for the design of TERRE (RR Harmonized Balancing Area)**

# Contents

# Q 0: Please give us your general views on the TERRE project, and on this consultation document? And Q 1.1 Do you have specific comments regarding Chapter 1 content?

| Q 0: Please give us your general views on the TERRE project, and on this consultation document? | |
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| SH1 | SH1 believes in a balancing system that is based primarily on individual responsibilities by BRPs for self-balancing, and correspondingly, a TSO that only responds to imbalances in the system in real-time. An approach where a TSO anticipates imbalances, socialises part of the balancing responsibility risk which distorts the incentive for BRPs to be in balance and for BSPs to invest in capacity to provide balancing energy. Consequently, we believe the product RR is not needed at all. A well-functioning intraday market provides enough possibilities for BRPs to make sure their portfolio is in balance. That said, if TSOs in the TERRE region continue to see RR as a necessary product, we think that TSOs should merely act as a market facilitator, and cause as little interference with the (cross border) intra-day market as possible.<br><br>TERRE presents itself as a project that offers a pan-European solution to the harmonization of Replacement Reserve (RR). However, the consultation document only covers the processes around the exchange of RR between TERRE-countries that make use of the RR product, nothing is mentioned about any interaction with non-TERRE countries. This is a serious shortcoming and a threat to a European level playing field for RR and the intra-day market.<br><br>If the TERRE projects wants to offer a real pan-European solution, it should include cross border participation of RR-suppliers from all countries, including those that do not use RR. Members of SH1 should have the opportunity to supply RR to UK, France, or any other country that in the future might join TERRE (Norway, Poland, Denmark). Excluding these parties imply an opportunity (and welfare) loss, as the majority of the XZ capacity of the two biggest TERRE markets, UK and France, are with non-TERRE countries. |
| SH2 | SH2 appreciates this opportunity for stakeholders to provide feedback on a broad range of subjects concerning the pilot project “Trans-European Replacement Reserves Exchange” (TERRE). However, the timing of the consultation – opening on 30th June and closing on 16th of August – is unfortunate. The consultation covers a cross-border topic that requires coordination spanning several countries – both within companies and stakeholder organizations. Such coordination is extremely challenging during peak holiday periods. This point is further exacerbated by the fact that the consultation is presented as the last opportunity for stakeholder input.<br><br>For SH2, the priority of market integration and optimization should be the ability of BRPs to self-balance their perimeters. This enhances the efficiency of delivering electricity across Europe and minimizes the need for Transmission System Operators to deploy costly balancing capacity. A key tool is a well-functioning and liquid Intraday market, preferably cross-border and as close as possible to real-time. SH2 is worried that the TERRE project may eventually become an obstacle to further enhancements and the general efficiency of Intraday markets. Because of this, SH2 would have preferred that the time, effort and resources that are being dedicated to the TERRE platform, would have been spent further improving the Intraday markets. If the TERRE project is to be realized nonetheless, SH2 would like to argue strongly to minimizing any negative impacts of the TERRE process on the (cross-border) Intraday markets. This objective underpins the answer of SH2 to this consultation.<br><br>Additionally, the consultation only covers the cross-border framework of the TERRE platform. SH2 would like to stress that the local implementation process should also involve sufficient stakeholder involvement in each country. As the actual bidding will be a process between the BSP and its connected TSO, it is important that this process is given sufficient attention and the opinions and concerns of stakeholders are also locally taken on board. These processes of |

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| | stakeholder involvement on a local level should be started as soon as possible to allow ample time to adjust processes and IT systems. |
| SH3 | Not Answered |
| SH4 | Its a good idea but further consideration needs to go into the transition between each hourly delivery period as this could cause considerable difficulties especially with trapezium profiles that cut into the deliver period.<br>Xbid may also impact on the need to use Terre. |
| SH5 | Please see Q 1.1. |
| SH6 | SH6 welcomes the opportunity to answer this public consultation on TSOs proposal for the design of the TERRE project.<br>TERRE project is a good opportunity to have an European balancing mechanism, but it has to include the diversity in all countries and it should not endanger other markets such as Intraday. |
| SH7 | In general terms, we evaluate positively the content and scope of the consultation document, as well as the new opportunity given to market players and stakeholders to be involved in the project definition.<br>We value the fact of having included the harmonization topic in the project scope, crucial issue from our viewpoint to ensure coherence across relevant regulations in the different Member States and therefore to prevent situations of discrimination between BSPs/BRPs. However, we consider that further efforts in this regard should be addressed within the project framework, not leaving for "future harmonization" topics that will be critical to ensure an efficient and fair playing field.<br>Concerning the consultation period, it has been launched for a short length of time and within a period when most relevant professionals are not available. Due to the importance of the topic and the need of deep analysis, we would highly appreciate more adequate deadlines for future requests. |
| SH8 | Not Answered |
| SH9 | Firstly we wish to explain our role and interest in this consultation.<br><br>SH9 delivers the electricity balancing settlement, imbalance settlement and related data publication services that are critical to the successful operation of Great Britain's (GB's) current electricity trading arrangements under the national GB Balancing and Settlement Code. We are not a TSO, but we undertake operations that, in some other EU Member States, are undertaken by TSOs. Indeed we believe that GB is the only current TERRE participant area in which a non-TSO will need to play a key role in ensuring our country's overall readiness for TERRE Go-Live, although it is likely that other candidate participants would be in a similar position, e.g. in the Czech Republic, if the Czech TSO also joined TERRE in future.<br><br>The views expressed in this consultation response are those of SH9 alone, and do not seek to represent those of the Parties to the GB Balancing and Settlement Code which we administer.<br><br>The TERRE project working packages include TSO-BSP/BRP settlement and TERRE data publication. Subject to our NRA's approval, SH9 will be incorporating these TERRE aspects into our existing arrangements at the local (GB) level and SH9 is already preparing and designing arrangements to do so. So in our view it is imperative that Project TERRE and SH9 closely coordinate at all times on all changes that TERRE is considering making to the TSO-BSP/BRP settlement and data publication aspects. This will enable SH9 to incorporate them in a timely and consistent fashion with TERRE so that, for example, BSPs and BRPs are paid/charged appropriately as soon as our TSO, National Grid, participates in the live operation of TERRE. If this coordination and liaison does not happen, then it will be much more difficult to implement TERRE on time in GB.<br><br>It may be worth taking account of how the XBID (intraday) project is coordinating with Local Implementation Projects (LIPs) and seeing what parallels/lessons can be used by the TERRE |

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| | Project.<br><br>We are also interested in whether there will need to be another TERRE consultation later, once the Electricity Balancing Guideline has come into force, in order to legally confirm the TERRE design in accordance with the Guideline? |
| SH10 | Not Answered |
| SH11 | It is essential that Balancing Service Providers are fully included in the development of the proposed TERRE solution. However, we are concerned that the detailed design elements have not fully included the role of BSPs in delivering TERRE and has not considered the wider implications for the energy market. |
| SH12 | Not Answered |
| SH13 | We welcome the opportunity to answer this public consultation for the design of the TERRE Replacement Reserve Harmonized Balancing Area as the involvement and information of market participants are vital to ensure the smooth implementation of the new processes and to guarantee that the proposed mechanisms can be properly adapted from the actual national frameworks.<br><br>To take into consideration and to give answer to questions raised from the market participants related to the adaptation process of national specificities that today are in force is crucial. |
| SH14 | The TERRE project working packages include TSO-BSP/BRP settlement and TERRE data publication. Subject to NRA approval, these TERRE aspects must be incorporated into existing arrangements at local level by TSO and, in some cases, third party non-TSO settlement organisations.<br><br>It is therefore imperative that Project TERRE and these third parties, some of whom are members of SH14, closely coordinate at all times on all changes that TERRE considers making to the TSO-BSP/BRP settlement and data publication aspects. This will enable these providers to incorporate any changes in a timely and consistent manner with TERRE. In this respect, there must be transparency on the detailed design of interfaces for TERRE settlement and data publication purposes.<br><br>It is also vital to ensure coordination between TERRE and TSO and non-TSO settlement organisations which might join at a later date, in order to give them adequate time to prepare. |
| SH15 | Not Answered |
| SH16 | Generally, it is difficult for participants to understand how TERRE and other market mechanisms including, XBID, Project MARI and local balancing arrangements are going to fit together. It is important that these processes work smoothly together and that participants understand the likely impact on their ability to trade and deliver different products, and the timescales associated with that. We have concerns about several proposals at the moment, most notably:<br>1. The ability to undertake counter activations.<br><br>2. Physical feasibility of interconnectors being accounted for in the TERRE process, but not the feasibility of Balancing Services Providers (BSPs).<br><br>3. The proposals around using interconnector controllability to manage domestic congestion.<br><br>4. Withholding of TERRE bids.<br><br>5. The current definition of BEGCT.<br><br>6. Setting the commercial scheduling step to 1 hour.<br>Our more detailed replies are outlined in our responses to the specific questions below. |

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| SH17 | SH17 welcomes the opportunity to respond to this public consultation on the design of the Trans European Replacement Reserves Exchange ("TERRE").<br><br>We are in broad agreement with the principles of what TERRE is attempting to achieve as part of the wider pan European initiative, European Electricity Balancing Guideline ("EBGL"). |
| SH18 | Not Answered |
| SH19 | No comments. |
| SH20 | Not Answered |
| SH21 | The European Federation of Energy Traders (SH21) welcomes this opportunity for stakeholders to provide feedback on a broad range of subjects concerning the pilot project "Trans-European Replacement Reserves Exchange" (TERRE).<br><br>The timing of the consultation – opening on 30 June and closing on 16 August – is unfortunate. The consultation covers a cross-border topic that requires coordination spanning several countries. For a European organisation like SH21, gathering members' input during the summer holiday period is extremely challenging.<br><br>This consultation only covers the cross-border framework of the TERRE platform. SH21 would like to stress that local implementation processes should also foresee sufficient stakeholder involvement in each country. As the actual bidding will be a process between the BSP and its connected TSO, it is important that concerns of local stakeholders are taken on board. These processes of stakeholder involvement at a local level should start as soon as possible to allow ample time to adjust processes and IT systems.<br><br>We are also concerned by the lack of consideration of the possibility for market participants not directly connected to a TERRE TSO to propose RR bids on the common platform – either through their connecting TSO even if it does not use RR itself, or through TSO-BSP cross-border arrangements with TSOs participating in the TERRE project. This is an important question relating to the equal treatment of market participants in Europe that was raised at multiple occasions in discussion groups but never taken up by the TERRE project. We encourage the project members to take a position on the options that could enable all market participants – connected to a TSO participating in the TERRE project or not – to provide RR bids for use on the TERRE platform. |
| SH22 | In general the topic is rather complicated and a non-negligible amount of concept refer to the previous consultation document. This constellation was not optimal for the redaction of the response. |
| SH23 | Not Answered |
| SH24 | Not Answered |
| SH25 | None |
| SH26 | None |

| Q 1.1 Do you have specific comments regarding Chapter 1 content? (Please indicate sub-chapter reference when possible)? | |
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| SH1 | - |
| SH2 | No Comments |
| SH3 | SH3 welcomes the opportunity to answer this public consultation on TSOs proposal for the design of the TERRE project, the development of cross-border exchanges of Replacement Reserve being an integral part of the target model for the integration and harmonization of balancing markets at European level. |

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| | The involvement and the continuous information of stakeholders during the design and the development phases of the balancing pilot projects are vital to ensure their smooth implementation and to guarantee that the proposed mechanisms can represent an efficient solution. Therefore SH3 regrets that the related topics have not been presented and debated during Balancing Stakeholders' Group meetings. Indeed, as noted by TSOs on page 9 of the public consultation documentation, some aspects of the future platform and some market rules are presented for the first time and this is already the last opportunity for stakeholders to expose their point of view. We also regret the timing of the consultation – opening on 30th June and closing on 16th of August. The consultation covers a cross-border topic that requires coordination spanning several countries. For a European association such as SH3, gathering member input during such a holiday period is extremely challenging.<br><br>SH3 would like to stress that local implementation processes should also foresee sufficient stakeholder involvement in each country. As the actual bidding will be a process between the BSP and its connected TSO, it is important that inputs and concerns of local stakeholders are taken on board. These processes of stakeholder involvement on a local level should be started as soon as possible to allow ample time to adjust processes and IT systems.<br><br>Last but not least, SH3 would like to take the opportunity to remind that Intraday markets are and should remain the main tool for market participants to rebalance their positions close to real time. The development of cross-border exchanges of Replacement Reserve should therefore not lead to any detrimental impact to the Intraday markets. |
| SH4 | No |
| SH5 | We welcome this new opportunity to participate in a consultation on the development of the TERRE Project. However, we consider that the present consultation should not be seen as "the final opportunity for stakeholders to share their opinions", as stated on the consultation document. Moreover, we stress that stakeholder's involvement is crucial and TSOs should intensively promote the involvement of their national stakeholders. Furthermore, a consultation stage during the development phase should provide valuable feedback to the TERRE Project and would guarantee that all the parties are ready for the go-live.<br><br>We think that the consultation document sometimes represents an "umbrella design" to fit all TSOs needs and their special features, instead of focusing on key harmonization principles at TSO level to achieve a level playing field between all parties involved (TSOs, BSPs, BRPs). Therefore, some of the questions within the present consultation are difficult to respond, as we consider that further research and harmonization effort is required in the TSO proposals. See in particular chapter 3 of the consultation document regarding settlement incentives or the combined effect of TSOs tools to manage their needs and the optimisation algorithm (flexibility, elasticity, counter-activations, physical feasibility, controllability).<br><br>We support a smooth go-live and then progressively evaluate further improvements, after a careful assessment of all parties, including market participants, once the XBID and other regulatory aspects will become mature. Moreover, design options should not block the go-live if no significant consensus is reached between all the parties (TSOs, BSPs, NRAs). Further improvements shall be envisaged in latter stages of the project, once experience from all the parties involved is gained and real results of performance of the project are analysed and used in an improved CBA. |
| SH6 | We see that the timing of the consultation (from 30th June and until on 16th of August) during a holiday period should have been changed to September to allow a better stakeholder involvement. |
| SH7 | No. |
| SH8 | No |
| SH9 | SH9 agrees with the scope of the TERRE Project proposed in Table 1 (page 8) of the consultation. There is a requirement in Article 52 of the Electricity Balancing Guideline that all TSOs make a proposal for the harmonisation of imbalance settlement and we agree that Project TERRE should not pre-empt that work. To do so might require the TERRE arrangements to be amended later, with |

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| | avoidable cost implications both for Project TERRE and our own national balancing and settlement arrangements.<br>However, we have a question on the rows in Table 1 marked for "future harmonisation". Under what governance is it intended that each of these topics is harmonised in future? Are they all part of the TERRE project or is it part of a wider harmonisation under the Electricity Balancing Guideline? If under the TERRE project, when would such harmonisation be proposed and consulted upon? This is important to us in case it requires design changes to our local arrangements for TERRE. If it does impact our local arrangements in any way, we would typically ask for 18 months' notice of any such change, so that we can follow our GB legally-mandated process of assessment, design, NRA approval and implementation.<br>As we are already part-way through our assessment process for the TERRE changes required, we don't need the full 18 months' notice for the initial TERRE implementation, but we do need the Project TERRE design to be complete and finalised by October 2017 at the latest in order to have our own design completed, approved and implemented to be ready for parallel running in early 2019.<br>We note that in the first bullet point on page 8 (of section 1.3) that TERRE will "monitor regional implementation". We are uncertain what this means. Will it include monitoring of the local implementation projects such as ours, which are essential for GB to participate in TERRE? And, if so, what form will the monitoring take? Again, we note that in order for our local implementation project to be ready, we need close coordination with Project TERRE from now on, in particular the detailed design needs to be confirmed and finalised, so we can assess the impacts on our own implementation. |
| SH10 | No |
| SH11 | We do not have any specific comments regarding Chapter 1 content. |
| SH12 | The consultation document focuses on the key aspects of the design of the central Libra platform of the TERRE project and provides a good framework for our comments. However, it does not adequately address the local TSO - BSP/BRP aspects. These aspects are fundamental to establishing TERRE as a level playing field for a competitive balancing market. The local implementation will take time and will require a high level of involvement of stakeholders, given the impact of the design on their future participation in the market and on their processes and systems. It is therefore vital that TSOs embark on an open, collaborative process with their local BSPs and BRPs without delay. |
| SH13 | We would like to point out that national implementation steps should foresee sufficient market participants involvement in each country in order to get a smooth transition from the actual market framework to the new one.<br><br>It will be really important that inputs and concerns of local market participants are taken into consideration to give answer to actual markets specificities and the new uncertainties that will arise during the implementation process. |
| SH14 | n/a |
| SH15 | SH15 welcomes TSOs consultation on TERRE pilot project for the European exchange of the balancing market product Replacement Reserve (RR). The coordinated exchange of balancing services throughout Europe is crucial for the maintenance of security of energy supply, for increasing the competitiveness of balancing markets and ensuring affordable prices for all consumers.<br><br>SH15 acknowledges that the current level of development of balancing pilot projects is advanced, since numerous initiatives have been launched covering almost all the balancing products. Pilot projects are fundamental for gathering experience and knowledge on the possible solutions that can be carried out and contribute to the implementation at European level of the target model for cross-border electricity balancing market, as identified in the Electricity Balancing Network Code (EB GL). However, we detect that an uneven approach is leading the interested countries taking part to these projects and, hence, different solutions are implemented. Now that the EB GL has been approved and is planned to enter into force by 2017, it shall be the moment for NRAs to coordinate the pilot projects for the implementation of the target model. For instance, Italy participates actively to TERRE from the first project launch and to MARI project, the pilot project for the |

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| | exchange of manual Frequency Restoration Reserve (mFRR) products, whose MoU has been signed by the participant TSOs in April 2017. SH15 appreciates the participation of Italy to these project and suggests to take part as soon as possible to other balancing products pilot project, i.e. the FCR Cooperation, the well-established mechanism for the exchange of Frequency Containment Reserve in central Europe.<br><br>In the document it is stated that this consultation, of 6 weeks in the summer period, constitutes the last opportunity for stakeholders to be asked on some topics. SH15 understands the TSOs' necessities to respect the timing of the approval process, i.e. the necessity of sending the proposal with the consultation response to the NRAs by September, and hence the stringent timing the stakeholders have to respect for this consultation. However, we believe that more time is required for such an important consultation, as underlined in the consultation document as well, and the common aspects shall be carefully evaluated in more than one single consultation, as it should happen for the TSO-BRP/BSP rules in Chapter 3.<br><br>SH15 deems as fundamental the launch of a public consultation for stakeholders on some the issues especially related to the local implementation of the RR product and balancing market specificities, in order to, first, explain in more details and inform the involved parties on what the TSOs' intent is on national balancing markets and, second, gather further opinions and knowledge from the market participants. As it concerns the Italian case, the consultation shall clarify how the TERRE market hourly sessions will interact with the present Italian balancing market sessions, in D-1 and in D, and which are the TSO plans on the integration of the two markets (e.g. how the offers would be selected in each market, if TERRE would be an additional reserve exchange platform or it would substitute entirely the MSD sessions and, in case, when it would happen). Any change in the current local balancing market definition must go through a duly national consultation process with all interested stakeholders. This process should start as soon as possible, due to the stringent implementation timing scheduled and presented in this consultation document, so that the stakeholder can be updated and well informed on the upcoming modifications.<br><br>In the end, we request that the stakeholders have the possibility to participate to the drafting of functional specification of LIBRA platform and to evaluate the performances of the calculation algorithm responsible for the clearing of imbalance needs against BSPs offers. |
| SH16 | No thank you. |
| SH17 | Sub chapter 1.3 – The implementation phase will, as listed below, include three work packages. Given the tight timescales for the launch of TERRE in 2019 we have concerns that the full due diligence may be rushed in order to meet the project deadlines throughout the next phase. The case in point being that responses to this consultation are required by the 16th August 2017 which means there is only a short window of time to respond.<br>• Implementation of the LIBRA platform<br>• Establishment of the governance process<br>• Harmonisation of the RR market |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | SH20 welcomes the opportunity to answer this public consultation on TSOs proposal for the design of the TERRE project. SH20 fully supports the TERRE project, the development of cross-border exchanges of Replacement Reserve being an integral part of the target model for the integration and harmonization of balancing markets at European level.<br>The involvement and the continuous information of stakeholders during the design and the development phases of the balancing pilot projects are vital to ensure their smooth implementation and to guarantee that the proposed mechanisms can represent an efficient solution. Therefore, SH20 considers that the topics covered by this consultation should have been presented earlier and debated during Balancing Stakeholders' Group or ad'hoc meetings. Indeed, as noted by TSOs on page 9 of the public consultation documentation, some aspects of the future platform and some |

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| | market rules are presented for the first time while this is already the last opportunity for stakeholders to expose their point of view. |
| SH21 | This consultation only covers the cross-border framework of the TERRE platform. SH21 would like to stress that local implementation processes should also foresee sufficient stakeholder involvement in each country. As the actual bidding will be a process between the BSP and its connected TSO, it is important that concerns of local stakeholders are taken on board. These processes of stakeholder involvement at a local level should start as soon as possible to allow ample time to adjust processes and IT systems.<br>We are also concerned by the lack of consideration of the possibility for market participants not directly connected to a TERRE TSO to propose RR bids on the common platform – either through their connecting TSO even if it does not use RR itself, or through TSO-BSP cross-border arrangements with TSOs participating in the TERRE project. This is an important question relating to the equal treatment of market participants in Europe that was raised at multiple occasions in discussion groups but never taken up by the TERRE project. We encourage the project members to take a position on the options that could enable all market participants – connected to a TSO participating in the TERRE project or not – to provide RR bids for use on the TERRE platform. |
| SH22 | We would like thank the TERRE committee for the opportunity given here to comment on the latest evolution of the TERRE project. Launching a consultation during July and August is sub-optimal, due the absence of the different concerned person during this period. The consultation could not be realized as in depth as desired. |
| SH23 | No |
| SH24 | We appreciate the opportunity given to comment on the consultation document for the design of TERRE. However, we regret the timing perfectly covering the summer holiday period.<br>In the following we like to emphasize on a few points:<br>It should be confirmed that TSO communicate to the LIBRA platform the same values of cross-border exchange capacities, as made available before the cross-zonal gate closure time.<br>We are opposed to allowing TSOs to use elastic bids and price volumes in a market operated by themselves.<br>Bids lower than marginal price that were not activated due to an interconnection controllability action should be compensated with their opportunity loss.<br>The BE GCT foreseen by TERRE project shall not be concurrent with the ID XB GCT. We believe that the full results of the XB ID have to be available at BE GCT.<br>We suggest an earliest BE GCT at H-55min. |
| SH25 | TERRE not applying to TSOs that are highly connected to TERRE participants (Germany is not participating for instance), it should be regarded with a particular attention that no bias ar price distortion is induced by the coexistence of TERRE and the different RR mechanisms in place in these highly connected neighbouring TSO. |
| SH26 | None |

## Q 2.1 Do you have specific comments on the LIBRA platform description?

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| SH1 | - |
| SH2 | SH2 has no comments on the LIBRA platform description. |
| SH3 | Since the TERRE project wants to offer a real pan-European solution, it should include cross border participation of RR-suppliers from all countries. This means that BSPs located in non-TERRE countries should have the opportunity to supply RR to any country that is part of TERRE in a non-discriminatory way. Indeed, this is a general approach that should be applied to all projects, relating to all markets. Excluding these exchanges imply a great opportunity (and welfare) loss, especially since the majority of the XZ capacity of the two biggest TERRE markets, |

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| | UK and France, are with non-TERRE countries.<br>Moreover, regarding cross-border exchange capacities, it should be confirmed that TSO would communicate to the LIBRA platform the same values as made available before the cross-zonal gate closure time (less the ID exchanges). |
| SH4 | No |
| SH5 | We understand the ambitious proposal for the LIBRA platform, in order to extend their use for other products and scope, but the principle of efficiency must be kept, so a CBA should be taken into account for this investment.<br>We would appreciate a clarification on the possibility that TSO can request "all input and output data (from all TSOs) as may be needed for TSO business processes or responsibilities". |
| SH6 | No. |
| SH7 | No. |
| SH8 | No |
| SH9 | On page 12 of the consultation (section 2.1), we note that individual TSOs may request copies of the data that is sent to the ENTSO-E Transparency Platform. We believe that GB stakeholders will expect GB-related data to be published on the GB electricity transparency platform (BMRS) administered by SH9, so we will ask our TSO (National Grid) to request GB-relevant data (including TERRE bids submitted by GB BSPs) from TERRE automatically, i.e. on an ongoing basis. It is also important to know the time at which such data will become available to National Grid and SH9 from TERRE, as SH9 has legal deadlines by which we must publish indicative imbalance prices and supporting data, etc. on BMRS. For example, we aim to publish our imbalance prices (which will be calculated including GB TERRE acceptances) within 30 minutes of the end of each of our 30 minute Settlement Periods, and we are legally required to publish them within 45 minutes. In our answer to Question 4.1 we note that TERRE publication within 30 minutes of the end of the hour-long TERRE Delivery Period may lead to issues with our national legal requirements on the time of publication as the TERRE data may not be available in time. It would be unfortunate if delayed publication on the central platform also meant delays in the publication of data on local platforms for both the raw TERRE data and data derived from it, e.g. imbalance prices.<br>This is potentially avoidable if all TERRE data is sent to the individual TSO as soon as it has been created by LIBRA, e.g. TERRE Product bids and acceptances and Clearing Price(s) can be sent before the start of the Delivery Period. Simultaneous automatic data transfer to the ENTSO-E central Transparency platform for immediate publication and to individual TSOs who request it will also help address the Electricity Balancing Guideline requirement (Article 12(2)) that there is no actual or potential competitive advantage and avoid delaying publication on local transparency platforms. |
| SH10 | No |
| SH11 | We have a number of specific comments on the LIBRA platform description:<br>1. The document states that the "TSOs receive offers from the BSPs in their local market. The offers which are coherent with the TERRE product are forwarded to the LIBRA platform." (Page 11, emphasis added). This process description raises a number of issues:<br>• What it is the definition of "coherent with the TERRE product"? This statement implies that the BSP offer must meet some form of criteria in order "coherent" prior to being forwarded by the TSO. What are these criteria? For example, could they include a test of delivery feasibility, or a requirement to meet certain technical characteristics, or unit location, or volume thresholds (>1MW) or some other market specific criteria (i.e. a unit is registered in the local market according to the local protocols) ?. Alternatively the criteria could be simply that the offers are in the required format on the relevant system and have been nominated by the BSP for the particular auction. The basis for a "coherent" offer must be specified. This issue is related to concerns over TSO filters for TERRE bids.<br>• What happens to offers that are not forwarded by the relevant TSO?. Presumably these offers are rejected since they do not meet the relevant objective criteria?<br>• Is there a right of appeal for offers that are rejected (not "coherent") and excluded from the |

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| | TERRE market?<br>• Some market participants may be unable to access the TERRE market through the decision of the TSO regarding "coherent" forwarding of offers. Is there any compensation for the exclusion of such market participants from TERRE?<br>2. The document states that the "LIBRA platform executes an algorithm that on a regional level optimises the clearing of the TSOs' imbalance needs" (Page 11, emphasis added). It is unclear what is meant by "on a regional level" in the context of optimising cross border exchanges. For example is a region more than one TSO service area or an individual TSO service area?<br>3. We note that TERRE may satisfy a TSO need through either cross border exchange or resources located in the TSO service area as a result of market splitting. Therefore could a TERRE "region" in this context mean a schedule within a TSO area without any need for an explicit cross border schedule.<br>4. The document refers to a "third party" who will "issue invoices and credit notes to the TSO regions, collect payments and distribute reimbursements". It is unclear who this third party is? Is it envisaged that a new TERRE agent is required to fulfil this activity. |
| SH12 | The description of the LIBRA platform and of the flexible characteristics of the algorithm is sufficiently clear. On the contrary, more detail is needed on the local implementation aspects and on the relationship between local markets and the TERRE common platform.<br>Moreover, regarding cross-border exchange capacities, it should be confirmed that TSO would communicate to the LIBRA platform the same values as made available before the cross-zonal gate closure time (less the ID exchanges). |
| SH13 | None |
| SH14 | On Page 12 of the consultation (Section 2.1), SH14 notes that individual TSOs may request copies of the data that is sent to the ENTSO-E Transparency Platform. In some cases, this data may need to be published on local/national platforms in accordance with national arrangements. It is important to know the time at which such data will become available to TSOs from TERRE, to ensure that they and any third parties who are responsible for transparency platforms are able to meet any national data publication requirements.<br>In some cases, national legal requirements on data publication may not be compatible with TERRE publication times (e.g. imbalance prices calculated including TERRE acceptances). SH14 therefore suggests that all TERRE data is sent to the individual TSOs as soon as it has been created by LIBRA. For example, TERRE product bids and acceptances as well as clearing prices can be sent before the start of the delivery period. Simultaneous automatic data transfer to the ENTSO-E platform and to individual TSOs who request it will also help address the Electricity Balancing Guideline requirement (Article 12(2)) that that there is no actual or potential competitive advantage. |
| SH15 | We do not have any specific comment on the platform description at this moment. |
| SH16 | It is a useful high level description of how the LIBRA platform will work. When possible, market participants would benefit from a more detailed description of how the platform seeks to optimise the outcome of the TERRE market, and any other services such as MARI which use LIBRA, as well as understanding how this will interact with other market processes. |
| SH17 | SH17 agrees at a high level the LIBRA platform will be able to deliver the TERRE requirements in that it will collate all the RR offers from the participating TSO markets and Balancing Service Providers ("BSPs") offers in their respective balancing areas. Those LIBRA compatible offers are passed through to LIBRA which will then execute an algorithm to optimise the level of clearance required and the prices that are allocated to offers.<br>SH17 believes that BSPs providing services to TERRE participating TSO balancing areas would not be required to be geographically located adjacent to each other. The LIBRA platform would need to process the offer from the UK with the algorithm being able to calculate whether it is required in France, Switzerland, Italy etc.<br>SH17 believes, in the case of a UK BSP providing RR services to Italy, that LIBRA should determine acceptance of their offer over other service providers on a commercial basis, the result of which will drive inefficient assets out of the service and ultimately lead to lower costs for consumers. |

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| | SH17 believes an asset who is not part of the TERRE participating TSO should be permitted to enter into an RR service with those markets (via their own local TSO) who are participating within TERRE as it would increase competition amongst the BSPs who are providing offers to LIBRA and thus reducing costs for the end consumer. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | LIBRA platform is based on a TSO-TSO model. From this perspective, it should be clarified whether BSPs active in areas controlled by TSOs that are not TERRE members would be allowed to submit offers via their connecting TSO or via a specific BSP-TSO model.<br>Regarding cross-border exchange capacities, it should be confirmed that TSOs will communicate to the LIBRA platform the same ATC or Flow-Based settings made available before the Intra-Day cross-zonal gate closure time (minus the ID exchanges).<br>As a further development (see Q8), a flow-based approach could be a way for maximizing balancing energy exchanges. |
| SH21 | No comment. |
| SH22 | The high level description does not allow to make specific comments or remarks on the LIBRA platform. However, we support the idea of platform which can be used for future balancing products. |
| SH23 | No |
| SH24 | No Comment |
| SH25 | No |
| SH26 | If the TSO are not TERRE members how can they submit bids to the platform? The platform allows multi region bids, even considering that they are not connected, but the TSO should be TERRE members. |

## Q 2.2 Do you agree with the allowance of counter-activations in TERRE and their im-pact on the marginal price and the ID market?

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| SH1 | Counter-activations that clear bids between market participants that are not related to the balancing needs of a TSO, should be avoided. We do not agree with the observation that excluding counter-activations would distort the price. The objective of the balancing market is to fulfil the balancing needs of TSOs and the cost of this should be an incentive towards BRPs to balance their portfolio optimally in previous timeframes. Including counter-activations pollutes the imbalance price and therefore distorts incentives for BRPs and BSPs. |
| SH2 | SH2 does not agree with the allowance of counter-activations in TERRE. As previously stated, counter-activations that clear bids between market participants without any reference to balancing needs of a TSO, exceeds the boundaries of the balancing energy procurement process that is the objective of the TERRE platform. As a result, the TERRE platform would become a hybrid market of balancing energy procurement and Intraday auction.<br><br>SH2 rather supports the distinction suggested by the TERRE NRAs of acceptable and non-acceptable counter-activations. As long as a counter-activation is performed to meet a balancing need of a TSO, it would be acceptable. This includes the case where a counter-activation between Balancing Service Providers is performed in order to clear a block offer that would exceed the balancing need of a TSO, as stated in the example of page 14 and 15.<br><br>The lack of impact of counter-activations on the Intraday market that is asserted in the consultation document does not tackle the core issue; that the TERRE platform would offer market participants a way to trade cross-border closer to real-time than the XB ID allows. At the same time, it is stated that |

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| | one of the mitigating measures – as foreseen in the EB GL – is to have the Balancing Energy Gate Closure Time not before the ID XZ GCT. However, further in the consultation document, the TERRE project foresees a BE GCT that is concurrent with the ID XZ GCT, while probably the full results of the XB ID are not yet available. This leads to the same result; that market participants will have to make mutually exclusive choice between participating to the last sessions of the XBID or submitting offers to the TERRE platform. In such a case, it will be of material consequence to liquidity on XBID whether TERRE performs counter-activations.<br><br>On the other hand, the observation that excluding counter-activations would distort the price seems to a strange reasoning. The objective of the balancing market is to fulfil the balancing needs of TSOs and the cost of this should be an incentive towards BRPs to balance their portfolio optimally in previous timeframes. Including counter-activations pollutes the imbalance price with market activities. This is similar with the historic practices of references to the day-ahead prices for remunerating imbalance energy; a practice that is currently being phased out as it did not give the correct price signals.<br><br>TERRE TSOs also state that restricting counter-activations would result in the introduction of artificial inefficiencies. However, SH2 would like to remind that the objective of the TERRE platform should be to allow TSOs to procure balancing energy as efficient as possible. This is not related to performing counter-activations, which is rather a question of optimizing social welfare and a task for the markets.<br><br>SH2 does not believe this issue will be resolved by the study that is mentioned in the consultation document. The issue with counter-activations is not about the frequency of their occurrence, but rather the fundamental market design question on whether or not market deals should take place in a balancing procurement environment. Moreover, as explained previously, we expect the impact on the Intraday liquidity to be the result of market participants adjusting their bidding behaviour to the choice to made between Intraday and TERRE. Such change in behaviour will not occur in the parallel run and only slowly once TERRE goes live. As a result, any result of such an analysis will underestimate the detrimental impacts. SH2 therefore asks that NRAs make a clear choice on how Intraday and TERRE should interact before the TERRE platform goes live.<br><br>Finally, the question of counter-activations is largely caused by the proposed ability of TSOs to define their needs in an elastic way (cf. chapter 2.5.1 and question 2.13). This creates a demand-supply curve that is very similar to e.g. the day-ahead market. If on the other hand, the TSO imbalance need would be expressed inelastically – but including the proposed flexibility -, the imbalance needs of all TSOs could first be netted and subsequently matched with the upward or downward merit order list. This would make the process faster, more efficient and more transparent. |
| SH3 | SH3 believes that the cases where a counteractivation would materialize should be limited. Indeed, it would only concern cases where trades between market participants would not have materialized in the ID markets.<br><br>Should this happen however, we believe that the role of TSOs is not to “correct” some possible missed trades of the Intradaday markets and therefore, we are opposed to the idea of counteractivation if it is not related to balancing needs. We believe that the right approach is to work as soon as possible on the possible inefficiencies in the ID market leading to such cases, and avoid introducing new ones (confer our answer to question 3.5 on the BEGCT).<br><br>To assess the level of such missed trades, we request the publication of the capacity-price curve as part of the transparency requirements; see our answer to question 4.2. |
| SH4 | Yes |
| SH5 | We do not support counter-activations beyond those necessary to meet TSO needs. TERRE is not a last-resort energy market, it has a balancing purpose Moreover, we warn about the combined effect of counter activations with the proposal of BEGCT=IDCZGCT and their long term impact in the intraday market (Q 3.5).<br>We do not see how the study that NRAs proposed to TSOs during the parallel run could show the impact in intraday markets in the long term. However, we consider that the results of this study must be |

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| | published and subject to consultation. We do not understand the TSO proposal to extend the study "at a first stage of the project", as stated on page 15 of the consultation document. If this is referring to the real run, we do not consider this appropriate. |
| SH6 | We do not agree on having commercial bids and the procurement of TSOs needs at the same time. The process should be split in two steps, first the procurement of TSOs needs and second trading in a platform where the remaining commercial bids not previously assigned can be activated.<br><br>The so called "counter-activations" can only be acceptable after the procurement of the needs of TSOs. Thus, we accept the TERRE NRAs suggestion of non-acceptable "counter- activation" when the activation of this bids is not serving a balancing purpose.<br><br>TERRE shouldn't be concerned about the interest of BSPs on being activated, but to get the energy for balancing in a competitive and market-based way. TERRE should not worry about the price, as price should be an incentive for BRPs to be balanced before the Balancing Markets. Also block indivisible offer can be unforeseeably rejected so BSPs have an incentive to divisible bids. |
| SH7 | No, in full agreement with TERRE NRAs' suggestions, we consider that the objectives of TERRE must be subject to balancing purposes. As it is shown in the examples, the free allowance of counter-activations could lead to situations where these objectives are exceeded, leading to hard-to-explain and low transparent results, with impact in intraday markets liquidity. Therefore, we consider that RR mechanism should be limited to cover the TSOs' needs, not more.<br><br>In addition, the document states that an analysis on the frequency and volumes of counter-activations will be performed and submitted to NRAs for approval. We consider that this analysis should be open to all stakeholders and, if necessary, subject to consultation. |
| SH8 | SH8 is not against the allowance of counter activations in TERRE, as it allows the market players to seize market opportunities in the very short term and to increase efficiency. We see the impact on the intraday market as very limited as long as the process takes place after the ID gate closure. It would also make the marginal price more significant. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes. It offers BSPs a greater chance of being activated, and seems like the simplest solution. The NRAs suggested approached presented at the stakeholders workshop of separating acceptable and non-acceptable counter-activations could make understanding the LIBRA algorithm more difficult, and could increase the clearing time.<br>The suggestion that the effect on ID markets and the marginal price should be monitored by the TSOs, and then action should be taken if the effect is too large is a sensible approach to the issue. |
| SH11 | We support the development of an efficient balancing market with a gate closure time not before the gate closure of the Intraday Market. Counter activations must enhance the efficiently of the TERRE market but not distort the price signals. The TERRE process must continually monitor and assess the use of counter activations and ensure that the market remains effective and efficient if they are utilised.<br>We note that the TERRE NRAs suggest a distinction of "acceptable" and "non-acceptable" counter activations (page 12) and propose that "counter activations that do not serve a balancing purpose shall be avoided if possible" (page 12). This statement creates a number of concerns:<br>1. We are unclear as to the process by which the TSOs or the TERRE algorithm will determine "acceptable" and "non-acceptable" counter-activations. Since the TERRE algorithm is designed to optimise the cross border flows it would seem logical that the algorithm itself cannot determine counter activations that relate to "non-balancing" purposes.<br>2. From the example in the Consultation Document, it appears as though the question of counter activation relates to the feasibility of bids or offers in delivering the TERRE volume. In some circumstances it seems as though the TERRE algorithm could result in an over delivery a TERRE volume and that this will require an undo action by a TSO. We believe that the TERRE algorithm should incorporate a test of feasibility related to the cost of undoing certain actions. This should be built in to the customer welfare calculation. For example it may be possible to over deliver on a TERRE offer volume where the cost of an undo action (taken from the bid stack) is less than the total welfare benefit |

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| | of the TERRE volume. In such an outcome the TERRE algorithm may require an activation of a resource in a local market in the opposite direction to the TSO need in order to ensure system balance.<br>3. It would seem cost reflective if the cleared price associated with TERRE should be based on the marginal action accepted through the TERRE algorithm irrespective of any counter activation required to ensure energy balance. It would be unreasonable to derive a marginal price from the effect of the counter activation.<br>4. The counter activation reflects the fact the products under TERRE that are capable of setting the price may be "indivisible". In this sense the volume that is capable of delivering marginal action as defined by the welfare optimisation may not precisely resolve to the TSO need. It may be greater than or less than the need, requiring either an over delivery adjustment or the dispatch of an additional recourse or part thereof within the TSO market to resolve the differences. It is important that the TERRE algorithm can discover the optimal position in terms of welfare, taking account of the costs of any over or under delivery since it is unlikely that the TERRE volumes will always resolve precisely to the TSO requirement. |
| SH12 | As already stated in the previous consultation and as pointed-out by NRAs late 2016, counter-activations should be possible only for balancing purposes and not for welfare increasing purposes. We understand that TSOs will follow this recommendation and, in this case, we agree with it.<br><br>The consequential effect of this on the setting of market clearing price needs to be clarified. The consultation document does not sufficiently define the pricing algorithm. |
| SH13 | Counter activation could increase social welfare, but it should be limited to prevent or correct some balancing needs, and not to correct the failures of previous ID market. Such ID market failures should be solved working on the ID markets design, and not allowing TERRE to work as a backup solution for that problems.<br>Nevertheless, we consider that these situations should be clearly identified and each TSO should be able to apply specific solutions to each case.<br>Additionally, improved transparency in volumes and prices is required because, due to some national markets specificities, the market participants who should bear the cost of the service could change (demand versus participants causing the balancing need). |
| SH14 | n/a |
| SH15 | SH15 agrees with the allowance of counter-activations in TERRE, since on the one hand they do not have a distortive effect on balancing market prices and do not affect the system security, on the other hand they increase the social welfare and the LIBRA algorithm timing performances.<br><br>We also welcome the TSOs proposal of studying the effects of counter-activations during the parallel run phase and first go-live session of the project, in order to evaluate the effectively activated RR bids volumes. At the end, the NRAs final decision shall be based on the final results of this test period, also taking into account the positive effects that the counter-activations provide to the system and to the algorithm performance. |
| SH16 | We are concerned that allowing counter-activations which do not address the TSOs' balancing needs could have the effect of interfering with the intraday market and undermine liquidity, unless the interaction between TERRE, local balancing mechanisms and the treatment of BSP/BRP imbalances is treated appropriately. This would be consistent with the Electricity Balancing Guideline (Adopted guideline from 16th March 2017) which is only concerned with actions taken to provide balancing energy in order to ensure the system stability.<br>For instance, TERRE counter actions should not be used to adjust the relevant BSP's imbalance position and nor should they be used to set the TERRE clearing price nor the local imbalance price.<br>It is not clear that the relevant safeguards would be introduced for all market areas, so we agree with the position of the National Regulatory Authorities (NRAs) that only counter activations which address TERRE balancing needs should be allowed. |
| SH17 | SH17 supports the principle of TERRE counter activations as it should result in the most cost effective pricing for the service and ultimately lower costs for the consumer. We support the methodology of |

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| | simultaneously activating a lower priced upward offer with a higher priced downward offer however there may need to be limits on the amount of BSPs providing offers. Too many offers will add complexity to the counter activation equation and increase the time it takes for the algorithm to calculate.<br>If there are limits on the BSPs entering offers into LIBRA then there would need to be a clearly defined, visible and fair process of LIBRA accepting / not accepting the offers into its counter activation calculation. This aspect would need to be consulted on further in order to determine the fairest option.<br>It is also assumed that the counter activation methodology will only refer to TSO requirement for balancing and will not impact on any market balancing trading. This is particularly relevant for the intraday (ID) market where liquidity is key to ensuring a cost effective approach to hedging positions.<br>With regards to the optimisation of cross border capacities via coupling (i.e. the various market capacities are implicitly available on the power exchanges of the different areas) is not impacted on by the counter activation calculations. For instance, a counter activation which generates a marginal price for the BSP must not impact on the coupling price for the cross border trade i.e. the EPEX spot price.<br>Conversely further analysis is required to look into the potential impact of uncoupling by TERRE, this would be where the RR activations by a cross border BSP via the interconnector occur at the same time as a coupled agreement between two TSOs. If the combined trading and RR capacity is higher than the interconnector's physical capacity then bottlenecks will occur with the result being market uncoupling. |
| SH18 | N/A |
| SH19 | We support the development as long as efficiency and avoidance of price distortions is ensured. |
| SH20 | SH20 believes that counter-activations should be allowed as far as they result in a higher social welfare. One of the positive aspects of proactive management of balancing by TSOs is that they can develop a better view than market parties on the system balance, so we can expect them to take more efficient decisions on balancing activations. It can thus be detrimental to system efficiency to limit the possibility for TSOs to optimise the management of the system, while intraday markets are "closed" in their control areas.<br>NRAs' proposal consists of a distinction between counter-activations that serve or not a balancing purpose. SH20 believes that this solution would introduce unnecessary complexity while penalizing the overall efficiency of the system.<br>Nevertheless, SH20 supports the proposal of TSOs to make the final approval of non-balancing-oriented counter-activations subject to an analysis of TSOs on frequency and volumes of counter-activations which should clarify the issue.<br>SH20 supports TSOs' opinion that the GL EB ensures a strict independence between Intraday and Balancing timeframes. Therefore, if the TERRE process is well-designed, SH20 considers irrelevant the concerns about the negative impact of the allowance of counter-activations in TERRE on the efficiency and liquidity of ID markets. |
| SH21 | We generally do not agree to allow counter-activations by TSOs in TERRE, should such counter-activations go beyond what is strictly necessary to meet the balancing needs of a TSO. Counter-activations that clear bids between market participants that are not related to the balancing needs of a TSO exceed the boundaries of the balancing energy procurement process that is the objective of the TERRE platform. As a result, the TERRE platform would become a hybrid market of balancing energy procurement and intraday auction.<br>With this in mind, we do support the distinction suggested by the TERRE NRAs of "acceptable" and "non-acceptable" counter-activations: As long as a counter-activation is performed to meet a balancing need of a TSO, it should be acceptable. This includes the case where a counter-activation between BSPs is performed in order to clear a block offer that would exceed the balancing need of a TSO.<br>addition to our general view above, we note that the consultation document identifies no impact of counter-activations on the intraday market. This assertion omits the point that the TERRE platform would offer market participants a way to trade across borders closer to real-time than the XB ID allows. This should also be seen together with the fact that the TERRE project foresees a BE GCT that is concomitant with the ID XB GCT, which means that the full results of the XB ID are probably not yet available at BE GCT. This leads to the same result, i.e. that market participants will have to make a choice between participating in the last minutes of the continuous intraday market before XB GCT or submitting offers on the TERRE platform. In this case, the possibility for counter-activations will directly impact the liquidity of XBID (see our response to question 3.5 for more details on the subject). |

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| | We also do not agree with the observation that excluding counter-activations would distort the price. The objective of the balancing market is to fulfil the balancing needs of TSOs and the cost of this should be an incentive towards BRPs to balance their portfolio in previous timeframes, especially the spot/intraday market. Including counter-activations pollutes the imbalance price with market activities. This is similar to the historic practices of referring to the day-ahead price for imbalance settlement. Such links – where still present – are currently being phased out as they do not give the correct price signals and are not in line with the Electricity Balancing Guideline.<br><br>TERRE TSOs also state that restricting counter-activations would result in the introduction of artificial inefficiencies. However, the objective of the TERRE platform is to allow TSOs to procure balancing energy as efficiently as possible. The objective of counter-activations is rather linked to optimising social welfare. As long as market participants still have means to optimise social welfare (via the intraday market), this should be a task that remains in the contestable domain of the market.<br>We do not believe this issue will be resolved by the study that is mentioned in the consultation document. The difficulty with counter-activations is not the frequency of their occurrence, but rather the fundamental market design question of whether or not market deals should take place in a balancing procurement environment. Moreover, as explained previously, we expect an impact on the intraday liquidity as a result of market participants adjusting their bidding behaviour to the choice to make between Intraday and TERRE. Such change in behaviour will not occur in the parallel run but only gradually once TERRE goes live. As a result, any result of such an analysis will underestimate the detrimental impacts. SH21 therefore asks that NRAs make a clear choice on how (cross-border) Intraday markets and the TERRE platform should interact before the TERRE platform goes live.<br>Finally, the question of counter-activations is largely caused by the proposed ability of TSOs to define their needs in an elastic manner (cf. chapter 2.5.1). This creates a demand-supply curve that is very similar to, e.g., the day-ahead market. If, on the other hand, the TSO imbalance needs would be expressed in a non-elastic manner, the imbalance needs of all TSOs could first be netted and subsequently matched with the upward or downward merit order list. This would make the process faster, more efficient and more transparent. |
| SH22 | We support counter-activations as they enhance the efficiency of the TERRE balancing market. They guarantee the highest social welfare, non-distorted price signals and the best chances for BSPs to get activated. At the same time they do not negatively impact the system security. In the previous consultation document, it was stated that counter-activation were not expected to occur at a large extent. If the new analysis on the frequency and volumes of counter-activations performed by the TERRE TSOs confirms the assumption of limited frequency and volumes, there are in our perspective no reasons to prohibit counter-activation. The distinction between of acceptable or non-acceptable counter-activations suggested by the NRAs could be alternative to limit volume and frequency. However, the impact on the algorithm complexity and the computation time must be considered as well.<br><br>The impact of TERRE on the ID market is strongly related to the BE GCT (cf Q 2.14). We strongly support the GL EB where it is clearly stipulated that the balancing markets shall not endanger the efficiency of the previous markets. The current design of TERRE does not guarantee a clear separation between ID and TERRE. XB ID trades will not be fully dispatched in the portfolio at the GTC of TERRE. Therefore we do not agree with the statement that TERRE will have no impact with the XB ID market.<br><br>We are fully aware that counter-activation will influence the constitution of the marginal price. However, regarding the complexity of the algorithm and computation time we think that the impact on the marginal price will be limited and thus the acceptance of counter-activations correspond to a reasonable compromise. |
| SH23 | Counter-activations should be allowed as they increase net social welfare. If parties chose to stay out of the day ahead and intra-day market because they believe the opportunities in the RR market are more lucrative then this is surely efficient market behaviour.<br>Similar situations exist in the GB market when generation parties will sell out a position intra-day in the anticipation of getting a better price in the balancing mechanism closer to delivery. As a strategy |

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| | sometimes it works and sometimes it doesn't. Generators and demand response providers should be allowed to access the best prices for their flexibility which may be day-ahead, intra-day or RR. |
| SH24 | We do support the distinction suggested by the TERRE NRAs of acceptable and non-acceptable counter-activations. As long as a counter-activation is performed to meet a balancing need of a TSO, it should be acceptable. This includes the case where a counter-activation between BSPs is performed in order to clear a block offer that would exceed the balancing need of a TSO.<br>We do not agree with the observation that excluding counter-activations would distort the price. The objective of the balancing market is to fulfil the balancing needs of TSOs. The cost of this should be an incentive towards BRPs to balance their portfolio themselves up to the latest moment possible via the intraday market. |
| SH25 | We think that counter-activations between BSPs could be allowed if they do not harm TSO's balancing. Though maximising social welfare is one goal<br>Preventing counter-activation would have three advantages :<br>- Preventing Unexpected Accepted or Rejected Bids<br>- Saving the algorithm complexity and calculation efforts to achieve the calclation of the marginal price in all cases<br>- Allowing LIBRA more complexity and calculation time dedicated to the cross-border capacity constraints |
| SH26 | View #1:<br>We do support the distinction suggested by the TERRE NRAs of acceptable and non-acceptable counter-activations. As long as a counter-activation is performed to meet a balancing need of a TSO, it should be acceptable. This includes the case where a counter-activation between Balancing Service Providers is performed in order to clear a block offer that would exceed the balancing need of a TSO.<br>View #2:<br>Counter-activations should be allowed as far as they result in a higher social welfare and if they do not reduce liquidity in the intraday markets.<br>The NRAs proposal consists of a discrimination between counter-activations that serve or not a balancing purpose. SH3 considers this would introduce an unnecessary complexity while penalizing the overall efficiency of the system.<br>Nevertheless, we believe the final decision might be pending until the requested analysis by TSOs of frequency and volumes of counter-activations should clarify the issue.<br>The counter-activation mechanism should be transparent and well defined in a procedure to allow all participants to know the rules and why the mechanism was used<br>We also do not understand how are the NRAs thinking to measure the impact on liquidity in the intraday markets about this, so the decision should be "YES" or "NO", and not only in some situations. |

## Q 2.3 Which approach would you prefer to follow regarding unforeseeably rejected bids?

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| SH2 | SH2 prefers the option 2 where only block offers can be unforeseeably rejected. This indeed creates incentives to formulate divisible bids and is familiar from other market timeframes.<br>SH2 also agrees that irrespective of the chosen option, sufficient transparency should be provided to allow market participants to understand why some bids are unforeseeably rejected. |
| SH3 | We prefer the option 2 where only block offers can be unforeseeably rejected. This indeed creates incentives to formulate divisible bids and is familiar from other market timeframes.<br>Irrespective of the chosen option, sufficient transparency should be provided to allow market participants to understand why some bids are unforeseeably rejected. |
| SH4 | Option 2. Parties should not be penalised for flexibility of their bids/offers |
| SH5 | We prefer option 2 (to allow only unforeseeably rejected block bids), in a consistent manner with previous markets and because is promoting simplicity and hence transparency in the optimisation.<br>We would appreciate a clarification on the following paragraph of the consultation document: "...if this is the preferred solution, TERRE TSOs may consider following this approach, if this is proven to be feasible during the implementation phase. Note that if this solution is chosen, in practice TERRE TSOs would minimize and completely forbid the URB, as this may have a huge impact on the social welfare."<br>Please see response to Q 2.13 regarding interaction between URB and flexibility. |
| SH6 | We prefer the option 2 on page 18 of the consultation document where only indivisible bids can be unforeseeably rejected. In this case the advantage of transparency is fulfil and it is the only way to understand why some bids are unforeseeably rejected. |
| SH7 | We support 'Option 2: no divisible offer could be unforeseeably rejected' for the sake of transparency and consistency, although not strictly optimal. |
| SH8 | We prefer the option 2 (allowing URBs for block offers but not for divisible offers), as it is consistent with the Day Ahead market and gives a more understandable price signal. We think that the option 1 (allowing URBs for both divisible and indivisible bids) complexifies the understanding of the auction for a negligible gain in social welfare. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Option 1 because it results in the highest social welfare and no additional constraints are necessary. Option 1 also treats divisible and indivisible bids more equitably than Option 2.<br>Whichever option is selected, more transparency will be required to help providers understand why they have been rejected. |
| SH11 | The issues associated with "unforeseeably rejected bids" relate to the clearing rules associated with the TERRE algorithm. It is difficult to comment on this issue without a detailed insight into these rules. However, there are two issues: the first is related to the resolution of the TERRE blocks and the TSO needs, which may not be fully matched, and the second is related to the welfare optimisation rules and the interaction between divisible and indivisible bids.<br>1. TERRE clearing rules and resolving TERRE bids to TSO needs.<br>We do not understand the decision taken by the TERRE project to maintain the rule that either the whole block offer is accepted or the whole block offer is rejected. The optimisation algorithm should determine the economic and efficient TERRE cleared volume based on the maximisation of customer welfare. In such circumstances there may be a cost associated with over or under delivery, which should be taken into account in deriving the optimised volume accepted. This reflects the nature of the block bids and the possibility that it may not be possible in all circumstances to accurately reflect the TSO need (i.e. the volumes in TERRE do not precisely resolve to the volume of the TSO requirement).<br>Further work is required to understand fully the nature of the welfare optimisation and the clearing rules undertaken as part of the TERRE process. The cost of undoing a TERRE action for an over delivery or the cost of a top up action in the case of an under delivery must be taken into |

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| | account in the optimisation process and the clearing rules under the TERRE algorithm.<br>2. TERRE clearing rules and divisible and indivisible bids<br>The consultation document presents alternative approaches to the clearing rules in the presence of divisible and indivisible bids. We would emphasise the need to ensure that the social welfare of the TERRE solution should be optimised in all cases. This would seem to favour option 1 .<br>We are uncertain as to how the TERRE algorithm would result in "unforeseeably accepted bids" which are bids "that are accepted but have a higher price than the marginal price" (page 17) under option 1. Such an outcome would appear unfeasible in the TERRE process which is based on optimising welfare. Therefore we would see that the efficient outcome is the rejection of part of a lower priced divisible bid and this should be included in the clearing rules under the TERRE algorithm. |
| SH12 | We prefer option 2, where only block offers can be unforeseeably rejected. This would incentivise the divisibility of offers. At the same time, BSPs in areas where asset-based bidding is practiced should not be disadvantaged. Divisibility of offers in such areas is more difficult to achieve. Therefore, local market arrangements should be harmonized such that portfolio bidding is permitted in all areas.<br>In any case, transparency to understand why an offer has been rejected should be guaranteed for market participants. |
| SH13 | Option 2, where only block offers can be unforeseeably rejected would be our preferred option, which additionally creates incentives for BSPs to offer divisible bids.<br>Anyway, transparency should be improved to allow market participants to understand why some bids are unforeseeably rejected. |
| SH14 | It remains unclear to us whether the overall welfare will be increased by permitting higher priced non-divisible bids to take precedence (be executed) over lower priced divisible bids. Such a solution can potentially result in higher activated volumes than what TSOs are asking for. The total cost may ultimately be higher than in the alternative scenario when the selection of bids is strictly done on a best price activation basis.<br>Furthermore, given that the current proposal does not allow for multi-hour bids and that the envisioned initial setup is based on hourly resolution, it is not clear why non-divisible bids (e.g. blocks) would have to be part of the model.<br>Finally, if a non-divisible bid will be permitted to take precedence in the activation selection regardless of if its price is higher than an available divisible bid, it will create a negative incentive to offer divisible bids. This is contrary to the intend of the system setup as increased flexibility is very positive for achieving an overall system balance. |
| SH15 | SH15 suggests to implement option number 2, which allows only block offers to be unforeseeably rejected bids (URB), while the divisible offers can't be rejected. We believe that offer flexibility is a value for the system and its security and, thus, has to be adequately rewarded. In fact, in case no indivisible offers are offered, except for few offer types due to power plants natural technical limits (e.g. activation offers), no extra costs would be sustained by the system because of indivisible bids since URBs or unforeseeably accepted bids would be less frequent and no additional need flexibility requirements would be necessary (see Q 2.13). |
| SH16 | On balance Option 2 would seem more appropriate. This would provide a more appropriate incentive for participants to put forward divisible bids into TERRE.<br>However, it has become apparent through GB discussions on the TSO-BSP relationship, that neither the local TSO nor the TERRE platform will verify or consider whether accepted offers under TERRE are physically able to be delivered according to a unit's physical characteristics, such as ramp rates. This causes a risk to participants as an acceptance for one period of a TERRE scheduling hour may make it impossible to deliver a subsequent different acceptance on the same unit for the following period in the same hour. Therefore, the BSP has to manage this risk. One way to do this would be to utilise less flexible bids to prevent different MWs being accepted in each individual period. |
| SH17 | SH17 believes the more prudent approach would be option 2. The reasoning for this is that it incentivises BSPs into submitting divisible bids and as such will allow more flexibility in the |

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| | algorithm calculations to award the activation. If option 1 was in place then BSPs would not be incentivised to submit divisible offers and as such it could potentially lead to distortions, LIBRA would be over procuring in order to secure the block. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | SH20 is in favour of the possibility for BSPs to place indivisible block bids since they are necessary to offer physical assets on a unit-based basis. Nevertheless, in order to ensure an easy understanding of clearing results by market participants, we support option 2 for the TERRE algorithm, where only block offers can be unforeseeably rejected and divisible offers can only be unforeseeably accepted.<br>SH20 also supports the concept of "flexible need", as it will help to limit URBs.<br>Whichever option is chosen, algorithmic choices and methodologies defined by TSOs will have to be made fully transparent. |
| SH21 | We prefer option 2 where only block offers can be unforeseeably rejected. This indeed creates incentives to formulate divisible bids and will mirror the practices of other market timeframes. Irrespective of the chosen option, sufficient transparency should be provided to allow market participants to understand why certain bids are unforeseeably rejected. |
| SH22 | We prefer option 1 since it guarantees an equal treatment of all technologies. The rejection of block offers penalizes technologies, which are not able to provide divisible bids. This confirms our position regarding technology neutrality.<br>In any chosen option transparency must be provided to the market participation in case of unforeseen rejected bids. |
| SH23 | No opinion |
| SH24 | We prefer option 2 where only block offers can be unforeseeably rejected and we ask for sufficient transparency to understand URB's. |
| SH25 | In the very case where counter-activation has to be avoided, the First proposed option would have our preference, for it has the advantage of optimizing social welfare and lowering algorithm and implementation efforts. We beleive that the second option would lead to excluding block offers, hence depriving the TSOs of some efficient RR providers such as CCGTs. |

## Q2.4 Do you agree with the way energy losses are treated in TERRE?

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| SH1 | - |
| SH2 | SH2 agrees to treat the energy losses in a way that is comparable to the Day-ahead market coupling. |
| SH3 | SH3 sees no issue with the proposal, as long as it remains consistent with the allocation of cross-border capacity within day-ahead and intraday markets. |
| SH4 | Yes |
| SH5 | Yes.<br>Reference to HVDC interconnectors should be replaced by DC borders (borders between bidding zones managed exclusively in DC) within the whole document. For example, IFE is considered entirely AC. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | We agree with that model, as it represents well the energy losses with relatively simple formulas. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes |
| SH11 | The issue of energy losses relates to the volume dispatched at the unit level and the volume delivered cross border. Loss adjustment could have a significant impact on the optimisation process, particularly where delivery is associated with transmission across HVDC interconnectors.<br>From the perspective of BSPs it is only possible to determine the volumes available to the system operator at the boundary point with the relevant TSO (i.e. no loss adjustment). Since delivery is determined by the TERRE algorithm it is impossible for a BSP to take into account TSO losses since it is impossible when bidding to determine the nature of the flows and associated losses determined by the optimisation process.<br>It is clearly important that losses are taken into account in the TERRE algorithm in relation to the actual delivered volumes. This could take the form of a loss adjustment to the TSO requirement that reflects feasible flows across the TSO system and the interconnectors. This will assist in the scheduling of appropriate resources within individual markets. In addition, the algorithm may need to determine TSO flows and constraints associated with the scheduling of flows across individual interconnectors. This should take into account any TSO constraints that impacts on the feasibility of bids from individual units. |
| SH12 | Yes, we do agree. |
| SH13 | Yes, we agree |
| SH14 | n/a |
| SH15 | We agree with the proposed energy losses treatment. |
| SH16 | The treatment of losses as a constraint for HVDC cables within the LIBRA algorithm seems appropriate particularly as this is consistent with the treatment in the day ahead market. |
| SH17 | SH17 broadly supports the methodology outlined in the consultation in that it will be based on a “fixed percentage of the schedule exchange as specified by the operators”. This is the simplest way of calculating the losses, if it became more complex or was calculated based on local network losses then this would be far too complex given the amount of networks across the regions.<br>However, thought needs to be given on how losses will be treated for those BSPs providing services that cross two or more borders. It may be a case that the fixed percentage of both interconnector values at the border is applied, though this may need to be consulted on further. |
| SH18 | N/A |

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| SH19 | It is important to take losses into account in the TERRE algorithm in relation to delivered volumes. It is essential to consider though that this should not impact on individual BSPs as it is not in the power of those bidding to know what the flows and associated losses will be.<br>The loss adjustment should be made to the TSO requirement so that the flows and possible constraints across the TSO's system and associated interconnectors are reflected. |
| SH20 | SH20 does not see any issue with the proposal, as long as it remains consistent with the allocation of cross-border capacity in day-ahead and intraday markets.<br>For the avoidance of doubt, it should be stated that the physical net flow is the one considered, as any TERRE activation in a direction opposite to the initial commercial flows will indeed reduce losses, and not increase them. |
| SH21 | We agree to treat the energy losses in a way that is comparable to the day-ahead market coupling. |
| SH22 | Since the energy losses are treated identical to the Day-Ahead market coupling we have no objection regarding the suggested treatment. |
| SH23 | Yes |
| SH24 | No comment |
| SH25 | Yes, we understand this treatment as a logical and systematic approach, even though it implies a distortion in the way that the cost for losses are distributed to the TSOs. |
| SH26 | The physical feasibility can only reduce the capacity due to security of the system, otherwise should be always the maximum value. |

## Q 2.5 Do you agree with the physical feasibility description and its calculation?

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| SH1 | - |
| SH2 | SH2 agrees to ensure that it is physically possible to accommodate the outcome of the TERRE process on HVDC Interconnectors. |
| SH3 | The physical feasibility can only reduce the capacity due to security of the system, otherwise should be always the maximum value. |
| SH4 | Yes |
| SH5 | Transparency on this matter must be assured. Common ex-ante requirements and a clear methodology to calculate the equivalent ATC value for DC borders should be approved by NRAS and be publicly available. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | We agree as the Physical Feasibility is given as an equivalent ATC value, which is easy to deal with. It would be important for us to have those values published in order to provide more transparency. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No opinion |
| SH11 | We agree that physical feasibility of flows over interconnectors should be taken into account since the TERRE process is based the physical delivery to meet TSO needs in real time. A physical restriction on an interconnector is similar to a lack of available interconnector capacity but may have particular temporal characteristics, for example related to the impact of ramping. This could result in a temporary restriction of capacity rather than an overall reduction in capability. For example a transfer of 100MWh may be scheduled by the TERRE algorithm for a 15-minute TERRE period, but physical delivery may be restricted by the ramps or by rate of change of frequency (RoCoF) restrictions to 90MWh of TERRE product delivery.<br><br>The physical capability of the interconnector in relation to the cross border flow should be taken into account in the TERRE optimisation algorithm. It may be possible for the TSO to manage the TERRE dispatch instructions to take into account physical restrictions (e.g. RoCoF), while ensuring the financial firmness of the TERRE product procured from BSPs.<br><br>In the event that a flow is infeasible as a result of physical interconnector restrictions, the TERRE process could allow for uncoupling of markets. The resolution of any TERRE requirement could be met exclusively by resources located in the relevant TSO market, with a cleared price applied within this market reflect the marginal dispatch decision. |
| SH12 | The issue is clear but conditions and methodologies should be better specified. |
| SH13 | Physical feasibility should be only limited due to security of the system issues. |
| SH14 | n/a |
| SH15 | SH15 sees no issues in the proposal. |
| SH16 | It should be noted that TSOs do not intend to verify the feasibility of BSP bids when running the TERRE algorithm, but do intend to take it into account for interconnectors. This means that BSPs are exposed to the risk of the assumed delivery shape of a TERRE bid (as described in 3.1.2.1 of the consultation document) being different from physical reality, whereas interconnectors will be held whole. We believe that there should either be equivalent treatment of both, or more information should be provided to stakeholders to explain why this asymmetry of treatment has been proposed. This is particularly important as TSOs often have a commercial interest in interconnectors, which could raise concerns about conflicts of interest. |
| SH17 | Although SH17 is in relative agreement we believe further work is required on this, in particular how it will impact on local imbalance price calculations. The consultation document itself describes a scenario where if physical feasibility was not introduced then it could lead to |

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| | imbalance in both power markets.<br><br>It needs to be clarified how the imbalance calculation at a local level will be affected by the physical feasibility. |
| SH18 | N/A |
| SH19 | We agree. No comments. |
| SH20 | SH20 sees no issue with the proposal. |
| SH21 | We agree to ensure that it is physically possible to accommodate the outcome of the TERRE process on HVDC Interconnectors. |
| SH22 | No comment |
| SH23 | Yes |
| SH24 | No comment |
| SH25 | Yes. |
| SH26 | No comments |

## Q 2.6 Do you agree with the proposed interconnection controllability through TERRE?

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| SH1 | - |
| SH2 | SH2 agrees with the interconnection controllability as a tool for TSOs to relieve cross-border congestion. However, two important conditions should be met:<br><br>- Sufficient transparency should be provided for market participants to understand that an interconnection controllability actions has been introduced and what the result of this action was (constrained versus unconstrained outcome).<br><br>- Bids that were not activated due to an interconnection controllability action suffer opportunity loss (difference between bid price and pay-as-cleared market outcome) and should be remunerated for this. Otherwise, TSOs would be under-incentivized for solving the associated congestion. |
| SH3 | To allow stakeholders to answer this question, it should be first clarified why TSOs could need to modify cross-border capacities that were made available to the intraday markets before IDCZGCT. At this stage, SH3 sees no critical reason to reduce the operational range by introducing new constraints. As of the optimization of HVDC (or PST) settings, we note that those should already be optimized through DA and ID capacity calculations.<br><br>As for any redispatching measures undertaken by TSOs to solve additional network constraints, the overall costs must be borne by the requesting TSOs. These costs encompass both the remuneration of BSPs with higher price activated in zone 1, and fair compensation for loss of opportunity to BSPs in zones 2 or 3 that are not activated despite their bid price is lower than the marginal price (difference between marginal price and bid price). There should also be sufficient transparency provided for market participants to understand that an interconnection controllability action has been introduced and what the result of this action was (constrained versus unconstrained outcome). |
| SH4 | Yes |
| SH5 | We do not see a clear technical justification to extend this feature to AC borders. We consider this justification very important, as this restriction affects the price formation and have an impact on BSPs opportunities to be matched (irrespective of the bidding zone). Moreover, if applied, transparency must be assured on flow ranges imposed on DC borders and related outcomes. |
| SH6 | The extra capacity in DC borders should have appeared in the intraday market. Also, the main objective of TERRE is not maximizing Social Welfare. As it is explained in the document, the main objective of the TERRE project is to gather all the offers for RR and optimize allocation of RR.<br><br>If a new system condition appears after the ID gate closure time that can be solved by controlling the exchange across the border then TERRE optimization algorithm should consider this new constraint, but it should be an exceptional case in the normal functioning of TERRE.<br><br>There should be transparency if a minimum exchange in a specific direction is required. And similar to other situations, BSPs should have a compensation if a divisible bid is not activated when the bid price is lower than the marginal price at least with the difference between marginal price and bid price. |
| SH7 | No comments. |
| SH8 | Yes as it excludes the externalities that come from TSO constraints, and allows the marginal price to be more consistent with the actual exchange of reserves and with the data given to the market. |
| SH9 | We note the proposal (section 2.2.5, on page 24 of the consultation) that some uplifts will be given to BSPs and that these will be pay-as-bid. SH9 is tasked with calculating the GB imbalance price and is likely to be tasked with TSO-BSP settlement of GB TERRE Product acceptances. So |

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| | far, in our local (GB) implementation of this, we had assumed that all TERRE acceptances would be settled at the relevant TERRE clearing price. Now that some may be settled at their bid price, we need to distinguish between acceptances settled at the clearing price; and those settled pay-as-bid. Therefore we need LIBRA to provide a suitable means to distinguish between TERRE acceptances paid at clearing price and those paid at their own bid price as part of its data output; and we need to know what form this distinction will take so that we can design our own local settlement systems accordingly.<br>Please let us know how you will identify to us which activated TERRE bids/BSPs are to be paid at the clearing price and which will receive their bid price. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable. |
| SH10 | Yes, but the number of number of actions accepted at higher than the marginal price should be monitored to understand the effect this has on BSPs. Greater transparency may also be required to ensure these issues can be clearly identified. |
| SH11 | The issues associated with interconnection controllability and efficient scheduling of flows cross border is essentially a matter for the physical optimisation undertaken by the relevant TSOs.<br>We note that the consultation envisages the acceptance of "offers with higher prices than the marginal price" and that such offers with be paid to BSPs on a "pay as bid" basis. From the worked example, this relates to the costs associated with "undo" actions that are required to manage the physical flow. While it is important that TSOs can effectively manage flows across interconnectors we would question how the intervention as envisaged would work under the cleared price auction associated with the TERRE optimisation process.<br>As far as BSPs are concerned the TERRE process should operate to optimise the cross border exchange of energy and the maximisation of customer welfare. This should result in a set of schedules to meet such flows. Where such schedules are infeasible as a result of physical restrictions or constraints these need to be recognised (and transparent) ex ante.<br>Where a TERRE schedule is infeasible a further process may be required to re-optimise flows, while recognising that the initial TERRE acceptances are financially firm. It may be appropriate for the ex post adjustments to be paid on a pay as bid basis, but such acceptances must be transparent and capable of being justified by the TSO. We are concerned that the pay as bid process could result in out of merit acceptances which could distort wider electricity and capacity markets. |
| SH12 | We are not in favour of this additional margin taken by TSOs with respect to the previuos consultation on TERRE. Any constraint introduced in the process contributes to increase inefficiencies. In any case, the value of any "desired flow" should be properly justified by TSOs opting to use it.<br>We also consider this chapter deserves additional clarification, it is not so clear in which moment in time TSOs could define and impose this limits of flow. If it is done before the submission of bids, this limitation should be taken into account in the ATC, if it is done later, then TSOs shall apply redispatching. Sufficient transparency should be provided for market participants regarding the activation of interconnection controllability constrains, results regarding the constrained an unconstrained outcomes should be provided. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | The controllability is a parameter that is inserted by the TSOs as hard constraint in the algorithm and can alter the capacity at the border, respecting a desired flow range across the interconnection.<br>In general, SH15 does not support the proposal on interconnection controllability as the TSOs participate to the market as an active party and we do not see the reasons for introducing this parameter. We ask for clarification about the causes that could require the TSOs to modify the power flow through an interconnection after the intraday capacity calculation phase.<br>If the TSOs, in accordance with NRAs' opinion, will allow the use of this parameter, we think that the proposed settlement solution shall be modified. In particular, we strongly suggest to |

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| | implement a settlement procedure based only on the results of the constrained case: in this way, the algorithm solution calculation is simplified (LIBRA resolution process would run only once with the constrained case data), the results are consistent with the real power flow through the system and reflect the actual commitment of BSPs. In addition, the proposed settlement solution does not guarantee fair and transparent compensation treatment for all RR offers: some offers would be paid-as-bid and some paid-as-cleared, some offers could not be activated even if they have a lower price, some offers could not receive any compensation for the loss of opportunity they suffer due to the TSOs decision, even if their offers contribute to define the marginal price used for the settlement of all the activated offers in the "constrained case".<br>The proposed solution is clearly against the principle of ensuring adequate competition based on a level-playing field between market participants as stated in the EB GL and, thus, it shall not be implemented. |
| SH16 | It appears that the proposed approach is to restrict interconnectors in order to accommodate constraints in the TSO system at one or both ends of the link. The problem with this solution is that any TERRE offers which are rejected as a result of the constraint will result in affected plant suffering an opportunity cost. This will not however be compensated at the associated plant's lost profit level, as would normally be the case under a formal re-dispatch model. Additionally, the proposed approach would therefore hide the true cost of such a constraint, which again would have been properly exposed through a plant re-dispatch approach. Therefore, if this approach is adopted then the lost opportunity which results should be calculated and paid to affected plant. |
| SH17 | No comment |
| SH18 | N/A |
| SH19 | We agree. No comments. |
| SH20 | In order too allow stakeholders to answer this question, it should be first clarified why TSOs may need to modify cross-border capacities that are made available for the intraday market before IDCZGCT. At this stage, SH20 does not see any reason to reduce the cross-zonal exchanges after the intraday capacity calculation phase by introducing new constraints. As regards the optimization of HVDC (or PST) settings, we note that those should already be optimized through DA and ID capacity calculations.<br>As for any redispatching measure undertaken by TSOs to solve additional network constraints, the overall costs of the proposed measure must be borne by the requesting TSOs. These costs encompass both the remuneration of BSPs with higher price activated in zone 1, and a fair compensation for the loss of opportunity to BSPs in zones 2 or 3 that are not activated despite that fact that their bid price is lower than the marginal price (difference between marginal price and bid price). |
| SH21 | We agree with the interconnection controllability as a tool for TSOs to relieve cross-border congestion. However, two important conditions should be met:<br>- Sufficient transparency should be provided for market participants to understand that an interconnection controllability action has been performed and what the result of this action was (constrained versus unconstrained outcome).<br>- Bids that were not activated due to an interconnection controllability action suffer opportunity loss (difference between bid price and pay-as-cleared market outcome) and should be remunerated for this. Otherwise, TSOs would be under-incentivised to solve the associated congestion. |
| SH22 | We do not agree with the interconnection controllability, since it brings together two purposes which must be treated separately. The first is related to balancing and the second to congestion issues. To improve transparency, balancing issues must be solved first under consideration of available cross border capacity. The congestion issues must be solved in a second step with the available instruments. If the two issues are treated simultaneously the RR will be used to solve congestion issues, which is not the purpose of the product. The introduction of interconnection controllability penalizes bids that were not activated although in balancing framework they would have been. |

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| | By treating balancing and congestion issues simultaneously the costs cannot be correctly allocated. Imbalance costs are paid by the price of imbalance energy, whereas congestion issues are compensated by a grid fee. Merging the two would distort costs with artificially high imbalance prices and artificially low redispatch costs, thus penalizing BRPs and obscuring signals for necessary grid investments. |
| SH23 | Yes |
| SH24 | We agree with the interconnection controllability as a tool for TSOs to relieve cross-border congestion.<br>The full costs must be borne by the TSO carrying the remuneration of BSPs with higher price activated in zone 1, and fair compensation for loss of opportunity to BSPs in zones 2 or 3 that are not activated meanwhile bidding lower than marginal price. |
| SH25 | Yes, we agree with the proposed approach, though it will have an impact on both : -<br>- algorithm complexity and calculation time.<br>- transparency requirement of the process |
| SH26 | No comments |

## Q 2.7 Do you agree with the introduction of unavailable bids feature in the TERRE TSO-TSO process?

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| SH1 | - |
| SH2 | SH2 understands that TSOs may have need for some bids to deal with congestion or ensure sufficient balancing capacity. However, solving this through as system of unavailable bids is not the correct way.<br>Ideally, TSO's would directly activate the bids, rather than making them unavailable without activation. In the alternative case, if TSOs insist on keeping certain bids from the TERRE platform without immediately activating them, the associated BSP suffers an opportunity loss and should be remunerated. This is irrespective of whether he is subsequently activated locally, as he will any way not recuperate the difference between the bid price and the pay-as-cleared price on the TERRE platform.<br>Ideally, congestion would be dealt with in a separate mechanism, separated from market activities (including balancing procurement). This makes the cost of dealing with congestion explicit and transparent instead of 'burying' it through changes in the balancing market outcome. If TSOs insist on using balancing energy bids of the TERRE platform to manage congestion, it should at least closely mirror how it would be treated in a separate mechanism. This includes sufficient transparency to identify which bids are marked unavailable by TSOs, as well as payment to market participants that suffer opportunity losses (difference between received remuneration and the clearing price in TERRE). This last element is comparable to e.g. first being activated upwards in the TERRE balancing market and subsequently activated downwards in a congestion market.<br>The situation is similar for bids made unavailable for local lack of margin. Ideally, TSOs pre-contract sufficient balancing capacity to ensure the necessary balancing margin instead of relying on sufficient capacity being available at any time – or blocking capacity from the market to ensure such capacity being available. If TSOs insist on keeping certain bids from the TERRE platform as they may be needed for ensuring sufficient balancing market, the associated BSP suffers an opportunity loss and should be remunerated.<br>In any case, the system of unavailable bids should be made fully transparent. This is especially pressing in Central Dispatch Systems (CDS) where Integrated Scheduling Process (ISP) bids are converted by the TSO into TERRE Standard Products. This makes it especially difficult for market participants to assess to which degree their capacity is offered on the TERRE platform or withheld by the TSO for congestion or margin reasons. |
| SH3 | Introducing the possibility for TSO to flag some bids as unavailable for activation by the platform – whether for congestion, margin or any other purpose – could introduce a market distortion between BSPs since the BSP whose offers have been blocked could suffer, in some cases, a loss of opportunity.<br>Therefore, SH3 considers that allowing TSOs to discard standard bids should be conditioned to a fair compensation of the loss of opportunity for the impacted BSPs: e.g. an upward offer with a price inferior to the marginal price but flagged as unavailable should receive compensation equal to (marginal price – offer price).<br>In addition, full transparency will be required on TSO criteria for bid filtering and in particular transparency to BSPs of TSO actions on its respective units. This is especially pressing in Central Dispatch Systems (CDS) where Integrated Scheduling Process (ISP) bids are converted by the TSO into TERRE Standard Products. This makes it especially difficult for market participants to assess to which degree their capacity is offered on the TERRE platform or withheld by the TSO for congestion or margin reasons. |
| SH4 | Regarding the TSO being able to remove assets due to a local loss of margin: If an asset is removed from TERRE due to insufficient margin but then not used by their local TSO, the BSP will suffer a loss of profit. |
| SH5 | Transparency on this matter must be assured. Common ex-ante requirements and a clear methodology to mark a bid unavailable should be approved by NRAS and be publicly available. Proactive ex-post monitoring of NRAs shall be necessary.<br>Moreover, we warn about the combined effect of elastic needs and unavailable bids. We also |

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| | have concerns on the impact of this feature on particular assets if a TSO decides to exclude them of the CMOL justifying "local lack of margin" (see reference to "bids with a limited amount of energy per day"). The lack of margin problem should be solved by other mechanisms. |
| SH6 | The main concern in case of bids flagged by the local TSO as unavailable is transparency.<br>But also those bids that have a price below the marginal price and that have not been activated in TERRE should be remunerated with the difference between the marginal price and the bid price if finally they are not activated locally. |
| SH7 | We do not agree with the proposal as stated in the consultation document.<br>Firstly, because it allows local TSOs to flag and invalidate BSPs' bids for several reasons not known by the BSPs; in that case, the flagged bid/s not allowed to participate in the RR mechanism should be informed to the BSP together with the reason of invalidation.<br>Secondly, margin reserves and local requirements are conveniently managed by each TSO (e.g. through local secondary reserve markets) to guarantee their coverage. Therefore, bids submitted by BSPs to the RR TERRE mechanism (through the TSOs) should be those that have not been already appointed for other service provision, and they are available therefore. The discretionary invalidation by the TSO of a bid whose underlying asset is not being remunerated by any other mechanism for its availability would be unfair for the BSP. |
| SH8 | Yes, as the activation of those bids would endanger the stability of the electricity grid. However a system of compensation would be fairer as the BSPs are not liable for having their bids flagged. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes, but the process must be transparent. |
| SH11 | We agree that the TERRE process may require the TSO to exclude certain offers or bids for specific system reasons. The reasons for excluding offers or bids must be objectively justified, based on transparent criteria and temporary in nature.<br>However, we are concerned that the process of excluding bids may systematically disadvantage certain market participants. For example, certain BSPs behind systematic constraints may be unable to participate in TERRE. In these circumstances it may the lack of investment in appropriate TSO infrastructure that is preventing BSP participation. It is not appropriate to restrict participation if such participation is result of TSO inaction.<br>TERRE must be based on financially firm commitments. As a result of the optimisation process under the TERRE algorithm the process may commit more expensive BSPs to deliver the volume required for the cross border trade. This could result an initial "unconstrained" TERRE schedule and a "constrained schedule". The cleared price could reflect the marginal costs in the constrained schedule. Resources that would otherwise be dispatched but exclude from the constrained schedule could be paid at their bid price recognising that bids and offers are financially firm. TSOs would be required to determine with the NRA the basis for recovering the incremental costs associated with the constrained schedule. Such costs should be regarded as "system" costs and should not influence imbalance prices. |
| SH12 | Concerning unavailable bids, we understand they are the "unshared bids" of the previous consultation. It is important that the reasons for making bids unavailable are transparent to the BSP and that the bids themselves are visible to all on the LIBRA platform (other TSOs and market participants). Besides, the methodology to flag unavailable bids should be published.<br>Adequate remuneration would be needed for these bids in compensation for the TSO withholding them. There could be two different kind of compensation: a) implicit, based on the marginal price of TERRE, in case an unavailable bid has been offered at a price lower than the TERRE marginal price (where not activated, the compensation should be based on the spread between TERRE marginal price and bid price); b) explicit, based on an offer by the BSP of a price to be paid as a national unshared reserve. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | SH15 is against the introduction of unavailable bid feature in TERRE. The TSOs possibility to flag some offers as unavailable and block them from being selected by LIBRA platform causes a |

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| | distortion to the system and a loss of opportunity to the respective BSPs.<br>In some system, this possibility seems a redundant feature that allows the TSOs to evaluate the received offers twice before sending them to the centralized platform. This is clear for the Italian system, where the structural characteristics of a central dispatch system requires the TSOs to convert the offers from the Integrated Scheduling Process (ISP) format to the TERRE-LIBRA format, taking into account at the same time network constraints, technical limitations and previous market results (2 intraday sessions and dispatch orders sent by Terna). In this situation is it clear that the TSOs has already the ability to foresee possible local congestion issues or lack of margin and act accordingly, ensuring the maintenance of the security of the system.<br>As regards the ability to flag bids as unavailable due to the fulfillment of local requirements, this solution shall in any case be applied through market processes, in order to reduce arbitrary decisions, and full transparency on the motivations shall be ensured to market participants.<br>In any case, we do not see the necessity of both the control effectuated during the ISP-TERRE products conversion and the unavailable bid feature introduction and ask for clarification on this issue. |
| SH16 | We have a similar view on this as compared with interconnection controllability. In principle grid congestions should be dealt with in a separate mechanism or at least in a way that allows a clear distinction between balancing and congestion actions. If it is necessary to hold back TERRE bids for local grid congestion management purposes, then information should be published on which bids are available for the cross boarder balancing actions and which are blocked after the tender. In this context, the TSO should additionally publish whether local grid congestion or local requirements for frequency restoration were the reason for the unavailability. This should allow for the proper allocation of costs too, as the retention of bids should not be used as a free option for a TSO to address congestions when it may have an impact on the TERRE outcomes. Where appropriate consideration should also be given to how BSPs, which would have had bids accepted by the TERRE algorithm if they had not been retained by the TSO, are compensated for lost opportunity. In this way the relevant TSO should see the costs associated with its decision to retain bids which will signal where it is more efficient to expand its network rather than constrain actions in this manner. |
| SH17 | Although we can understand the need to block some bids as described in the consultation i.e. local congestion issues, lack of margin etc, there is a lack of clarity of how this would be implemented. For instance if there were multiple BSPs within a local area how would it be determined which BSP had their bid blocked and which ones didn't?<br>Would there also be an impact on the imbalance pricing of the local TSO network if the BSP is not permitted to activate.<br>If the LIBRA algorithm calculates the potential for counter activations would this not be distorted if bids are blocked. |
| SH18 | N/A |
| SH19 | We accept the position that the TERRE process may require the TSO to exclude certain offers or bids for specific system reasons. Transparent criteria and decision making is absolutely critical condition for our support though. The reasons for excluding offers or bids must be objectively justified for each individual case based on transparent criteria. An appeal process via an impartial third party such as a national regulator should also be available to ensure fairness. |
| SH20 | Introducing the possibility for TSOs to flag some bids as unavailable for activation by the platform could introduce a discrimination between BSPs, since the BSP whose offers have been blocked could suffer, in some cases, a loss of opportunity despite being located in the same bidding zone as similar BSPs with unfiltered bids.<br>Therefore, SH20 considers that allowing TSOs to discard standard bids should be conditioned to a fair compensation of the loss of opportunity for the impacted BSPs. For example, an upward offer with a price lower than the marginal price but flagged as unavailable should receive compensation equal to the difference between the marginal price and the offered price.<br><br>In addition, full transparency will be required on TSOs' criteria for bids filtering. |

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| SH21 | We understand that TSOs may need to reserve certain bids to deal with congestion or ensure sufficient balancing capacity. However, solving this through a system of unavailable bids is not the correct way.<br>Ideally, congestion would be dealt with in a separate mechanism or at least in a way that allows a clear distinction between balancing and congestion actions. This makes the cost of dealing with congestion apparent instead of hiding it through changes in the balancing market outcome. This would facilitate the allocation of costs to congestion management on the one hand, and balancing on the other hand, only the latter having an influence on the imbalance price.<br>If TSOs insist on using the balancing energy bids of the TERRE platform to manage congestion, it should at least closely mirror how it would be treated in a separate mechanism. This includes:<br>- sufficient transparency to identify which bids are marked unavailable by TSOs, and<br>- payment to market participants that suffer opportunity losses.<br>This last element is comparable to, e.g., first being activated upwards in the TERRE balancing market and subsequently activated downwards in a congestion market.<br>The situation is similar for bids made unavailable for local lack of margin. Ideally, TSOs pre-contract sufficient balancing capacity to ensure the necessary balancing margin instead of counting on sufficient capacity being available at any time. If TSOs insist on reserving certain bids in the TERRE platform, the associated BSP incurring an opportunity loss and should be remunerated. This is irrespective of whether the BSP is subsequently activated to ensure sufficient local margin or not, as the BSP will in any case not regain the difference between the bid price and the pay-as-cleared price on the TERRE platform.<br>Such a system has the added value that, if costs are properly allocated, it will not increase the imbalance price. Energy regulators will use their monitoring and sanction powers to ensure that the common balancing/congestion management merit order is not misused by market participants to artificially inflate congestion management expenditures.<br>At any rate, TSOs should make the system of unavailable bids fully transparent. This is especially pressing in Central Dispatch Systems (CDS) where Integrated Scheduling Process (ISP) bids are converted by the TSO into TERRE Standard Products. This process makes it especially difficult for market participants to assess to which degree their capacity is offered on the TERRE platform or withheld by the TSO for congestion or margin reasons. |
| SH22 | The problem we identify trough the introduction of unavailable bids, is the merge of two different measures. One being a balancing action whereas the second relates to congestion issues. As already mentioned under Q 2.6 a combination of these two action is not constructive. TERRE bids must be activated for balancing issues, whereas congestion actions ensure a stable flow. This separation can be achieved financially by the payment of opportunity losses to market participants penalized by unavailable bids.<br>The confusion between balancing energy and congestion measures is especially pronounced regarding bids made unavailable for local lack of margin. TSO should acquire enough balancing capacity to guarantee their needs, rather than expecting sufficient capacity being available at any time. Unavailable bids for TERRE, which are not activated by the local TSOs are penalized and should be compensated for they financial losses.<br>In any case we strongly support a transparent communication regarding unavailable bids. This is an essential component for a well-functioning market. This applies particularly for unavailable bids, which are influenced by reasons independent to the balancing market. We stress that the conditions under which a TSO can mark certain orders as unavailable should be further clarified and harmonized between TERRE-TSOs. For transparency reasons BSPs affected by unavailable bids should be informed prior the clearing phase. |
| SH23 | Yes |
| SH24 | We do not agree with the introduction of unavailable bids feature and prefer a separate mechanism for congestion actions respectively an additional counter activation. |
| SH25 | Yes, though we consider that :<br>- the flagging of a capacity for local restriction issues should be on cost for the TSO, as long as it prevents a BSP to place a bid that would have been activated with regard to only marginal RR price set by TERRE. |

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| | - Such flagging would have to be motivated in the transparency process and to the concerned BSP as son as possible. |
| SH26 | Considering the asset portfolio management, we consider that this should not be a problem. We think that TSOs should place all bids at the TERRE platform and after the results the BSP have to nominate the physical units that will generate the power |

## Q 2.8 What is your view on the proposed method for TSO-TSO settlement (pay-as-cleared and block energy settlement between the TSOs)?

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| SH1 | - |
| SH2 | SH2 agrees with the Pay-As-Cleared and block energy settlement methodologies. |
| SH3 | We agree with the Pay-As-Cleared and block energy settlement methodologies. |
| SH4 | We have concerns about the ramping period of the trapezium but settling the block of TERRE. The TSO's would incur an extra cost in the first 5mins of the ramp to bid assets down and in the first 5mins of the delivery period, where the TSO would have to offer assets up in order to meet their requirement all other things equal |
| SH5 | No particular comments on this matter. |
| SH6 | We agree with the Pay-As-Cleared and block energy settlement methodologies. |
| SH7 | No comments. |
| SH8 | SH8 is totally in favour of a pay-as-cleared settlement mechanism as it allows users to bid at their real cost instead of trying to guess what price will come out.<br>We also agree with the block settlement as it is a simple and easily understandable option. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No opinion. |
| SH11 | We agree that the TSO-TSO settlement process should be based on the “pay as cleared” approach for the relevant volume delivered under the TERRE product for the relevant delivery period (15 minutes) as envisaged in the consultation document (Figure 2-13). This reflects the direct costs incurred in resolving the cross border imbalance.<br>However, the issue of TSO-TSO settlement is related to the pricing of ramps outside the 15-minute window and whether they are implicitly priced by the BSP in the product or are explicitly included in the priced delivery volume in preceding periods. We are unclear from the document how the energy volume as envisaged as scheduled under the TERRE product resolves to the prices bid by BSPs. |
| SH12 | Pay-as-clear method is consistent with GL EB. We supported this settlement pricing method on the basis that there would be different prices for different qualities of service; slower and faster-acting services. The introduction of the mFRR service would allow products to be distinguished in this way and faster services given greater incentives in the market. We could therefore support the proposal for RR settlement between TSOs, but urge TSOs to work with stakeholders on an early implementation of mFRR.<br>We agree also with the exclusion of ramps in the settlement between TSOs. |
| SH13 | We agree with the proposal |
| SH14 | n/a |
| SH15 | We agree with the pay-as-cleared and block energy settlement proposal concerning the TSO-TSO model. |

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| SH16 | We agree that TSO to TSO settlement should be at a cleared price and that by extension of that TSO-BSP settlement should be at the cleared price too. If a trapezoidal shape is to be assumed for TSO-BSP settlement (as described in 3.1.2.1 of the consultation document) then it is worth assessing why such a shape would not also be adopted for TSO-TSO settlement, rather than a rectangular block as proposed, in order to provide consistency. |
| SH17 | SH17 agrees with the pay-as-cleared and block energy settlement methodology, if it was based on a pay-as-bid format it would result in additional complexity and inequalities.<br><br>SH17s preference would be to include the ramp up and down within the settlements process however we appreciate it would not fit in with other EB GL services. |
| SH18 | N/A |
| SH19 | We agree and highly favour the pay-as-clear methodology. |
| SH20 | SH20 agrees with the proposed method for TSO-TSO settlement based on pay-as-cleared, as this is required by the EBGL and is a prerequisite for the TSO-BSP settlement at the clearing price. |
| SH21 | We agree with the Pay-As-Cleared and block energy settlement methodologies. |
| SH22 | According to the framework Guidelines on Electricity Balancing and the EB GL the pay–as-cleared pricing scheme is clearly the preferred scheme. It incentives to bid close to marginal cost. This corresponds to our conviction of an adequate pricing methodology. Likewise we support the block energy as settlement method. |
| SH23 | We agree with the proposed method |
| SH24 | We agree with the proposed Pay-As-Cleared and block energy settlement methodologies. |
| SH25 | Yes |
| SH26 | No comments |

## Q 2.9 What are your views on the proposed solution for price indeterminacies?

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| SH1 | - |
| SH2 | SH2 agrees with the proposed solution for price indeterminacies. |
| SH3 | SH3 has no view at this stage on this specific topic. |
| SH4 | Mid point looks like a good answer |
| SH5 | No particular comments on this matter. |
| SH6 | - |
| SH7 | We agree with the proposal to solve the price indeterminacy through the middle point of the shortest interval possible taking into account both the activated and not activated bids/needs. |
| SH8 | We agree as this is consistent with the day-ahead coupling and the simplest solution in our view. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No opinion. |
| SH11 | The Consultation Document refers to price indeterminacy as to a "range of prices available (and not a single point)". The solution based on a "middle price taking into account activated and not-activated bids/needs (in order to avoid URB)" would appear to be a pragmatic approach. However, transparent clearing rules are required to determinate how the TERRE algorithm will determine the welfare maximisation solution in these circumstances. This should also address the potential for under delivery and over delivery of block bids and the adjustments of lower priced divisible bids in arriving at a solution. The issue of price indeterminacy is related to the clearing rules in the TERRE algorithm and the operation of the welfare maximisation algorithm. Specific arrangements are required to address the issue of price indeterminacy and also address the possibility of multiple similar products available at the same price. |
| SH12 | We do not agree with the use of a "middle price" to resolve price indeterminacies.<br>Price indeterminacies result from the presence of block bids in the market and should be resolved through incentives on the divisibility of bids, through the adoption of portfolio bidding in all areas and, to a limited extent, through the use of flexibility of TSO needs. |
| SH13 | We agree with the proposed approach |
| SH14 | n/a |
| SH15 | We agree on the proposed solution for price indeterminacies, as far as it is consistent with other timeframes rules. |
| SH16 | Choosing the midpoint in the range of prices would seem an appropriate solution and be consistent with the day ahead market coupling approach. |
| SH17 | SH17 agrees with the proposed solution and believes it is reasonable to use the middle price taking into account the activated and not-activated bids. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | SH20 agrees with the "Middle Point" proposal. |
| SH21 | We agree with the proposed solution for price indeterminacies. |
| SH22 | We agree with the proposed solution for price indeterminacies since it is identical to the Day-Ahead market coupling. |
| SH23 | We agree with the proposed method as it aligns with DA PCR |
| SH24 | We agree with the proposed solution for price indeterminacies. |
| SH25 | The middle point seems a fair proposition, as its methodology is consistent with the one used in day-ahead market coupling. |

## Q 2.10 Do you agree with the definition of congestion rents?

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| SH1 | - |
| SH2 | However, it should be clarified how the congestion rents and the interconnection controllability (cf. question 2.6) interact. Are congestion rents calculated based on the unconstrained outcome? |
| SH3 | SH3 has no view at this stage on this specific topic. |
| SH4 | yes |
| SH5 | As a result of the optimization a split of marginal prices could occur among bidding zones. We expect more detailed proposal from the NRAs' side before expressing our views on this matter. |
| SH6 | We agree with the definition of congestion rents. |
| SH7 | Yes; however, once established with the input from the NRAs, its allocation mechanism and purposes should be publicly shown as a result of the project. |
| SH8 | We agree as this is consistent with the day-ahead coupling. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes |
| SH11 | We agree that the definition of congestion rents "is a regulatory issue that will be established with the input from the NRAs" as set out in the Consultation Document". We look forward to further consultation on this. |
| SH12 | We agree with the definition of congestion rent. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | SH15 agrees with the definition of congestion rents, as long as it is consistent with rules applied other timeframes. |
| SH16 | This seems to be correct yes. How this is calculated for controlled interconnectors should be explored to ensure that such an approach is still valid. |
| SH17 | SH17 broadly agrees with the principle of congestion rents though it believes further clarity is required for how the 'surplus' will be distributed to relevant parties. The consultation only comments that 'distribution of congestion rents is a regulatory issue that shall be established with the input from the NRAs'.<br>It is not possible to agree on the final solution without knowing what will happen with the surplus. |
| SH18 | N/A |
| SH19 | We agree. No comments. |
| SH20 | SH20 agrees with the application within TERRE of the same rules on the use of congestion rent applied in the other timeframes. |
| SH21 | We agree with the definition of congestion rents.<br>However, TSOs should clarify how the congestion rents and the interconnection controllability (cf. question 2.6) interact. Are congestion rents calculated according to the unconstrained outcome? |
| SH22 | We agree with the proposed definition. However, congestion rents due to interconnection controllability or linked to unavailable bids must be redistributed to the penalized BSPs and BRPs experiencing higher imbalance prices. |
| SH23 | We agree with the definition as it aligns with DA PCR |
| SH24 | We agree with the definition of congestion rents. |
| SH25 | Yes, methodology is consistent with the one used in day-ahead market coupling. |
| SH26 | No comments |

## Q 2.11 Do you agree with the proposal for caps/floor prices harmonization?

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| SH1 | - |
| SH2 | SH2 urges NRAs to abolish price caps and floors (except for technical price limits required by the IT systems) altogether. At the least, the caps and floors of the bid prices should be harmonized to |

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| | avoid any competitive distortion between BSPs located in different countries. While it is prudent for TSOs to foresee a backup solution, its use should be avoided. SH2 therefore urges NRAs to provide clarity on this issue as soon as possible. |
| SH3 | Cap and floor on balancing energy offers prices are not necessary. Nevertheless, if it had to be introduced, the harmonisation of price cap and floor for balancing energy markets will improve the functioning of the TERRE project by avoiding possible discrimination of control areas in case of simultaneous scarcity. Furthermore, if applied, these common cap and floor should be at least equal to ID price cap and floor, to enable balancing markets to accurately reveal the value of energy without discriminating control areas with shorter balancing energy gate closure times. |
| SH4 | We agree with the proposal of no caps/floor prices, but if one is to be introduced it should be at a level that does not curtail activity. e.g. +- €6,000 |
| SH5 | Floors in balancing offers could be removed if the only driver in bidding at negative prices is the reflection of variable costs of reducing scheduling and the design of both XB and national balancing markets are well fitted for this. They cannot be removed if other distortions exist, as renewables support mechanisms. |
| SH6 | Harmonization in cap and floor prices is not necessary. It is only a matter of discrimination. Harmonization in cap and floor prices would be desirable in terms of market efficiency, but regulatory harmonization is much more important. Different incentives schemes for renewable in neighbouring markets distort competition among market participants and it would be better to eliminate this differences rather than set the same cap and price floors.<br>Anyway, the most important is to have a backup solution if finally we do not have the harmonization |
| SH7 | We do not agree with the proposal as stated in the consultation document, as it proposes not applying caps and floors but designing a back-up solution allowing floor prices for systems such as the Spanish (zero price floor). We definitely agree with the need of eliminating caps and floors of the European energy markets, preventing market distortions. Thus, we consider this is one of the harmonization issues that should be solved before the go live of the TERRE mechanism, not to create since the beginning an imbalanced playing field for the stakeholders. |
| SH8 | SH8 is strongly in favour of a harmonisation of cap/floor prices between all markets (Day Ahead/Intraday/balancing markets). Hence the floor and cap prices should be aligned with the Day-Ahead market (-500€/MWh and 3000€/MWh).<br>However, note that our position is that the cap price of 3000€/MWh is too high and should be reduced since it does not represent any physical asset's production cost. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes. Caps and floors should only be introduced if a proven need for them arises, and if they are introduced they must be the same across all TERRE TSOs |
| SH11 | We support the proposal from the TERRE TSOs "not to apply caps and floors to the balancing energy offers submitted to the LIBRA platform" as stated in the Consultation Document (Page 26). |
| SH12 | We agree to start with the current proposal that allows local specificities.<br><br>We understand that TSOs are in favour of the harmonization of cap/floor prices. In particular they propose not having caps and floors. In any case, TSOs underline the fact that the final decision on this issue is up to NRAs. This feature is strictly linked also to the finalization of the provisions of the Clean Energy Package under discussion. Whatever the outcomes will be, the eventual caps and floors (in certain cases they are technical limits imposed to clear the market) should be harmonized, and if apply should be at least equal to the ID price cap and floor. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | SH15 deems as fundamental a high level of harmonization of caps and floors in balancing markets. The current proposal to adjust at national level the settlement results in case the TSOs do not accept negative prices does not seem enough to guarantee the same level-playing field the EB GL clearly advocates. Moreover, the Clean Energy Package clearly states that caps or floors in wholesale markets shall not exist and we do not see any particular necessity to keep them. |

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| | We would like to underline that market participants are already facing differences not only in price limitations, but in other aspects characterizing the countries (e.g. incentive methodologies or imbalance settlement rules) and harmonizing caps/floors national balancing market would reduce the current participants discrimination in balancing markets. |
| SH16 | We agree with the TERRE TSOs that there should not be any caps or floors on prices. |
| SH17 | SH17 does not support the introduction of the cap and floor price harmonisation as this would undermine the principle of TERRE and the GL EB in that it would not create a level playing field for BSPs.<br>If a cap and floor principle was to be employed as an interim measure until local TSOs remove their own cap and floors then a strict deadline would need to be introduced which all TSOs would be required to adhere to. |
| SH18 | N/A |
| SH19 | We agree, this is of special importance for renewable energy assets. |
| SH20 | The application of cap and floor on prices of balancing energy offers does not seem to be necessary. Nevertheless, if it had to be introduced, the harmonisation of price cap and floor for balancing energy markets will improve the functioning of the TERRE project by avoiding possible discrimination between control areas in case of simultaneous scarcity situations. Furthermore, if applied, these common cap and floor should be at least equal to ID price limits, to enable balancing markets to accurately reveal the value of energy. |
| SH21 | We agree with the need to harmonise the caps and floors on the prices, preferable by abolishing them in general. While it is prudent for TSOs to foresee a backup solution, its use should be avoided. |
| SH22 | Caps/floors should be removed. If price caps and floors are necessary for operational reasons, they should be in line with the EEX directives. We strongly believe that TERRE workgroup, the involved TSOs and NRAs should work towards harmonized features of the TERRE cross border products, as it is the only solution that guarantees non-discrimination to BSPs / BRPs and is in line with the GL EB. |
| SH23 | There should be no caps and floors on prices to allow flexibility to be rewarded and to keep capacity in the market. |
| SH24 | We agree with the need to harmonise the caps and floors on the prices, preferable by abolishing them. |
| SH25 | In our view, Caps/floor prices should not be implemented, as they would constrain the market. Especially the floor at 0€ seems questionable. We frequently see negative prices in the day ahead market in Europe. The closer to real time the auction is, the wider should be the cap/floor range. If prices are extreme in day ahead, they could and possibly should be more extreme within day. Moreover, features such as cap/floor prices would evidently widen the gap between TERRE area and neighbouring connected countries, creating room for a price distortion and jeopardising the system. |
| SH26 | No comments |

## Q 2.12 What is your point of view on the TSO-TSO XB commercial scheduling step?

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| SH1 | - |
| SH2 | SH2 favours a decrease in the commercial scheduling step towards 15 minutes as soon as possible, given that it is implemented for both the Intraday and Balancing timeframe. BRPs should have a similar ability to self-balance their perimeter as TSOs have to solve any residual imbalances. |
| SH3 | Given that TSOs will exchange balancing energy after the closure of cross-border intraday market, we do not understand which constraints prevent TSOs from rapidly introducing a shorter common scheduling step for TERRE. For instance, IGCC seems not to be limited by any scheduling step for balancing energy exchanges. |
| SH4 | We believe this should be harmonised across all borders |

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| SH5 | The analysis on the reduction of the XB scheduling step should not be a priority over harmonisation issues within the project. |
| SH6 | Although the XB scheduling step is one hour between most countries, balancing in TERRE can be treated with a 15 min step. |
| SH7 | We consider that the 1 hour-resolution to be initially implemented is sufficient for the cross-border exchange of RR, not being necessary to reduce the XB scheduling steps. There are other mechanisms to balance the system steadily provided by the Frequency Restoration Reserves (FRR). |
| SH8 | We view the reduction of the cross-border commercial scheduling step to 15 minutes favourably as this will allocate the reserves in a more efficient way. Furthermore we think that it will foster the liquidity of the 15- and 30- minutes intraday markets by allowing XB trading. |
| SH9 | We are not clear on what section 2.4 of the consultation intends. Does it mean that, initially, the LIBRA algorithm will be run once each hour? And that the results will be produced for a complete hour but that each of the four 15 minute periods in that hour will have their own clearing prices and block acceptances?<br>And, if this is correct, we need to know in good time (typically 18 months in advance – see our answer to Question 8.1), from what exact date the LIBRA algorithm will be run more frequently than hourly to ensure that our local GB settlement systems are ready for this change. Or if the move to 15 minute frequency is progressed in more than one step, e.g. at first hourly, then half-hourly, then quarter-hourly, we need to know in good time beforehand (before each change) when each change will take place. |
| SH10 | Agree with the proposal to start with a XB scheduling step of 1 hour, but believe the move to 15 minutes should be made as soon as practicable, as it constrains the market. |
| SH11 | We note that the Consultation Document suggests that "in the beginning a XB scheduling step of 1 hour will be implemented" and that a deadline for the 15 minute scheduling step will be the "GL EB required date of the implementation of the mFFR process" (Page 27). We are disappointed that the TERRE process will be initially based on a 1-hour scheduling step, which represent a potential restriction on the TERRE process to optimise cross border resource scheduling. Further the potential delay of the 15 minute scheduling step to the tie of the implementation of the mFFR process is a significant delay in realising the full benefits of TERRE.<br>The TSOs should move to the 15 minute scheduling step as soon as practicable and the mFFR deadline should represent a backstop date . The TSOs should develop a clear and practical plan to deliver the 15 minute scheduling step and that this should be agreed with the NRAs as part of the TERRE go live decision. |
| SH12 | We agree with the 15 min step, which will be in place by the GL EB deadline for the introduction of mFRR. This step has to be in any case harmonized, even in an eventual transitory period. We strongly urge TSOs to work with stakeholders to achieve an early implementation of mFRR, and any delay in the implementation of the 15 minute step should not bring about any delay in the introduction of mFRR. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | We accept the current proposal of 1 hour scheduling step and we support the decrease of XB scheduling step to 15 minutes. |
| SH16 | The scheduling step should be as short as possible and should ultimately aim to be aligned with the minimum ISP period in the TERRE region. We understand that TSOs are concerned about the TERRE platform's ability to schedule the original envisaged step of 15mins, but we believe that effort should be made to reduce it from the currently proposed hour duration to at least 30mins. In due course the aim should be to bring this down further to 15mins. |
| SH17 | No comment |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | Given that TSOs will exchange balancing energy after the closure of cross-border intraday market, we do not understand which constraints prevent TSOs from rapidly introducing a shorter common XB commercial scheduling step for TERRE. For instance, IGCC is not limited by any scheduling step for balancing energy exchanges. |

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| SH21 | We favour a decrease in the commercial scheduling step towards 15 minutes as soon as possible, given that it is implemented for both the intraday and balancing timeframes. BRPs should have a similar ability to self-balance their perimeter as TSOs have to solve any residual imbalances. |
| SH22 | Since activation of 15 minutes are possible in TERRE the XB scheduling must be adapted accordingly. 15 minute time resolution is implemented in DA, ID and balancing, which should trigger identical timeframes for the TSO-TSO XB scheduling step. Reduced timeframes encourage and facilitate self-balancing for BRPs. |
| SH23 | Starting at an hourly level and then moving to 15 minutes over time seems a good approach although a clear commitment to a time scale for moving to 15 minute steps should be declared before go-live so parties have as much notice as possible of how long they have to prepare for changes to scheduling steps. |
| SH24 | We favour a decrease in the commercial scheduling step towards 15 minutes as soon as possible, given that it is implemented for the intraday timeframes too. |
| SH25 | Though reducing scheduling step would allow exanging more energy betwen TSOs, it remains of importance that, in case non-harmonised scheduling steps are defined within TERRE, no arbitrage is made possible, particularly between TERRE area and non-participant TSOs. |
| SH26 | The BSP have to update the bids after the GCT so there should be some time to this operation |

## Q 2.13 Do you agree with the proposed definition of imbalance needs and their flexibility and elasticity?

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| SH1 | We do not agree with the proposal of TSOs to use elastic imbalance needs. By pricing their bids and offers, and putting them on the CMOL together with bids and offers from market parties, TSOs are directly active on the market. In this way, TSOs may set the settlement price and impose de-facto price caps on the market. TSOs should not be marketing the energy from their imbalances, but instead only procure balancing energy to deal with their imbalances. |
| SH2 | As stated already in the previous consultation, SH2 does not agree with the proposal of TSOs to use elastic imbalance needs. By pricing their bids and offers, and putting them on the CMOL together with bids and offers from market parties, TSOs are directly active on the market. In this way, TSOs may set the settlement price and impose de-facto price caps on the market. TSOs are marketing the energy from their imbalances, instead of procuring balancing energy to deal with their imbalances.<br>On the other hand, the need flexibility would allow TSOs to provide some leeway to avoid unforeseeable rejected offers. In this way, the procurement can be made more efficient by buying slightly more volume at a lower price instead of skipping an indivisible bid for a higher-priced bid with the right volume. SH2 therefore agrees with the concept of need flexibility subject that the establishment of the volume of the need flexibility is sufficiently transparent. The exact cost of procuring a slightly larger volume of balancing energy should not only be benchmarked by the resulting cost of the TERRE outcome, but also by any cost incurred by any subsequent counter-activations of other balancing products to correct for this additional volume. |
| SH3 | Regarding elasticity:<br>SH3 considers that TSO should have the full ability to define their needs of balancing activation, including for setting RR and mFRR activation. To this end, they may take into account elements they deem necessary, eg, expectations about the liquidity of mFRR product. In other words, the methodology applied by the TSOs to determine the volume should grant them a sufficient level of flexibility, in order to optimally allocate the balancing activation between RR and mFRR.<br>However, the output of the process to determine needs should solely be a certain volume to be procured. SH3 is thus opposed to allowing TSOs to use need elasticity, i.e.pricing the TSO needs. The TSOs should not be able to price volumes in a market that they themselves operate: should that be the case, they would become directly active in the market and that would be a breach to the unbundling principles from EU legislation. Moreover, they would have the ability to impose certain price caps to the market, which runs counter to both the EB GL and the Clean Energy Package.<br>SH3 also calls for full transparency in the methodology applied by TSOs to determine the needs, and its outcomes.<br>Regarding flexibility:<br>SH3 understands that the activation flexibility is related to the possibility for BSPs to propose block bids. We are in favour of this possibility of offering block bids, crucial in particular for market parties using asset-based bidding. We would like to remind that imposing an asset-based bidding increases the need for BSP to use block bids. Therefore, we urge TSOs and NRAs to consider removal of barriers towards portfolio-based bidding, where they exist, to give this possibility to BSPs and thus reducing the need for flexibility.<br>We also believe that when TSOs needs are a range, the principle should be to target the purchase of the lowest part of the range via RR, and to procure the rest – if still needed – via mFRR.<br>Whenever the activation of a block bid would be necessary and optimal in order to reach the minimum of the needed range while slightly exceeding it, we could accept the concept of flexibility (preferably limited, for instance via a certain percentage of flexibility around the need). Note that the less block bids are used, the smaller this percentage would be.<br><br>In any case, it is crucial to grand full transparency on the exact methodology used to grand such flexibility. Therefore, we suggest a periodical reporting on the use of such mechanism. |
| SH4 | Yes |
| SH5 | The TERRE process is about satisfying system needs, no matching TSO orders. Therefore price in needs must not be allowed and a maximum level of transparency on the calculation of the volumes must be |

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| | ensured by NRAs, as there is a risk of "purchase strategy adaptation" of the TSOs. Moreover, we support harmonization in national practices on this matter and a continuous ex-post common monitoring of all NRAs and we warn about the combined effect of elastic needs and unavailable bids.<br>Regarding flexibility, we support only a positive percentage tolerance of imbalance needs to avoid URB and harmonised at regional level. Transparency on this matter is crucial. |
| SH6 | We do not understand elasticity in an imbalance need, as TSOs are not market participants. So we disagree in setting a price for the needs<br>In terms of flexibility, TSOs can put a minimum need and, e.g., with a FIXED extra percentage in the algorithm. In this case TSO's can adjust the amount of RR depending on fixed block bids and avoid unforeseeable rejected offers. |
| SH7 | No comments. |
| SH8 | We agree with all the Imbalance Need Characteristics.<br>We favour the concept of elastic needs since that can greatly reduce the share of URBs without affecting the stability of the grid. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No opinion. |
| SH11 | We agree with the proposed definition of imbalance needs though we note that statement that "in the beginning, due to XB scheduling step constraint, the imbalance need will be constant over the hour "(Page 28). As noted above we are concerned about this constraint. The TSOs in conjunction with the NRAs should produce a plan for the delivery of a reduction in the scheduling step to 15 minutes as part of the TERRE go live decision.<br>The issues associated with flexibility and elasticity are somewhat complex and is linked to the costs associated with undoing TERRE acceptances and under delivery of TERRE acceptances (see above). As we understand it the TSO requirement is an absolute amount to meet electricity balancing needs and the issue of elasticity relates to the divisibility of individual TERRE offers.<br>Further work is required in the TERRE algorithm and on the clearing rules to understand whether the proposals for elasticity are a practicable and workable solution to the issue identified. We do not understand the statement that "flexibility is an imbalance need parameter that reflects the ability of the TSO to receive more (for upwards) or less (for downwards) energy than was requested". It is unclear how such a flexible requirement can be built into the TERRE algorithm or the clearing rules since it seems to imply an ex post adjustment of the TSO need related to more or less energy "than was requested with the submitted imbalance need" (Page 28). |
| SH12 | As already stated in the previous consultation, we disagree with the possibility for TSOs to define elastic needs.<br>The balancing needs declared by the TSO should be placed in the market at the cap (floor) price, as meeting them is the primary objective of the market.<br>The TSOs should not be allowed to price volumes in a market that they operate, otherwise they would be active market players. They should forecast the volumes they wish to procure in the market prior to the EBGCT, without linking this volume to the market clearing price.<br>The use of flexibility of needs should be permitted only to a very limited extent and be transparent.<br>Flexibility cannot be justified as a means to solve the difficulties closing the market with block bids. Instead, the divisibility of bids should be incentivized and the need for block bids should be removed by allowing all participants to adopt portfolio bidding. Until this is achieved, limited flexibility of TSO needs may be needed. |
| SH13 | We understand that TSOs could need the imbalance flexibility to improve their system performance. As the TSOs are forecasting what could be their balancing needs in the coming imbalance period, the principle should be to purchase the lowest part of their imbalance range via RR, and to procure the rest – if still needed – via mFRR.<br>It is remarkable that the text of the public consultation recognizes that it´s particularly useful when a large amount of block offers are submitted, as flexibility reduces the number of URBs. If all submitted offers would be divisible, then the need flexibility would not be used.<br>On that way, we would like to remind that block bids are essential for asset-based bidding processes. So, it would be of great interest to consider the removal of barriers towards portfolio-based bidding in |

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| | all the markets where they still exist.<br>In any case, it is crucial to give full transparency on the exact methodology used to grand such flexibility. |
| SH14 | n/a |
| SH15 | SH15 does not agree with the proposed definition of TSOs imbalance need including elasticity and flexibility.<br><br>TSOs are active parties in the TERRE project platform: at the same time they take part to the selling and buying curve with their needs, they receive the RR bids from BSPs before forwarding them to the platform and, as prosed in paragraph 2.2.6 of the consultation document, they have the possibility to mark bids as unavailable, due to foreseen congestion issues or to reserve them for other balancing services (e.g. FRR). Therefore, in this situation it is important that they do not have the possibility to price their needs, not to generate market distortions.<br><br>Nevertheless, we see the possibility to price the imbalance needs only if the TSOs is not entitled to flag bids as unavailable: only in this case the need price could be a tool for TSOs to evaluate in a non-distortive way if there are cheaper alternative balancing products (e.g. mFRR) and can be acceptable.<br><br>Furthermore, from SH15's point of view the "need flexibility" parameter shall not be defined. On one hand we recognize that introducing flexibility for the TSOs need could increase the social welfare, but on the other the BSPs are not incentivised to provide divisible offers and to maintain or develop flexible capabilities of their assets. We reaffirm, as reported in the consultation document, that if all RR bids were divisible, this additional parameter would not be introduced because not useful. SH15 believes that flexible assets, as fundamental tool in the current European power system, shall be adequately incentivised and rewarded. |
| SH16 | In general we agree with the definition. However, we do not necessarily agree that needs should be elastic. It is not clear how TSOs would approach setting a price for their needs and there is the danger for inconsistent prices to be set between zones thereby distorting the TERRE market. If the elastic need approach is to be introduced then the methodology for setting the associated price should be set out in a transparent manner and agreed by the relevant National Regulatory Authorities.<br><br>Flexibility seems to be a useful feature in order to reflect that TSO needs are not necessarily exact to the single MW and in order to limit the number of unforeseeably rejected bids derived by the TERRE algorithm. |
| SH17 | SH17 does not agree with the proposal. As the auction will be taking place at 'fixed' times then it requires the need to be firm at this time also, it would bring in unnecessary complexity into the process and may lead to an inefficient clearing process.<br>Secondly, as the TSOs are acting as conduits for BSPs and are not market participants they should in effect be price takers and not price setters.<br><br>The consultation states that the 'need flexibility will be used by the algorithm only if it results in a higher social welfare', this may result in a distortion of the process and lead to less transparency for BSPs when entering into the service. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | SH20 agrees that using a flexible and elastic demand for RR activation should allow TSOs to co-optimise the activation of balancing resources across different products and processes with the aim to manage the system in the most efficient way, once intraday markets in their control areas are closed.<br><br>Nevertheless, given that the level of flexibility and price elasticity would determine the final marginal price, full transparency has to be ensured on the methodology and the criteria used by TSOs to establish those parameters, as well on the resulting needs curve submitted by each TSO to the RR platform (see Q4). |

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| SH21 | We do not agree with the proposal of TSOs to use elastic imbalance needs. By pricing their bids and offers, and putting them on the CMOL together with bids and offers from market parties, TSOs would be directly active on the market. This would be a serious breach of the unbundling principles embedded in EU legislation. In this way, TSOs would be in a position to set the settlement price and impose de facto price caps on the market. TSOs would be marketing the energy from their imbalances, instead of procuring balancing energy to deal with their imbalances.<br>On the other hand, the need flexibility would allow TSOs to provide some leeway to avoid unforeseeable rejected offers. However, the establishment of the volume of the need flexibility should be made fully transparent. The exact cost of procuring a slightly larger volume of balancing energy should not only be benchmarked by the resulting cost of the TERRE outcome, but also by any cost incurred by any subsequent counter-activation of other balancing products to correct for this additional volume. |
| SH22 | The proposal of inelastic and elastic imbalance needs that the TSOs can submit is a flexible tool that can help TSOs meet their balancing need in an economic optimal way (by taking into consideration alternative means to TERRE), while dealing with the imbalance volume uncertainties. One could argue that in extreme cases certain elastic offers could be activated in order to compensate the counter activation of certain products outside TERRE with known prices (e.g. aFRR, mFRR). This kind of activation would be driven not by the TSOs balancing needs but by financial profit for the TSO. Additionally by submitting bids with prices TSO would influence the CMOL and be active on the market. Therefore we do not agree with the possibility for TSO to submit elastic bids.<br>The possibility for TSO to submit need flexibility should not be benchmarked to the TERRE outcome but rather to the cost (risk) a potential counter-activation to adjust for the additional acquired volume.<br>The possibility to submit elastic bids and need flexibility will have an impact on calculation of the imbalance prices (BRP-TSO), which is difficult to estimate. |
| SH23 | Yes |
| SH24 | We do not agree with the proposal of TSOs to use elastic imbalance needs. TSOs would be directly active on the market. This would be a serious breach of the unbundling principles. TSOs would be marketing the energy from their imbalances, instead of procuring balancing energy to deal with their imbalances. |
| SH25 | (2.5.1)<br><br>We agree with the definition of imbalance needs and their flexibility and elasticity. |
| SH26 | View #1:<br><br>We do not agree with the proposal of TSOs to use elastic imbalance needs. By pricing their bids and offers, and putting them on the CMOL together with bids and offers from market parties, TSOs are directly active on the market that they operate. In this way, TSOs may set the settlement price and impose de-facto price caps on the market. TSOs are marketing the energy from their imbalances, instead of procuring balancing energy to deal with their imbalances.<br><br>On the other hand, the need flexibility would allow TSOs to provide some leeway to avoid unforeseeable rejected offers. However, the establishment of the volume of the need flexibility should be made fully transparent. The exact cost of procuring a slightly larger volume of balancing energy should not only be benchmarked by the resulting cost of the TERRE outcome, but also by any cost incurred by any subsequent counter-activations of other balancing products to correct for this additional volume.<br><br>View #2:<br><br>SH3 considers that TSOs involved in the TERRE process should forecast imbalances in their control area irrespective of the RR offers. They should thus be able to build such a forecast before the BEGCT. |

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| | The imbalance forecast can then be used to set the volume of RR to be procured through the TERRE process. The wording “flexibility and elasticity” might be inappropriate to characterize the volume of RR products that TSOs will activate to satisfy their needs in the most efficient way. However, SH3 recognizes that it would be more efficient that TSOs make an economical trade-off between the volumes of RR and FRRm to be activated. To this end, modulating the volumes of RR activations as a function of price might be a relevant option.<br><br>In any case, SH3 advocates that full transparency should apply with respect to the process used by each TSO, and the resulting activated volumes and prices in practice.<br><br>We also do not agree with the elasticity concept for the TSO bids for RR |

## Q 2.14 What are your views on the proposed solution for the TSO-TSO process?

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| SH1 | - |
| SH2 | SH2 questions the feasibility of the pre-tendering phase, given that the Balancing Energy Gate Closure Time (BE GCT) is proposed at H-60min in chapter 3.3.2. TSOs thus assume that BSPs do not need any time after the ID XZ GCT to submit or update their bids. As stated in our answer to question 3.5, SH2 does not agree with this. Market participants should be given sufficient time to update and submit offers after the XZ Intraday is closed and results are published.<br><br>Related to this, it is unclear why some processes during the tendering phase – such as the calculation of the imbalance needs and the calculation/update of the ATC – can only be performed after BSPs have submitted their final bids, or why submission of bids should take more than a couple of minutes. Also the determination of any bids that are to be made unavailable should not take more than couple of minutes, as the underlying cause (congestion and even more any potential lack of margin) should be determined already some time earlier. SH2 therefore reiterates its proposal from the previous consultation to have the pre-tendering and tendering phase run in parallel to the maximum extent possible.<br><br>SH2 would also urge TSOs to further seek streamlining of the processes to accommodate a potential, future increase in the TERRE daily gates. The parallel run of the LIBRA clearing process and the fall-back process is a good example of such potential for streamlining. |
| SH3 | In the process described on page 30, it can be seen that BSPs are given no time after intraday Gate Closure Time to process their offers before Balancing Energy Gate Closure Time. We note that this would oblige BSPs to terminate their scheduling process before IDCZGCT in order to be able to process RR balancing energy offers, which might be detrimental to liquidity on ID markets. To avoid any negative impact on intraday market, a better solution would be to schedule a few minutes (for instance five minutes) delay between IDCZGCT and balancing energy gate closure time. Related to this, it is unclear why some processes during the tendering phase – such as the calculation of the imbalance needs and the calculation/update of the ATC – can only be performed after BSPs have submitted their final bids, or why submission of bids should take more than a couple of minutes. Also the determination of any bids that are to be made unavailable should not take more than couple of minutes, as the underlying cause (congestion and even more any potential lack of margin) should be determined already some time earlier. We would therefore propose to have the pre-tendering and tendering phase run in parallel to the maximum extent possible.<br><br>In addition, the process timeline reveals that the deadline for TSOs to receive the communications of the results by the platform is at H-30. That means that, in some cases, the BSP can receive the activation order after H-30, which is not consistent with a RR FAT equal to 30 minutes. |
| SH4 | We are comfortable with the TSO to TSO GCT request as long as it is between H-60 and H-45.<br><br>Fall-back solution option 2 is our preferred option |
| SH5 | It is stated that TERRE is a gate managed system, but this must respect the right of BSPs to have enough time to submit bids without interfering in the intraday market transactions and nominations. Please see further comments in Q 3.5. TSOs processes should be tightened (processing of BSPs bids, unavailable bids determination, ATC confirmation between TSOs) and maximum cooperation between NEMOs and TSOs and among TSOs must be assured by NRAs.<br><br>Regarding fall-back procedures, we suggest and ad-hoc consultation on the dedicated document mentioned in section 2.6.2 and simulations with real data and dedicated tests in the parallel run and real run in order to check the performance of these procedures and regularly improve them. |
| SH6 | We strongly disagree in the proposed Balancing Energy GCT at H-60 which is the ID GCT and BSP's are not allowed to modify the bids after ID. According to GL EB, balancing markets should not endanger the efficiency of the previous markets such as the ID. |

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| | In our opinion, the process could save time if Imbalanced Needs or the Available Cross Border Capacity is calculated before the BEGCT and then allow BSP's to update the bids after the ID. |
| SH7 | No comments. |
| SH8 | We agree with the organisation of the TSO-TSO process. We would like to have as much data from the TSOs published as possible in order to ensure the transparency of the auction. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | It is unclear whether TSOs will have adequate time to perform the analysis required to determine which bids should be deemed unavailable during the tendering phase. |
| SH11 | We have a number of observations on the TERRE TSO-TSO process:<br>1. There must be an allowance for the submission of offers from BSPs after Gate Closure. This will enable BSPs to construct feasible offers based on the contractual position of units at gate closure. It will also allow time for the communication and acknowledgment of such offers from the relevant TSO;<br>2. The TSOs will be required to upload BSP offers to the central TERRE platform. Tome is required to submit this data and to receive and acknowledgement;<br>3. The TERRE results communication comprises two elements: a communication to the TSO and a communication from the TSO to the BSP. The timing needs to reflect these elements. Sufficient allowance must be given to ensure full activation can occur 30 minutes before the delivery period. We note for example, that the GB Grid Code allows for a 2-minute notification time using current systems.<br>4. We note that the document refers to a delivery period as "a one-hour long period". This is not consistent with the product definition of a delivery period (for example Figure 3.3, page 51 refers to a delivery period of 15 minutes.<br>5. The one-hour delivery period appears to relate to the period from H to H=1h in figure 2-17 (Page 2.6). As far as products are concerned there could be multiple delivery periods within this delivery periods and associated ramps will occur outside this delivery period. Perhaps what is really being referred to is the "XB requirement delivery"?<br>6. We note that actual product delivery will involve actions by the necessary actions by the TSO to deliver the reserve selected by LIBRA on its borders outside the 1 hour period. |
| SH12 | The proposed solution for the TSO-TSO processes does not leave any time for BSPs to prepare and submit their offers following the IDGCT. The common EBGCT should be set at least 5 minutes after the IDCZGCT. Meanwhile, fall-back solutions are necessary and we would support the solution proposed and clarified during the workshop, whereby ATCs are kept constant and unchanged to help the closure of the Libra algorithm. On this regard, the proposal in the document should be amended, as it wrongly refers to ATCs equal to zero.<br>We prefer option 2 (parallel run of LIBRA clearing and fallback solution). Option 1 is not consistent with a FAT of 30'. |
| SH13 | See our answer to question 3.5 on the BEGCT<br>Additionally, it should be noted that in some cases the BSP could receive the activation order after H-30, since the deadline for TSOs to receive the communications of the results by the platform is at H-30. It is not consistent with a RR FAT equal to 30 minutes. |
| SH14 | n/a |
| SH15 | SH15 agrees with the proposal for the TSO-TSO gate closure time (TSO-TSO GCT) of H-45, since it seems reasonable considering the time needed by LIBRA platform to perform the calculation, the RR Full Activation Time (FAT) requirement of 30 minutes and the due time for results communication to market participants.<br><br>However, SH15 disagrees with the definition of the Balancing Energy GCT (BE GCT) at H-60, 60 minutes before the delivery time, because it is coincident with the definition of the Intraday Cross-Zonal GCT (IDZGCT). This coincidence can have negative impact on the liquidity of both Intraday and RR balancing markets: the participants would not be able to receive the final results of the intraday continuous market before sending their offers to their TSOS for TERRE RR market, with the result that they would have to make an implicit choice between two markets. We need more details about the interactions of offers in |

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| | intraday and balancing market, e.g. if there will be a priority order to define in case it is possible to offer in both markets and what procedures will be introduced for avoiding a double acceptation.<br><br>We understand the necessity of maintaining enough time for TSOs imbalance need calculation, system security check and network XB capacity calculation before the algorithm clearing, but we ask the reasons for not starting carrying out some of the TSOs tasks (e.g. schedules processing, residual ATC calculation and TSO's needs) simultaneously to the submission of BSPs bids, for the sake of reducing the time needed by the TSOs for the internal processes.<br><br>Nevertheless, this proposal is not in line with the target model and we ask for deeper evaluations, due to importance of the issue. After further considerations and a due consultation on the topic, SH15 would welcome the possibility to express again its opinion. |
| SH16 | We note that the pre-tendering phase for BSPs has basically been removed by the decision to introduce the TERRE Gate Closure at 60 minutes before the relevant delivery period. This therefore prevents any time between the end of the intraday process and the submission of bids into TERRE. We note that this is an issue which also exists with local balancing regimes, such as the balancing mechanism in GB. It would be helpful if some time were to be provided to market participants to allow them to prepare and submit their bids. At present the proposed timescales are heavily weighted towards giving the TSOs time to do what they need to do, whilst giving market participants little or no time for their processes.<br>The large TSO window would also significantly reduce the possibility of narrowing the period between the intraday market and real time. We would ask that the TSOs seek to optimise the TERRE process in order to reduce that window further.<br>In principle cross-border transmission capacity should not be reserved for the exchange of balancing energy. Instead, the residual capacity which is available after the intraday market has closed should be used. This means that there must be some time allowed after the XBID market has closed, both for this available capacity to be calculated and for participants to prepare their TERRE bids. |
| SH17 | No comment |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | In the process described in §2.6 page 30, it can be seen that BSPs are given no time after the Intraday Gate Closure Time to process their offers before Balancing Energy Gate Closure Time (BEGCT). We note that this would oblige BSPs to terminate their scheduling process before IDCZGCT in order to be able to process RR balancing energy offers, which would be detrimental to liquidity on ID markets close to the gate closure. To avoid this impact on intraday market, a better solution would be to schedule a time period of few minutes (for instance five minutes), between the IDCZGCT and the BECGT, for BSPs to process RR balancing energy offers.<br>Part of TSOs' tasks (schedules processing, calculation of residual ATC and TSO's need) can be carried out in parallel with bid submission by BSPs. Therefore, SH20 does not share the need to set "H-x" at "H-60".<br>In addition, the process timeline reveals that the deadline for TSOs to receive the communications of the clearing results from the platform is set at H-30. This means that, in some cases, BSPs could receive the activation order after H-30, which is not compliant with the RR FAT equal to 30 minutes.<br>Furthermore, the TERRE process shall be accelerated in the view of the reduced duration of market time units and the subsequent introduction of additional clearings (see Q8). |
| SH21 | We have significant concerns with regard to the pre-tendering phase, given that the Balancing Energy Gate Closure Time (BE GCT) is proposed at H-60min in chapter 3.3.2. As a result, TERRE does not foresee any time between the closure of Cross-zonal Intraday and the XB BE GCT. We cannot agree with this. Market participants should be given sufficient time to update and submit offers after the XB Intraday is closed and results are published.<br>Related to this, it is unclear why some processes during the tendering phase – such as the calculation of the imbalance needs and the calculation/update of the ATC – can only be performed after BSPs have submitted their final bids, or why submission of bids should take more than a couple of minutes. Also the determination of any bids that are to be made unavailable should not take more than couple of minutes, as the underlying cause (congestion and even more any potential lack of margin) should be determined |

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| | already some time earlier. We therefore propose to have the pre-tendering and tendering phase run in parallel to the maximum extent possible. |
| SH22 | The proposed solution of the TSO-TSO process omits that BSP will have to dispatch their ID trades after ID XB GTC at H-60. By setting the BE GTC at the same time than the ID XB GTC, the TERRE product clearly impacts the ID market. Since the BSP has to choose whether he submits an offer to TERRE or trade on ID XB. For this reason we cannot agree with the proposed TSO-TSO process. Market participants must be given approximately 10 minutes during the pre-tendering phase after ID XB is closed, to dispatch the production prior to submit offers to TERRE. |
| SH23 | None |
| SH24 | We are concerned about the proposal to fix the Balancing Energy Gate Closure Time (BE GCT) at H-60min and not to foresee any time between the closure of Cross-zonal Intraday and the XB BE GCT. Market participants should be given sufficient time to update and submit offers after the XB Intraday is closed (no closing earlier than today!) and results are communicated. We suggest an earliest BE GCT at H-55min if the two markets have to be run sequentially. |
| SH25 | We support the proposed solution and, regarding 2.6.2, we are in favor of running both LIBRA and fallback procedure in parallel, due to the very short time window remaining available for ensuring system balancing if LIBRA clearing algorithm fails. |
| SH26 | With our market rules, we cannot see how it is possible to update the RR bids before the IDCZGCT even considering the limitation of not negotiation 5-10 minutes before this. It is mandatory to change some market rules about RR and implement the portfolio management to allow these very short times to be implemented. |

## Q 2.15 Do you have any further comments on the information given in this section? (Please indicate sub-chapter reference when possible)

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| SH1 | - |
| SH2 | SH2 has no further comments on this section. |
| SH3 | Concerning the fallback procedure description, between the two options presented in paragraph 2.6.2, option 1 is not acceptable since it would lead to delay the activation in a proportion that is not consistent with the RR FAT specifications. Concerning option 2, it should be clarified whether performing fall-back procedure at the same time of the clearing would lead to an additional delay before results communication in normal state. |
| SH4 | No |
| SH5 | The exception to maximum size of the imbalance needs stated in Table 7 (section 2.5) must be clarified ("Under certain conditions, a TSO can notify the system which will apply an exemption to this rule"). Section 2.6.1.4: further information needed on the process and options presented as regards communication of scheduled exchange. |
| SH6 | We insist that divisible bids that have not been activated when the price bid is lower than the marginal price should have a remuneration. Also, we request that there should be at least 5 minutes between ID GCT and Balancing Energy GCT. It is particularly important in Spain as RR is mandatory and liquidity in Intraday market should consequently not be reduced. |
| SH7 | No comments. |
| SH8 | No |
| SH9 | Section 2.6.2 (page 32) of the consultation states that the fall-back procedures are not yet fully documented. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable. Also if fall-back procedures are activated, should we expect TERRE results data to be changed in any way, e.g. times at which the results become available; and whether the data contains different items from normal? (Both answers are important for the design of our own settlement and publication systems, which will use TERRE results.) |
| SH10 | No |
| SH11 | Further work is required to define the TERRE algorithm and the associated clearing rules. This work should be open and transparent and involve BSPs and BRPs. |
| SH12 | No further comments on section 2 of the document. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | Concerning the Italian market design, we would suggest to consider the risk of generating low liquidity market zones, due to the reduced dimensions of the market zones in Italy.<br>Furthermore, as previously stated, SH15 remarks that the interaction with the current Italian dispatching services and balancing market are not well understood and the positioning of Italian TSO and NRA on the alignment of the current MSD to the European target model is not clear. Stakeholders shall be timely informed, so that due time is granted for the adjustment of bidding processes and IT systems and a local consultation process is highly needed as soon as possible. |
| SH16 | With the objective of bringing the intraday market closer to real time, we consider that TSOs should seek to bring the TERRE scheduling step to 15minutes, so that there are 48 daily cleared prices, as soon as possible. For the avoidance of doubt, this should include the FR-CH border. |
| SH17 | No comment |
| SH18 | N/A |
| SH19 | To 2.12/13/14 please acknowledge that there will be increased imbalance cost for RES as moving towards 15min ISPs. |

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| SH20 | Concerning the two options for the platform fall-back procedures (paragraph 2.6.2), option 1 is not acceptable since it would lead to delay the activation of RR offers in a way that is not consistent with the RR FAT specifications. Concerning option 2, the only one acceptable to us, it should however be clarified whether performing fall-back procedure at the same time of the clearing would lead to a delay of the communication of clearing results in normal state.<br>Moreover, a daily fall-back run as foreseen in option 2(with ATC equal to 0) would provide a very useful feedback by quantifying, through a comparison with the normal run results, the benefits of balancing energy cross-zonal exchanges.<br>A general remark on this chapter is that, in addition to TSOs' technical constraints or development uncertainties, BSPs' constraints and costs (in particular those linked to physical constraints of assets used for balancing) should be duly considered in order to ensure the efficiency of the TERRE design. |
| SH21 | No comment. |
| SH22 | No comment |
| SH23 | No |
| SH24 | No comment |
| SH25 | though this very point might be out of LIBRA's scope, is seems obvious that "In-the-money" bids made unavailable by TSO's flag should get a financial compensation. As it is not the sole BSPs' responsibility to avoid local congestions, neither should they suffer the consequences alone. |
| SH26 | No comments |

## Q 3.1 Do you have any specific comments regarding the criteria used to characterize the current RR balancing product profiles and formats allowed by the LIBRA platform?

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|---|---|
| SH1 | - |
| SH2 | SH2 has no specific comments on this. |
| SH3 | Table 10 on page 40 indicates that the criterion “location” is a negligible priority of harmonisation between TERRE TSOs. Such an arrangement can only be correct if a fair compensation is provided to BSPs whose offers have been blocked by the TSOs, precisely due to their location, to solve or prevent, network constraints. Otherwise, BSPs in countries with asset-based bidding are put at clear disadvantage, since their bids can be filtered due to their precise location. |
| SH4 | No |
| SH5 | Regarding bid formats, we support incentives for simplicity and clear and equal rules for all BSP in the go-live. We note that the consultation document states that not all bid formats should be allowed depending on the local IT systems. |
| SH6 | The criteria used to characterize the product and the formats allowed by the platform should foster harmonization. |
| SH7 | No comments. |
| SH8 | There are still a lot of differences between the RR products in the different countries, and all those differences put together can lead to significant market inefficiencies and competitive advantage. In particular, differences in the timing of the blocks (preparation, ramping period, delivery period, FAT and validity period) and block divisibility can lead to noteworthy differences in bid pricing. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No |
| SH11 | We have a number of comments on the criteria used to characterize the current local RR balancing product profiles and formats allowed by the LIBRA platform:<br>1. The section refers to the TERRE XB product definition and shape. We assume that this is in relation to the exchanges that occur for border transfers. However, we are concerned that it seems to be implied that these cross border exchanges will all be notified at the same time in order to deliver the required volume, with a set of standard ramps. This could be difficult to deliver;<br>2. We are unclear as to how the r cross border exchanges we are unclear as to how this relates to individual instructions to BSPs by and individual TSO;<br>3. The maximum offer size in relation to an “indivisible offer” states the “local; rule will be implement (Table 9, page 39);<br>4. The profile delivered from a TERRE product would appear to have the potential to deliver a saw tooth profile in the case of multiple products from individual units across different time periods. We are unclear how this will result in efficient energy exchange across borders.<br>5. The Consultation Document refers to activation of a TERRE product for a “fixed quarter hour” (Page 38). However, the trapezoid product associated with ramps would envisage activation in the preceding 15 minute period. Therefore it would seem as though the activation should relate to a 25-minute period for a delivery within 15-munite window when taking into account the ramping periods (see Figure 3-3, Page 51). |
| SH12 | Lot of tables are presented in the document, on standard products (incentivized and accepted) and local products. It should be better clarified in which cases and for which parameters local products are not accepted in the TERRE market, both in the current and in the future |

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| | definition of local products. Besides, it should be clarified with more details how local markets and TERRE market are run (in parallel, in series, relationship between TERRE common merit order and local products bids accepted only in local markets).<br><br>Concerning the Italian case, the ISP process and the conversion of bids into standard product, we appreciate the clarification given (it was missing in the previous consultation) and the fact that prices of the bids will be indicated directly by the BSP. Nevertheless, major details should be given (e.g. linkage with MSD constraints) and the potential reductions of volumes submitted by BSPs performed by TSOs should be compensated.<br>Concerning Spain, we agree with REE proposal as a starting point:<br>- Preparation period: from 0 to 30 min.<br>- Ramping period: from 0 to 30 min<br>- FAT: 30 min<br>- Min delivery period: 60 min (starting point), 15 min or multiples of 15 min to be evaluated in the future.<br>- Validity period: Defined by BSP but equal (starting point) or less (to be evaluated in the future) than 60 min<br>The harmonization of price and cap floors, divisibility, minimum delivery period, bid formats (as per § 3.1.2.4) is necessary in order to guarantee a level playing field. In particular, a firm deadline (possibly coincident with the TERRE market go-live) should be set for the national definition of the allowed bid formats (as per paragraph 3.1.2.4).<br>As a last point, we highlight once again the importance of harmonizing the possibility of portfolio bidding. |
| SH13 | A level playing field should be guaranteed to all market participants. On that way, BSPs in countries with asset-based bidding should not be in disadvantage with BSPs with aggregate or portfolio offers if some offers are blocked or made unavailable by the TSOs due to local congestions, local lack of margin of local requirements of aFRR or mFRR.<br>This is another reason why to consider the removal of barriers towards portfolio-based bidding in all the markets where they still exist. |
| SH14 | n/a |
| SH15 | SH15 does not have any specific comment on the RR product characterization criteria at the present moment. |
| SH16 | The criteria used generally seem appropriate. |
| SH17 | No comment |
| SH18 | Minimum activation time of 15 min or multiples of 15 shall make it possible for certain DR processes (e.g. furnace) to participate in a competitive way but will exclude other DR processes such as crusher from offering their capacities. Requiring from BSP to offer unlimited stocks makes it very difficult for DR capacities to participate (due to obvious physical constraints) but the fact that the BSP can define a recovery period shall neutralize the negative effect of this requirement (If not limited with local rules). As far ramps are concerned, a 10 minutes ramping period can certainly not be provided by DR capacities. Furthermore we would like to draw your attention to the fact that having different penalty regimes in each country applying in case of non compliance with ramping requirements will create distorsion among stakeholders (and in particular a competitive advantage for stakeholders of Model B and C). |
| SH19 | No comments. |
| SH20 | Table 10 on page 40 indicates that the criterion “location” is a negligible harmonisation item between TERRE TSOs: this is true only if a fair compensation is provided to BSPs whose offers have been blocked by the respective TSO to solve or prevent network constraints, precisely |

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| | due to their location.<br>Table 8 on page 37 should precise that RTE currently requires to know in advance bids location, at least for generation assets connected to transmission network.<br><br>SH20 disagrees with RTE assertion that, in the current situation, French BSPs are not incentivized to deliver the requested energy but to over deliver (see table 11 on page 45). Indeed, the relative spread between bid price and imbalance price (calculated based on the average weighted price of all balancing energy activated) is extremely difficult to predict. |
| SH21 | No comment. |
| SH22 | We welcome the large possibility of formats. |
| SH23 | No |
| SH24 | No |
| SH25 | 3.1<br>No |
| SH26 | No comments |

## Q 3.2 Do you have any specific comments regarding the criteria used to characterize the current BSP-TSO and BRP-TSO settlement procedures?

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| SH1 | - |
| SH2 | SH2 has no specific comments on this. |
| SH3 | The level of harmonisation proposed by TSO is relatively low and it would be necessary to have a precise vision of local rules to ensure that the implementation of the general principles does not result into market distortions and ensure the level playing field between market participants irrespective of their location.<br>At this stage, the most important point concerns the incentives sent to market parties to deliver the incentivised physical delivery of the TERRE product. Indeed, following model A described on page 54, BSP are incentivised to both i) deliver precisely the requested energy and ii) follow the trapeze power profile. Such double incentive is not consistent with those attached to model B or C. Therefore, such difference would result in discrimination between BSPs belonging to different models.<br>As a general comment, SH3 believes that there should be as much harmonization as possible to allow a level playing field to all BSPs within the TERRE region. |
| SH4 | No |
| SH5 | We would appreciate a narrative gap analysis accompanying the tables of this section in order to highlight the key points. |
| SH6 | The criteria used to characterize the settlement procedures should foster harmonization. |
| SH7 | No comments. |
| SH8 | There are various rules among TSOs for the control of the activations and the penalties applied in case of non-respect of the order. That impacts the pricing of RR offers and leads to market distortion. |
| SH9 | We note the descriptions of the current situations in the various TERRE Member States set out in Table 11 on pages 45 to 49 of the consultation. For the avoidance of doubt, we wish to clarify some of the items in the National Grid column and note that SH9 administers settlement (for all BRPs and many BSPs) in GB.<br>Frequency of settlement in GB: Invoicing and settlement is, for most BRPs and for BSPs active in our GB Balancing Mechanism, done on a daily basis. Payments are made daily approximately a month in arrears. Only if the amount owing is small (currently less than £500 (British Pounds)) are invoicing and payments done less frequently.<br>Imbalance volume definition: in GB it is the difference between the metered volume and contracted volume for that BRP (i.e. the difference between the sum of metered volumes and the sum of commercial trade schedules for that BRP). |
| SH10 | No |
| SH11 | We do not have any specific comments regarding the criteria used to characterize the current local BSP-TSO and BRP-TSO settlement procedures. We note however that considerable work is required to translate these high level criteria into the relevant arrangements with each TSO including definition of specific dispatch requirements, associate settlement and non-delivery rules as well as imbalance adjustment for demand side resources. |
| SH12 | We do not agree with harmonizing only BSP-TSO settlement rules and leaving not harmonized BRP-TSO settlement rules, left to local implementation rules. Both of them should be harmonized: settlement rules are reflected in bidding strategies and pricing by market participants and any difference in the rules undermine the creation of a level-playing field.<br>We agree with the two following harmonized principles of BSP-TSO settlement:<br>- pay as clear;<br>- requested block of balancing energy (we understand that the settlement is done based on the energy without considering ramps). BSPs will not be settled based on the metered physical delivery, but based on the requested balancing energy. |

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| | Nontheless, it is not specified how markets will cleared at local level (pay as clear or pay as bid): a national consultation should be done in this sense.<br>Concerning the incentives/penalties to follow the profiles (trapeze or block of energy) a level playing field should be ensured between market participants (bidding in different countries and using different technologies). Major details should be given on penalties calculation. |
| SH13 | All the three models considered to compare the XB exchange schedule and the real BSPs energy delivery will create real time additional imbalances.<br>Model A (power based) or C (energy based) would be preferred in order to reduce the TSOs needs of additional mFRR or aFRR services. |
| SH14 | n/a |
| SH15 | SH15 agrees with the proposed BSP/BRP-TSO settlement rules, as they are consistent with the TSO-TSO settlement ones.<br>Nonetheless, SH15 considers the current level of harmonization relatively low, considering that the incentivised delivery shape is not the same for all TSOs and the settlement schemes are not based on the same principles. This could lead to market distortions and possible market participants discrimination, e.g. granting possible market advantage to BSPs/BRPs with less stringent requirements than the neighboring BSP/BRPs. We advocate for the publication of a more precise vision of future local rules harmonization steps, in order to plan the needed arrangement for the next years. |
| SH16 | No thank you. |
| SH17 | No comment |
| SH18 | "Pay-as-cleared" model is favored by Energy Pool. Energy Pool also agrees with the principle of being paid for the requested (and effectively provided) balancing energy, and not for the physically delivered energy (in case this latter is significantely diverging from the requested one). In fact, TSO shall logically only pay for the needed, requested and provided service. Nonetheless, as mentioned in the previous question, we consider that the different treatments (in terms of incentives, payment and penalties) applied by the TSOs with regard to ramping rates will cause market distorsion between market parties and have a negative impact on European market integration. |
| SH19 | The implemented approach must seek a fair playing field for all technologies to be able to participate as BSPs. No specific comments regarding the detailed criteria at this stage. |
| SH20 | The level of harmonisation proposed by TSO is relatively low. Yet, SH20 is convinced that it is necessary to have a precise vision of local rules to ensure that the implementation of the general principles does not result into market distortions and that the level playing field for market participants is guaranteed irrespective of their location. For instance, SH20 recommends updating Table 11 (current settlement) to present future evolutions and check whether there are significant deviations amongst TSOs.<br><br>At this stage, the most important point concerns the incentives sent to BSPs to respect the physical delivery profile expected by TSOs. Indeed, according to model A described on page 54, BSPs are incentivised to both i) deliver precisely the requested energy and ii) follow the trapezoidal power profile. Such double incentive is not consistent with those sent by model B or C which affect only the energy to be delivered by BSPs. Therefore, such difference would result in discrimination between BSPs active in different bidding zones.<br>Moreover, SH20 believes that all the incentive models should exclusively focus on the delivery of the requested energy. For this reason, balancing energy deviations should be settled on the basis of the same parameters (expected shape, imbalance price and period) and allocated to the Balance Responsible Party (BRPs) designated by each BSP (in Model A, the designated BRP for the settlement of balancing product activation may not be the usual BRP of the asset concerned).<br>Finally, it should be considered that other regulatory arrangements (injection tariffs, grid loss compensation, taxation, etc.) may have an impact on competition between BSPs located in different areas. |

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| SH21 | No comment. |
| SH22 | No comment |
| SH23 | The trapezoid proposal where volumes for delivery in a certain delivery period are also delivered in other delivery periods as 10 minute ramps results in an asymmetry between delivery and imbalance pricing which may cause problems. It also feels counter-intuitive to deliver and be paid for volume outside of the period to which the delivery is nominally supposed to occur and any imbalance penalties apply.<br>For example a party may have to deliver 100MW in an hour block so this means that they will deliver 96 MWh in the block and 2 MWh in each of the two adjacent blocks. This could result in 4% of the volume delivered being subject to a different imbalance prices and potential gaming opportunities.<br>The second issue is that not every plant can deliver a ramp to full activation in 10 minutes, there maybe ramps of upto 30 minutes before the start of the delivery block which are then partially paid on the assumption of 10 minute ramping outside the block and then what happens to the additional volume, is it unpriced but settled in imbalance?<br>Another potential solution maybe to increase the number of MWhs delivered in the contracted block to 100 by increasing the maximum level of the trapezoid to 104.35MW which then delivers the 100MWh in the block. The parts of the profile delivered outside the block could then be delivered at zero price and/or removed from any imbalance calculated volumes due to ramping. |
| SH24 | No |
| SH25 | (3.2.1)<br>No |
| SH26 | There should be has much harmonization has possible to allow a level playing field to all BSP within the TERRE region |

## Q 3.3 Do you see a possible competitive advantage arising from delivering either the trapeze or block offer?

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| SH1 | - |
| SH2 | If the same shape is requested / incentivized for delivery by a BSP to their local TSO in each country, SH2 does not see a problem of a potential competitive advantage.<br>SH2 has a preference for incentivizing block products instead of products with specific ramps (trapezoids):<br>- In other markets, there has been an evolution towards block products to avoid impacts on other Imbalance Settlement Periods due to price impact of energy during ramp-up or ramp-down. SH2 asks that these lessons learned would also be applied to TERRE.<br>- Any ramping remains theoretical, as each technology is limited by its technical ability. As a block product best approaches the 'ideal' behaviour, it would be best to incentivize this instead of any other ramp.<br>- The block as a product is also used in previous market times – even if on the border TSOs exchange trapezoids and make the necessary adjustments themselves to ensure such trapezoid exchanges. Instead of adjusting market behaviour to the TSO processes, it may be more logical to adjust TSO processes to market behaviour.<br>- Given that in some other countries in Europe Intraday is still running while TERRE is active, SH2 believes that the same products should be used, i.e. block products. This ensures that there is alignment on the products used during the same timeframe in the different countries, irrespective of whether energy is exchanged for self-balancing on the Intraday market or pro-active balancing by the TSO.<br>Independent from previous points, it remains of the utmost importance to use one, harmonized shape that is incentivized in the different countries. Otherwise, the level playing field across countries would be negatively impacted.<br>SH2 would also like stress that the incentivization of a preferred shape should not devolve eventually to an obligation to deliver such product shapes, for example through the prequalification process. The TERRE platform should remain open to all capacity able to provide the necessary capacity within the Full Activation Time of 30 minutes, even if an 'ideal' shape is incentivized. |
| SH3 | NA |
| SH4 | Yes, The Trapezium favours flexibility over efficiency. For example: a 20% efficient OCGT could meet the ramp times without penalties, where as a 60% efficient CCGT could not meet the ramp times and face penalties.<br>This would mean that the CCGT would incorporate the penalties into their pricing, putting them at a disadvantage to the less efficient OCGTs. This activity could also see an increase in the clearing price or efficient plant not participating in TERRE at all.<br>With a block profile the benefits of the OCGT and CCGT would be more fairly assessed. |
| SH5 | We think that the proposal (models A, B and C) are a good starting point to further develop this matter. We miss a technical justification on options chosen by TSOs among the different models. |
| SH6 | If the standard product is a block offer we do not understand why the trapeze is incentivized, instead of changing the standard product. |
| SH7 | No comments. |
| SH8 | We would favour to have only block offers as it greatly simplifies the understanding of the process and incentivises producers do be as reactive as possible. However as BSP this will affect our bidding as we will carry imbalance risks during ramp-ups and ramp-downs. |
| SH9 | If concerns about competitive advantage drive TERRE to implement a harmonised Balancing Energy Deviation Price (BEDP), we need to know as soon as possible and what the harmonised BEDP will be. Otherwise we will continue to implement without harmonisation of BEDP for our initial implementation of TERRE into our GB settlement arrangements. As noted in our answer to Question 1.1, we will need to know this design detail by October 2017 to be able to include it in our initial design and meet the TERRE parallel running timetable. |
| SH10 | The trapezoid offer will lead to a portion of the RR delivery occurring outside the 15 minute period being settled. Depending on how the TSO settles imbalance arising from non-delivery, this |

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| | could give participants in some regions to benefit from imbalance in a way others may not, which could distort the market. While this imbalance issue is true generally, the trapezoid shape introduces another version of this. The block offer would not create this issue as the ramping would not be considered part of delivery. |
| SH11 | There are considerable advantages associated with the delivery of a standardised block offer for the duration of the 15-minute delivery period. In addition, in this context there is no need to specify the ramps as long as they meet the relevant technical criteria within the market (e.g. dynamic parameters).<br>A standard block shape for delivery would facilitate the linking of bids temporally and the dispatch of units upwards to downwards. In particular it would avoid the saw tooth profile that appears inherent within the trapezoid product description.<br>We note that the Consultation Document states that "BSPs should be incentivized to physically deliver as close as possible to the XB exchange schedule" (Page 51). We are concerned that this approach may be unduly restrictive for market participants and effectively constrain delivery to those units that are capable of meeting this requirement (and foreclose the market). In addition, if the shape delivered is a trapezoid this will result in inefficient dispatch as units could be ramping up and down in a saw tooth profile. In addition, it may be difficult for units to achieve the cross border shape on cross border exchanges that involve HVDC interconnection. |
| SH12 | Technologies not able to follow the required ramps are advantaged in case of block-offers with respect to the same technologies participating in markets where trapeze profiles are required. |
| SH13 | No, we don´t see any competitive advantage. |
| SH14 | n/a |
| SH15 | SH15 believes that the possibility to accept either the block offer or the trapezoidal shape offer in neighboring countries could be arise competitive advantage.<br><br>Unlike the block offer, the trapeze offer incentivises the participants to both deliver the requested balancing energy and respect the excepted physical shape with ramps of +/-5 minutes. The BSPs in the countries applying this system will try to follow the expected power profile the TSOs describes and, hence, they will develop flexibility characteristics. Thus, we suggest to plan to harmonize the settlement rules to model A, which is the only one that incentivise offer flexibility, fundamental characteristic for the future development of the interconnected European grid, in order to create a level-playing field for all the balancing market participants. |
| SH16 | Either choice will result in BSPs incurring some imbalance risk, as neither fully takes into account the true operating characteristics of RR providers in terms of ramp up and ramp down rates. The trapezoidal offer at least provides some recognition that most users will need time to ramp up to, and down from, providing the volume accepted. As we mention in our response to question 2.8, it seems inconsistent therefore that the SO to SO settlement would assume a pure block shape exchange.<br>Those with more faster and more flexible ramping rates will obtain a competitive advantage over those who are less able to meet the shape defined by the TSOs, which would appear to be largely arbitrary in nature rather than meeting a specific need driven by the nature of the transmission networks concerned. |
| SH17 | No comment |
| SH18 | Trapeze offers are not really convenient for fast ramping capacities (eg hydro power plants and certain DR capacities). These capacities can provide better performances than 10' ramping periods. But according to TERRE design today, such capacities will be penalized for providing better performances than 10' ramping periods for internal needs. It doesn't seem logic to us to penalize capacities for providing better services to the TSOs. |
| SH19 | We strongly support the trapeze offer format, this would bring in more competition by opening up the market opportunities for a more diverse set of technologies – including those with faster ramp-rates.<br>The block offer approach is biased towards conventional thermal generators. |

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| SH20 | SH20 understands that REN is the only TSO who asks for a rectangular shape, this particularity should be duly explained. Differences in the reference applied for the computation of balancing energy deviations will necessarily result in competitive issues for BSPs.<br>Moreover, SH20 draws TSOs' attention on the following issues:<br>- The trapezoidal shape<br>It seems that the proposed normative +/- 5 minutes ramping derives from historical inclusion of commercial XB schedules in secondary Load-Frequency controllers. The aim was historically to avoid "jumps" in activation of secondary reserves due to frequency deviations at schedule changes. SH20 does not understand why this feature should automatically be extended to balancing energy exchanges. Moreover, these "jumps" would likely be compensated through the Imbalance Netting process and the future cross-zonal aFRR activation process. Thus, SH20 asks further explanation and justification about the trapezoidal shape of the incentivised physical delivery of the RR product.<br>- Normative shape incentive<br>SH20 wishes to underline that physical generation assets offered on a unit-based mode will follow their constructive gradient, which cannot be accelerated nor slowed down.<br>In order to maximise social welfare, it is necessary to allow the participation in TERRE of all assets currently participating in balancing markets and able to ramp up within a 30 minutes FAT, even if they can't follow precisely the trapezoidal incentivized shape. Yet, according to the proposed scheme, BSPs will be incentivized to minimise their deviations from the normative physical delivery profile and to include the balancing energy deviation costs in their bids prices. If the incentive is very material, it will result in a sharp increase in some price offers. As a result (i) assets able to follow the incentivized shape will benefit from a bonus in the merit order as the other assets will result in more expensive offers (ii) extra costs due to the consequences of the incentive will increase the balancing fixing price, and will be finally paid by BRPs through imbalance charges. SH20 therefore considers that the incentive has to be a soft one. |
| SH21 | If the same shape is requested / incentivized for delivery in each country, we do not see a problem of a potential competitive advantage. |
| SH22 | The trapeze offer is probably closer to the physical possibilities of an asset. Block offers might advantage technologies capable of delivering very steep ramps. To guarantee technology neutrality we support trapeze offers. |
| SH23 | The design of the trapezoid product is because the people designing the product are TSOs who are concerned about ramping interconnectors. There also needs to be consideration for the providers of the service, only a small subset of which will be able to ramp up to and down from full activation in 10 minutes.<br>With a specified trapezoid product with ramps of +/- 5 minute from the start and end of the delivery period there will be an advantage to any participant whose can ramp at these rates. Plants that are optimised to move quicker or slower would be penalised. CCGTs for example are complex machines with many components and turbines that are optimised in complex control systems to deliver power reliably and as quickly as possible. To deliver these trapezoids would require expensive control upgrades and potentially lead to more failures leading to grid instability. |
| SH24 | If the same shape is requested / incentivized for delivery in each country, we do not see a problem of a potential competitive advantage. |
| SH25 | No |
| SH26 | No comments |
| SH27 | As a preliminary remark, SH27 would like to thank the TERRE TSOs for the initiative of the project, which is giving a very positive impetuous to the balancing market in the involved countries, even beyond the limited scope of the cross-border exchanges of RR product.<br>However, SH27 considers that TSOs proposal to incentivize BSPs to deliver trapeze (i.e. a block product + ramps) is not justified and should be reviewed. If ramps are to be allowed, they should in no way be incentivized. While activating a TERRE bid, TSOs require a block (i.e. a certain amount of MW during a certain period of time): the fact that BSPs do physically deliver with ramps should of course be taken into account, but not impact the product requested. Other markets like intraday and day-ahead follow the same logic: blocks are exchanges event though ramps are physically witnessed. Also, as the TERRE product will be the standard RR product |

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| | accross Europe , TSOs' current proposal would lead to national RR products incentivizing ramps as well. TERRE TSOs proposal to internalize this constraint in the shape of the product will have some impacts and hamper innovation (fast ramping products), leaving the old capacities with important ramps in a comfortable and unjustified position. Finally, event though this would be justified, physical assets all have different ramping constraints, and incentivizing to deliver a standard 10 min ramp will not more cover the reality of what is being delivered. As a conclusion, we strongly request TERRE TSOs to stick to the block product that is requested. |

## Q 3.4 Do you agree with the description of the current local GCT situation for RR?

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| SH1 | - |
| SH2 | SH2 has no specific comments on this. |
| SH3 | Yes |
| SH4 | Yes |
| SH5 | Please see Q 3.5. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | This is correct for France at least. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | Yes |
| SH11 | We agree with the description provided to describe the current local GCT situation for RR. |
| SH12 | The description is clear, the lack of harmonization is negative. Clearly, market participants allowed to bid closer to real time are advantaged.<br>Besides, further details should be given on the expected changes each TSO intend to perform in the national balancing markets.<br>Regarding Spain, we have a minor comment on the description provided to describe the current GCT for RR. It could be added that once opened the “deviation management” (current RR) the GCT is set 30’ after. |
| SH13 | Yes, we agree |
| SH14 | n/a |
| SH15 | We do not notice any discrepancy between the current local GCT situation and the description provided in the paragraph. |
| SH16 | This seems reasonable. |
| SH17 | No comment |
| SH18 | Energy Pool fully agrees with the description of the current local GCT for RR. |
| SH19 | We agree. No comments. |
| SH20 | Yes, the current local balancing GCT is set one hour before real time in France. |
| SH21 | No comment. |
| SH22 | In Switzerland free bids are limited to 100 MW per BSP, by participating to TERRE, this limit must be abolished to guarantee sufficient liquidity from Swiss BSP to the TERRE platform. |
| SH23 | Yes |
| SH24 | No comment |
| SH25 | Yes. |
| SH26 | As previously referred, harmonization is very important so the GCT should be the same for all the BSP, regardless of the physical location of the bid |

## Q 3.5 Do you have any specific comments regarding the definition of the BEGCT and the proposed timings, namely the proposal of the BEGCT to be H-60min?

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| SH1 | We strongly disagree with the proposal of the BEGCT to be set at H-60 minutes. As the XZ ID GCT is also set at H-60 minutes, BSPs will not be able to take into account the final results of the XBID into their offers for the TERRE platform. As a result, market participants will have to make mutually exclusive choice during the last moments of XBID to bid their capacity either in XBID or in TERRE. This will result in loss of liquidity in one or both markets and would imply a de facto move of the ID XZ GCT further away from real-time than the current H-60 minutes. This goes against the CACM Guideline that foresees a ID XZ GCT of H-60 minutes. |
| SH2 | SH2 does not agree with the proposal of the BEGCT to be set at H-60 minutes. As the XZ ID GCT is also set at H-60 minutes, BSPs will not be able to take into account the final results of the XBID into their offers for the TERRE platform. As a result, market participants will have to make mutually exclusive choice during the last moments of XBID to bid their capacity either in XBID or in TERRE. This will result in loss of liquidity in one or both markets and would imply a de-facto move of the ID XZ GCT further away from real-time than the current H-60 minutes. This goes at least against the spirit of the CACM Guideline (Art.59.3) that foresees a ID XZ GCT of H-60 minutes.<br>As indicated in our answer to question 2.14, SH2 proposes to further optimize the pre-tendering and tendering periods to allow BSPs to make offers until at least H-50min. |
| SH3 | We strongly disagree with the proposal of the BEGCT to be set at H-60 minutes. As the XZ ID GCT is also set at H-60 minutes, BSPs will not be able to take into account the final results of the XBID into their offers for the TERRE platform. As a result, market participants will have to make mutually exclusive choice during the last moments of XBID to bid their capacity either in XBID or in TERRE. This will result in loss of liquidity in one or both markets SH3 considers that the Intraday markets should remain the main tool for market participants to rebalance their positions until the balancing energy gate closure time, and is therefore in favour of a short delay between the IDCZGCT (set at H-60 minutes maximum conform to the CACM Regulation) and the BEGCT.<br>A general remark is that in addition to TSO technical constraints, BSP constraints (in particular the constraints related to processing information and processing bids and offers for BSPs) should be duly considered for setting the BEGCT. |
| SH4 | No |
| SH5 | We do not support the proposal setting BEGCT=IDCZGCT. It shall be taken into account that markets based on physical units (instead of portfolio) shall be the most affected by this matter. The processes shall be sequential in order to meet the CACM requirements, achieve a level playing field across Europe and do not affect the ID market close to its GCT. Please see further comments in Q 2.14. |
| SH6 | As we said in Question 2.14 we disagree with the proposal of BE CGT set at H-60 min. The coincidence of the two events, BE GCT and ID GCT, will result in loss of liquidity in both markets and H-60 is the maximum for ID GCT according to CACM Regulation. |
| SH7 | No comments. |
| SH8 | We would prefer to have the Gate Closure Time closer to the delivery in order to minimise interferences with the intraday market.<br>Also, as a small actor it would be difficult for us to take into account the results of the TERRE tender to adapt our specific RTE bids every hour. Hence it would be very useful if there is a cooperation between RTE's MA (Mécanisme d'Ajustement) and TERRE in order for us not to be activated twice for the same bid (and not being able to deliver the requested power). |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | The proposed BEGCT makes sense for the RR product. |

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| SH11 | We do not have any specific comments regarding the definition of the BEGCT and the proposed timings, namely the proposal of the BEGCT to be H-60min. However, we note that this deadline should facilitate the delivery of bids and offers from BSP.s |
| SH12 | BEGCT should be set at least 5 minutes after the intraday market GCT in order to let the BSP update their bids. |
| SH13 | The overall description of the TERRE process includes a pre-tendering phase in which all TSOs receive the ID scheduling information and all BSPs can submit or update their balancing energy offers and send them to their connecting TSO.<br>Due to some constraints on the balancing market and the reduction of the balancing window, the TSOs propose the BEGCT, deadline for Standard RR Balancing bids submission to the TSOs by the BSPs, to be H-60min. That means that no pre-tendering phase will exist.<br>We strongly regret the proposal of setting the BEGCT at H-60 minutes, as in that case BSPs will not be able to readjust their offers to the TERRE platform with the final results of the XBID markets.<br>Should be that the case, BSPs should have to choose during the last moments of XBID to bid their capacity either in XBID or in TERRE which would result in loss of liquidity in both markets.<br>So, we are in favour of maintaining the pre-tendering phase, a short (five minutes) period between the IDCZGCT (set at H- 60 minutes maximum following the CACM Regulation) and the BEGCT.<br>This five minutes period could be easily obtained running in parallel the pre-tendering phase with some tasks of the tendering phase such as the calculation of the imbalance needs and the calculation/update of the available ATC.<br>Additional time margin can be obtained from the 10 minutes period reserved for the LIBRA fall-back procedure if it is performed at the same time as the LIBRA clearing process. |
| SH14 | n/a |
| SH15 | Please see answer to Q 2.14. |
| SH16 | As we mention in our response to question 2.14, the current proposal for BEGCT provides no time for participants to prepare and submit TERRE offers after the end of the intraday market. Consideration should be given to providing BSPs some time to do so.<br>Additionally, it is regrettable that the opportunity hasn't taken to increase the number of BEGCs to bring them into line with local balancing arrangements or ISP durations. |
| SH17 | SH17 broadly supports the proposed Balancing Energy Gate Closure Time (BEGCT) of -60 min as this would put it in line with the current timings for the UK gate closure times.<br>Clarification would be required on the practical side of submitting physical notifications (PNs) to the TSO, these PNs may not be fully know at that point if participating in within day trading / optimisation.<br>One further caveat is that it may affect market liquidity amongst the different TERRE member markets if they are not the same as the UK timings. |
| SH18 | Energy Pool fully agrese with the definition of the BEGCT and the suggested timing. |
| SH19 | No comments. |
| SH20 | As mentioned in the answer to Q2.14, BSPs are given no time after the Intraday Gate Closure Time to process their offers before the BECGT. We note that this would oblige BSPs to terminate their scheduling process before IDCZGCT in order to be able to process RR balancing energy offers, which would be detrimental to liquidity on ID markets in periods close to the gate closure. To avoid that impact on intraday market, a better solution is to schedule a time period of few minutes (for instance five minutes) between the IDCZGCT and the BEGCT.<br>SH20 also points out that some arrangements set in the French rules on ID generation schedule will have to evolve, as notifications are currently accepted by RTE between H-60 and H-45, otherwise BSPs would have additional difficulties to process their RR offers. |
| SH21 | We strongly disagree with the proposal of establishing the BE GCT at H-60 minutes. As the XB ID GCT is also set at H-60 minutes, BSPs will not be able to take into account the final results of the XBID into their offers for the TERRE platform. As a result, market participants will have to make mutually exclusive choice during the last moments of XBID to bid their capacity either in XBID or in TERRE. This will result in loss of liquidity in one or both markets and would imply a de facto move of the ID XB GCT further away from |

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| | real-time than the current H-60 minutes. This goes at least against the CACM Guideline that foresees an ID XB GCT of H-60 minutes. Moving the BE GCT at least to H-55 minutes would alleviate these concerns. |
| SH22 | We do not agree with the proposal of the BE GCT. For more details see answers under Q 2.14. |
| SH23 | We have some concerns that the TSO-TSO solution may lead to arbitrage opportunities or complications for scheduling plant in markets like GB that fix physical delivery schedules an hour before the start of the half-hour every half-hour. For plants participating actively in TERRE it may mean that they effectively reduce their flexibility in intra-day markets to 24 hour long periods to ensure they don't sell volume that is committed in the second half-hour to TERRE. |
| SH24 | We are concerned about the proposal to fix the Balancing Energy Gate Closure Time (BE GCT) at H-60min and not to foresee any time between the closure of Cross-zonal Intraday and the XB BE GCT. Market participants should be given sufficient time to update and submit offers after the XB Intraday is closed (no closing earlier than today!) and results are communicated. We suggest an earliest BE GCT at H-55min if the two markets have to be run sequentially. |
| SH25 | (3.3.2)<br>No |
| SH26 | We also disagree with the H-60, even considering the security analysis that the TSOs refer. To maintain these timings some local market rules have to change |

## Q 3.6 Apart from the elements stated in Chapter 3, do you think other TSO-BSP and TSO-BRP elements should be harmonized? If yes which ones?

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| SH1 | - |
| SH2 | SH2 understands that incentivizing BSPs to deliver the exchange schedule is closely interlinked with the relation between BSP and BRP. As a result, the harmonization of this aspect would require changes that go beyond the scope of TERRE. Nonetheless, this will impact the way that BSPs are penalized for deviations from the exchange schedule, the associated risks and therefore the risk premium included in the bid price. Even though a full harmonization of the relation between BSP and BRP would go too are in the short run, some alignment may be necessary; e.g. whether it is power or energy based, and the reference price such as imbalance price. |
| SH3 | NA |
| SH4 | No |
| SH5 | Please see Q 1.1. |
| SH6 | It might be desirable to harmonize all the characteristics related to RR, in particular, the penalties in case of not complying with the activated energy. |
| SH7 | In section 3.1.2.4 it is stated that 'some TSOs may not allow their BSPs to offer all bid formats at the first stage […] However, to ensure fair competition and non-discriminatory conditions, all BSPs will be allowed to offer all bids formats at a later operational stage.'. Due to the fact that this transitory period is not delimited in time, the risk of an indeterminate period with unfair and discriminatory conditions for the acting players makes advisable stablishing common stages for all the TSOs involved, in such a way that all bid formats are available for all BSPs at the same time. |
| SH8 | No |
| SH9 | Harmonisation of imbalance settlement will be required under the EB GL Article 52 within 3 years as part of a wider project. It seems inefficient to require earlier harmonisation under TERRE that might be undone by the later pan-European harmonisation of imbalance settlement project.<br>However, we need to know if TERRE will propose to harmonise any aspects as soon as possible, e.g. Balancing Energy Deviation Price (BEDP), as harmonisation is likely to impact the local implementation arrangements we are already making to accommodate TERRE in GB. |
| SH10 | No opinion. |
| SH11 | Apart from the elements given in Chapter 3, our initial views are that we do not think other TSO-BSP and TSO-BRP elements should be harmonized. However, we require further information of the detailed algorithm and industry rules to comment further on this issue. |

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| SH12 | As already stated, the possibility to do portfolio bidding should be harmonized as well as the imbalance price regulation. |
| SH13 | No comment |
| SH14 | Harmonisation of imbalance settlement will be required under the EB GL Article 52 within three years as part of a wider project. It seems inefficient to require harmonisation under TERRE that might be undone by the pan-European harmonisation of imbalance settlement project. |
| SH15 | Please refer to answer to Q 3.7. |
| SH16 | Wherever possible, elements should be harmonised between market areas to ensure to avoid distortions which would give participants in one or more market areas an unfair advantage over others. However, there are differences between the structures of the markets concerned that make this impractical at this moment. The focus on the elements of harmonisation set out in the document seems to be about right and leaves scope for further evolution of this as the mechanism settles down. |
| SH17 | No comment |
| SH18 | Energy Pool thinks that, for the sake of market competition and creating a level playing field among market parties, all market parties should be incentivized the same way. As mentioned in answer to Q3.3, a French hydro power plant shall not be penalized for providing a faster ramping period while capacities from countries are not penalized in the same situation. |
| SH19 | No comments. |
| SH20 | Imbalance adjustment:<br>SH20 believes that the rules on the imbalance adjustment of the BRPs should be defined in detail and be prescriptive in the different incentive models. To ensure the consistency of the incentives sent to all BRPs in TERRE, the following principles should be explicitly described:<br>- In model A, the imbalance adjustment of the BRP of the asset participating in TERRE should be based on metered delivery, the difference between requested and metered energy being affected to the BSP (or the BSP's BRP) as balancing energy deviations.<br>Some countries, e.g. France, have set mechanisms allowing a third party BSP to participate in balancing markets with assets which are not within their balance perimeter, without requiring any prior BRP's approval. In this case, it is essential that imbalance adjustment rules ensures the neutrality of the BRPs of the related assets.<br>- In model B/C, the imbalance adjustment should be based on requested energy, the difference between requested and metered energy being included in BRP's imbalance.<br>Non-delivery penalties:<br>Footnote 19 mentions "additional penalties (…)". If applicable, such penalties and their features (tolerance band, level, and control period) would also be a major issue affecting the level playing field between market participants.<br>Last, prequalification conditions have been mentioned by TSOs and must be further tackled. |
| SH21 | Even though a full harmonisation of the relation between BSP and BRP would go too far in the short run, some alignment may be necessary; e.g. the reference price at which imbalance is penalised. |
| SH22 | A harmonization of the imbalance price scheme throughout all TERRE participants. To avoid a merge of balancing and congestion actions the remuneration of congestion measures should be harmonized amongst TERRE participants. |
| SH23 | The treatment of ramps to deliver volume in the delivery period. Not every plant can deliver a 10 minute ramp to full activation. Should ramps be priced at the imbalance price or included as balancing services volumes and be removed from settlement calculations? |
| SH24 | No comment |
| SH25 | Local reasons for flagging bids unavailable by a TSO could be a point of harmonisation |
| SH26 | No comments |

## Q 3.7 Following the information provided in Chapter 3, can you indicate your top three harmonization priorities?

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| SH1 | - |
| SH2 | SH2 considers the following three elements of high priority for harmonization:<br>- Balancing Energy Deviation Settlement Price, including any additional penalties and market regulation rules.<br>- Imbalance Adjustment.<br>- Remuneration of activated bids by the Pay-as-Cleared on the TERRE platform (irrespective of whether it was activated by TERRE or the local TSO as an 'unavailable bid') without caps and floors to bidding price. |
| SH3 | We consider the following three elements of high priority for harmonization:<br>- Criteria/rules for Balancing Energy Deviation Settlement Price, including any additional penalties or market regulation rules.<br>- Imbalance Adjustment.<br>- Removal of caps and floors to the bidding price. |
| SH4 | 1. Interconnector delivery times (minimum time a Interconnector can be scheduled), currently 60mins, this would ideally be reduced to 15mins.<br>2. Minimum Delivery Period<br>3. FAT |
| SH5 | Please see Q 1.1. |
| SH6 | The main concerns we have regarding harmonization are the following:<br>- Criteria/rules for Balancing Energy Deviation Settlement Price, including any additional penalties or market regulation rules.<br>- Imbalance Adjustment. |
| SH7 | Caps/floor prices harmonization.<br>Products harmonization (in time).<br>Harmonization of deviations. |
| SH8 | 1. Coordination with RTE's "Mécanisme d'Ajustement"<br>2. BSP/BRP-TSO settlement rules and penalties<br>3. Blocks design, particularly the time parameters |
| SH9 | Harmonisation of imbalance settlement will be required under the EB GL Article 52 within 3 years as part of a wider project. It seems inefficient to require earlier harmonisation under TERRE that might be undone by the later pan-European harmonisation of imbalance settlement project.<br>However, we need to know if TERRE will propose to harmonise any aspects as soon as possible, e.g. Balancing Energy Deviation Price (BEDP), as harmonisation is likely to impact the local implementation arrangements we are already making to accommodate TERRE in GB. |
| SH10 | The incentivised shape |
| SH11 | Out key harmonization principles are:<br>1. Product definition: the standard TERRE product needs to be define for both cross border exchange and BSP delivery;<br>2. Clearing: A standard approach to clearing is required including rules associated with over or under delivery and the attribution of costs for top up and turn down.<br>3. BSP obligations: A standard approach towards BSP obligations is required to ensure that market participants are operating on a level playing field.<br>The imbalance settlement period does not require harmonization for the delivery of Project TERRE. Since GB BSPs operate under GB Grid Code rules, a GB BSP must deliver a physical volume under a direct instruction from the GB TSO. On this basis the GB BSP is capable of delivering the required physical product from the cross border exchange by the TSO. Settlement of the GB product is under GB domestic arrangements and should be compatible with 15 minute physical delivery across a half hour settlement period. |

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| SH12 | 1. Portfolio bidding<br>2. Imbalance price regulation (i.e. adoption of the single price rule according to the EB NC)<br>3. Cap and floors |
| SH13 | 1.- imbalance adjustment<br>2.- imbalance energy settlement price<br>3.- ... |
| SH14 | n/a |
| SH15 | SH15 agrees with the scope of providing consistent and efficient incentives, regardless if they are provided through BRP or BSP. However, we think that the current level of harmonization could be improved and the TSOs shall focus on the settlement procedures harmonization for granting a level-playing field for all participants.<br>Imbalance prices and settlement period: Even if these are national issues, in our opinion imbalance prices shall have a common methodology and the imbalance settlement period shall be the same for all control areas. We understand that the imbalance prices target depends on the structure of the market and that these elements exceed the competences of TERRE project. However, we believe that maintaining the regulation of these two key imbalance aspects only at national level could introduce market advantages to participants that can benefit from less penalizing imbalance schemes or different settlement periods. Therefore, we strongly suggest to uniform both the regulation of imbalance prices and the imbalance settlement period at European level.<br>Incentivised delivered shape: in spite of the structural differences characterizing the national electric systems, there shall be a common view on the procedures to evaluate the RR product actual delivery, in particular if considering the power profile or the energy volume. As previously stated, TSOs shall propose to elaborate a vision on how this issue can be harmonised and which level of harmonization is truly reachable.<br>Flexibility incentives: the BSPs/BRPs that are capable of offering flexible performances and divisible bids shall be adequately rewarded by TERRE. This could be implemented by avoiding additional parameters, for instance the need flexibility, or allowing only block offers to be rejected (see previous answers 2.3 and 2.13) and by applying settlement schemes as similar as possible to model A (par. 3.2.2.2), where the ability of following the up/down ramps expected by the TSOs is remunerated. |
| SH16 | As we mention in our response to Q3.6, there needs to be harmonisation across as many elements of the arrangements as possible. Nevertheless, these would be our three priorities:<br>• Parties to be paid as clear for TERRE acceptances.<br>• Harmonised treatment of imbalance volumes against assumed shape (ie treatment of ramps/ settlement against the assumed trapezoid).<br>• Harmonised methodology for setting the price for non-delivery of TERRE actions (Balancing Energy Deviation Settlement Price/Imbalance Price). |
| SH17 | SH17 considers the following to be in order of priority:<br>1) Removal of any caps and floor pricing<br>2) Clarification of the BEGCT timings |
| SH18 | 1) Penalties<br>2) Activation mode<br>3) Maximum delivery period |
| SH19 | 1. Product definition: the standard TERRE product needs to be defined for both cross border exchange and BSP delivery;<br>2. Clearing: A standard approach to clearing is required including rules associated with over or under delivery and the attribution of costs for top up and turn down.<br>3. BSP obligations: A standard approach that does not discriminate against any particular technologies is needed for BSP obligations. SH19 is especially keen that this must enable Renewable Energy Systems, Storage and demand side response to participate without undue restrictions. |
| SH20 | The first priority should be the harmonization of the incentives for BSPs to deliver the required balancing service. In particular, an additional incentive to follow a specific power profile and not only the requested volume of balancing energy is not acceptable if addressed only to some BSPs. |

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| | Therefore, SH20 considers the three following elements of high priority for harmonization:<br>- Incentives on the physical delivery expected by TSOs (trapeze/rectangle, power/energy);<br>- Financial settlement parameters for balancing energy deviations (imbalance price and period) and potential additional penalties;<br>- Compensation for the loss of opportunity in case of "unavailable bids" filtered by the TSO. |
| SH21 | We consider the following three elements as high priority for harmonisation:<br>- Balancing Energy Deviation Settlement Price, including any additional penalties or market regulation rules<br>- Imbalance Adjustment<br>- Removal of caps and floors to the bidding price. |
| SH22 | 1. Caps/Floors must be abolished for all TERRE participants<br>2. All participants must be able to provide identical profils<br>3. The local rules regarding timing must be harmonized<br>4. The treatment of unavailable bids should applied identically for all participants<br>5. Harmonization of market parties' incentives (3.2.2.2) to avoid discriminations between market participants. |
| SH23 | 1. Definition of the product, trapezoid with volumes outside the delivery period counting to imbalance feels incorrect.<br>2. Definition of handling of ramps in imbalance<br>3. Imbalance price algorithms to prevent regulatory arbitrages |
| SH24 | No comment |
| SH25 | First and foremost, harmonization should be brought to Price of The Bid and to pricing boundaries : for instance if, within TERRE, negative prices are allowed in a TSO zone and not allowed in another one, this could lead to price distortions and would most certainly affect the optimisation.<br>Mimimum delivery period would, i our view, be the second point (as long as most other high priority points are already harmonized accross TERRE participant TSOs).<br>Though divisibility is regarded as medium priority here (page 40 of the document), it is likely to exclude capacities from the bidding process. |
| SH26 | No comments |

## Q 3.8 Do you have any additional comments regarding Chapter 3 content? (Please indicate sub-chapter reference when possible)

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|---|---|
| SH1 | - |
| SH2 | SH2 has no further comments on this section. |
| SH3 | NA |
| SH4 | We do not agree with 10min ramps or that ramps cut into the delivery period for a number of reasons:<br>1. There is a 30min activation period, so participants should be able to ramp over the entire 30mins should they need to. This would result in maximum participation in TERRE as BSPs would not be penalised for not following a 10mins ramp.<br>2. The transition between one 1hr delivery period to the next becomes difficult as the asset has already started to ramp when the new instruction makes them ramp back up in the following delivery period , resulting in "V" shaped instructions which are impossible to follow. This also makes settlement much more complicated.<br>3. As the 10min ramp crosses settlement periods it makes settlements difficult, especially in the transition between one 1hr delivery period and the next. |
| SH5 | - |
| SH6 | - |
| SH7 | Concerning the 'prequalification process', mentioned several times along the document, we understand that it refers to a local process managed by the TSO, i.e., if a current BSP is already prequalified for participating in local RR mechanisms, no further processes would be required. Otherwise, clarification would be needed. |
| SH8 | We would like to see Gate Opening Time well before Gate Closure Time for BSPs (several hours at least) in order to post our balancing bids in advance for several delivery periods. |
| SH9 | SH9 is not making a response to this particular Question. |
| SH10 | No. |
| SH11 | We do not have any additional comments regarding Chapter 3 content |
| SH12 | (Par. 3.1.2.3 "CDS and conversion of balancing offers"). We welcome the definition of the methodology that Terna will implement for the conversion of ISP bids into standard TERRE products. This is the first time that this has been defined, although not yet in sufficient detail. We also appreciate that Terna – in the implementation of such methodology – will apply "no price manipulation; i.e. the BSP is free to indicate a price (€/MWh) to be applied to the bids submitted to LIBRA platform" and will seek to maximize the volumes. Nevertheless, due to the high relevance of the conversion process and the impacts that it will have on the Italian local market, it is of outmost importance that Italian BSPs are consulted on the detailed definition of of the conversion process itself (not only on the example shown in the TERRE consultation document). It should also be stated whether any constraints are foreseen in the pricing of TERRE bids by BSPs and any correlation there might be with the prices submitted for the ISP bids (namely MSD and MB).<br>(Par.3.2.2.2 "Harmonization of market parties' incentives). Regarding the examples 1 and 2 in par. 3.2.2.2, a precise definition and quantification of the penalty parameters (BEPD+, BEPD-, namely Balancing Energy Deviation Price for positive / negative deviation) is lacking in the consultation document. In order to assess the impact of the proposed rule aimed at incentivising the expected delivery profile, a precise quantification of the above mentioned parameters is needed. In general terms, instead of applying "penalties" in the case of profiles diverging from the "incentivized shape" (but anyway compliant with the "accepted shape"), we suggest that there are incentives for profiles coherent with the incentivized shape, and "standard" payments (not penalties) for profiles coherent with the "accepted shape"). The "incentivized shape" in fact is associated to ramp constraints in the interconnection management process, and as "system" constraints their cost should be charged to the system and not to the BSPs. |
| SH13 | No comment |

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|---|---|
| SH14 | n/a |
| SH15 | SH15 does not have any additional comment on this chapter at present. |
| SH16 | No thank you. |
| SH17 | No comment |
| SH18 | Even if 10' ramping periods seem to have been put in place to comply with XB operational constraints, we don't understand why faster ramping periods cannot be accepted (and not penalized) since they can provide a useful and better service to TSOs for their internal balancing. |
| SH19 | No comments. |
| SH20 | In §3.1.2.4 page 44, it is stated that some TSOs may not allow all bid formats at the beginning of the TERRE operation. SH20 asks that all bid formats are available to all BSPs since the go-live of TERRE or, at least, block offers and linking offers in time which are necessary for unit-based bidding. |
| SH21 | No comment. |
| SH22 | No comment |
| SH23 | No |
| SH24 | No comment |
| SH25 | (Chapter 3) |
| SH26 | No comments |

## Q 4.1 Do you foresee any potential competitive advantage arising due to the timing and the nature of the information published? And Q 4.2 Do you have any specific comments regarding Chapter 4 content? (Please indicate sub-chapter reference when possible)

| Q 4.1 Do you foresee any potential competitive advantage arising due to the timing and the nature of the information published? | |
|---|---|
| SH1 | - |
| SH2 | SH2 does not see any potential issues regarding competitive advantages related to the timing and nature of the information that would be published. |
| SH3 | NA |
| SH4 | The duration between the LIBRA results and the publication of transparency data is too long.<br><br>We believe the data needs to be published within 45mins in order to allow participants to use this data in the preparation of their next submissions to TERRE. |
| SH5 | A gap analysis and a proposal of harmonisation in national publication should be explored by the project and proposed to NRAs now. Minimum set of national publication with homogenous timings should be a prerequisite for the go-live. Afterwards, further improvements should be envisaged. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | The information published seems complete and limits competitive advantage. More generally, all the inputs of the tender process should be made public (anonymously) for market players to be able to reconstitute the marginal price and eliminate any competitive advantage coming from an asymmetry of information. |
| SH9 | Provided that all the information from TERRE is published on the ENTSO-E Transparency Platform in good time, we see no issues with local platforms such as our BMRS platform (mandated for GB electricity data) publishing the same TERRE data immediately afterwards. However, we see that there could be an issue for GB with the proposed time of publication on the ENTSO-E Transparency Platform.<br>We are legally required to calculate and publish indicative imbalance prices, and indicative GB Balancing Mechanism accepted volumes within 45 minutes of the end of each half-hourly (GB) Settlement Period (and actually aim to publish within 30 minutes).<br>In order to calculate realistic indicative GB imbalance prices, we will need to know at least: the TERRE acceptance volumes, clearing prices and uplifts (as referred to in section 2.2.5 of the consultation) applicable to British BSPs.<br>So we will need this data for the first half hour of the hour-long TERRE delivery period preferably by the end of the delivery period, and certainly no later than 15 minutes later than the end of the delivery period. This is quicker than proposed in the TERRE consultation because of the hour-long initial TERRE delivery period. If it is not possible to have such data earlier from TERRE, we will raise this issue with our National Regulatory Authority (Ofgem) to note that the indicative imbalance prices we are required publish may not be a good indication of the final imbalance prices if the TERRE data has not arrived by the time we are required to publish. |
| SH10 | Only if some TSOs regularly publish data significantly more quickly than others. |
| SH11 | We do not foresee any potential competitive advantage arising due to the timing and the nature of the information published. |
| SH12 | The provisions seem consistent with the GL EB.<br>Additionally, to avoid competitive advantages, it should be publish exactly the same information in every zone, and we consider necessary to publish information regarding: information on interconnection controllability actions (constrained and unconstrained outcomes), flexibility needs, unshared bids, and, if kept, details on the configuration of elastic imbalance needs and counter-activations. |

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| SH13 | No comment |
| SH14 | n/a |
| SH15 | SH15 does not foresee any competitive advantage due to the published information. |
| SH16 | In order for participants to understand the value of RR at a particular time and so to make the correct decisions in terms of offering RR bids compared with offering their capacity to provide another service, then data on TERRE needs to be made available as soon as possible. The current aims appear to be linked in with maximum timescales for publishing data set out in regulations. However, wherever possible these timescales should be significantly improved upon and data should be made available as close to real time as can be achieved.<br>Competitive advantage will occur when there is an asymmetry in the information that competitors receive about each other. Under TERRE there will inevitably be an interaction between the TERRE market and local balancing markets. That is, it will be possible to estimate what a unit's TERRE bids might look like from the equivalent bids/offers which are being made into the local balancing mechanism. Therefore, the data published under TERRE should be consistent across all countries who participate and the timing of this should be no later than when the earliest local balancing data is published. |
| SH17 | We do not believe any competitive advantage would arise around the timing and nature of the information published. As the consultation states information will be published 'as soon as possible but no later than 30 mins after the delivery period of an RR product', this information will be available publicly and to all current and potential participants. Therefore, no distinct competitive advantage would arise.<br>Indeed, the publication of market data to all interested parties would ultimately lead to increased competition amongst BSPs following their own analysis of future pricing scenarios.<br>Finally, publication of the data would be in line with the TERRE and GL EB guidelines of transparency and openness. |
| SH18 | N/A |
| SH19 | Real-time information and minimised delays in published information, volumes and prices is requested. |
| SH20 | We do not foresee any difficulty, as long as the published data are aggregated and anonymised. |
| SH21 | No comment. |
| SH22 | Publishing the information as close as possible to real time reduces the competitive advantage of participants with important market shares. |
| SH23 | Yes, TERRE information should be published to a central platform where it can be extracted for analysis and as fast as possible. Participants with large portfolios of TERRE BSPs will be able to gain a competitive advantage if TERRE data is sparse or delayed. |
| SH24 | No comment |
| SH25 | (4) p62 |
| SH26 | No comments |

| Q 4.2 Do you have any specific comments regarding Chapter 4 content? (Please indicate sub-chapter reference when possible) | |
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| SH1 | - |
| SH2 | During the workshop of 12 July – where the consultation was further explained – the publication of the Marginal Price was foreseen as 'no later than 1 hour after the delivery period'. This would be problematic for markets where currently the imbalance price is published earlier, as the marginal price of TERRE would be an integral part of the imbalance price. As the marginal price is already fixed after the algorithm has run – which at the latest should be H-30 minutes, SH2 asks that the TERRE project is much more ambitious in the publication of the marginal price by TERRE.<br>SH2 requests that the following data would be included in the common publication:<br>- Capacity – Price curve.<br>- Information on the cross-border capacity: how much is available/used; which borders were constraining.<br>- Information on interconnection controllability actions: differences between constrained and unconstrained auction outcomes.<br>- If elastic imbalance need is kept: bidding structure by each TSO (volume and prices of elastic imbalance needs).<br>- Information on unavailable bids (volume, price, reason) on TSO-level. |
| SH3 | Public confidence and use of ENSO-E Transparency platform lie in its robustness and reliability. Therefore, some requirements should be met before centralizing the publication of TERRE's important information. These requirements concern the definition of targets in terms of continuity of service, existence of a fallback mode, the actions and timings in order to SH27 the operation and a clarification of the alerts and warnings triggered, and its related publication for stakeholders (Data Owners, Data Providers). Up to now, some concerns have been shared, including in the dedicated working group as to the ability of the platform to meet these requirements.<br>We request also that the following data would be included in the common publication:<br>- Capacity – Price curve<br>- Activation volumes for each product and bidding zone<br>- Information on the cross-border capacity: how much is available/used; which borders were constraining.<br>- Information on interconnection controllability actions: differences between constrained and unconstrained auction outcomes.<br>- If elastic imbalance need is kept: bidding structure by each TSO (volume and prices of elastic imbalance needs and their basis). |
| SH4 | The publishing of data from TERRE should not delay the publication of settlement prices in any local TSO area. |
| SH5 | We suggest the following additional publications:<br>- Tag for unavailable bids accompanied of the detailed reason (according to section 2.2.6 of the document).<br>- Imbalance needs per TSO, and all their features.<br>- The occurrence of indeterminacies and other unexpected events related to the algorithm and processes.<br>- All the constraints imposed to the algorithm.<br>Additionally, there should be detailed and comprehensive quarterly reports at stakeholder's disposal. |
| SH6 | The following data would be included in the common publication, as they are in other processes:<br>- Capacity – Price curve<br>- Information on the cross-border capacity: how much is available/used; which borders were constraining.<br>- Information on interconnection controllability actions: differences between constrained and unconstrained auction outcomes.<br>- Activation volumes for each product and bidding zone |
| SH7 | No comments. |
| SH8 | No |
| SH9 | At first reading, Chapter 4 of the consultation appears to us to imply that publication of TERRE data that is published on the ENTSO-E transparency platform is not permitted to be published on local/national platforms as well, such as the GB electricity data platform which we operate (BMRS).<br>For example, section 4.1.1 of the consultation states "TERRE TSOs are keen to use the existing ENTSO-E transparency platform by replacing the current published data by..." . The word "replacing" can be read to imply no other publication would be permitted. Similarly section 4.1.2 states: "The elements that are not |

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| | belonging to the common list of data can be published on a local level", implies to us that anything that is on the common list cannot be published on a local level.<br>If this is a correct interpretation of the current TERRE proposals, then we would strongly disagree with such a prohibition. We would fundamentally disagree for several reasons:<br>(1) the Transparency Regulation (Commission Regulation (EU) No 543/2013) Article 4(5) explicitly permits local publication in parallel with the required publication on the ENTSO-E Transparency Platform; and<br>(2), the Electricity Balancing Guideline Article 12(5) explicitly requires "at least" publication on the ENTSO-E Transparency Platform, implying that other platforms can also publish the data.<br>We are currently mandated to publish on our platform the breakdown of individual GB balancing energy activations that have contributed to the calculation of the GB imbalance price. If we were not allowed to publish the individual GB TERRE acceptances that have contributed to the calculation of the GB imbalance price, then market participants would no longer be able to understand how, in detail, the GB imbalance price has been calculated. And in our view this would be a retrograde step.<br>We note that, according to a statement in 4.1.1, that bids should be anonymised. This is also against our current GB arrangements where balancing energy bids are transparent and not anonymised. We will seek a view from our NRA, Ofgem, on this point. |
| SH10 | The marginal price should be TERRE clearing price should be published on the same timescales as the other data as outlined in section 4.1.1. |
| SH11 | We do not have any specific comments regarding Chapter 4 content. |
| SH12 | No other specific comments on chapter 4. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | In general, we support the increase of transparency in balancing markets as described in the chapter. It is essential that the market participants have free access to information on the tender procedures, tenders historical data and to allocation process results. We believe that the existing ENTSO-E transparency platform shall be further developed to guarantee the correct forwarding to the information to the BSPs and BRPs, e.g. developing a fallback procedure for the data delivery in case of platform malfunctioning.<br>SH15 welcomes the description of published data, both for aggregated and detailed offers. Furthermore, we hold essential the publication of the following data:<br>• the ID provider of detailed information on the RR bids after 2 working days;<br>• the aggregated activated volumes, separated in upward and downward, per bidding zone;<br>• the cross-border capacity used per border;<br>• the satisfied / unsatisfied TSOs needs, including flexibility/elasticity of the needs (in case introduced);<br>• the reasons explaining why the TSO decided to tag the offers as unavailable.<br>With respect to the last point, SH15 deems as fundamental that the BSPs has the possibility to understand the issues that did not allow him to participate to a particular session of the European RR balancing market.<br>In the end, we want to underline that there is an urgent need of further developing the current Italian balancing market, due to EB GL and the Transparency Regulation requirements of both differentiation the offers according to the type of service and of data publication close to the delivery, and not after 2 months. The way in which the Italian balancing market will be aligned to the European Regulation shall be decided by the Italian TSO and NRA involving all the national stakeholders through specific national consultations. |
| SH16 | The list of items set for publication appears sensible. Wherever possible, information should be published to a small granularity level, preferably by unit. Such information is available in some local markets and to ensure consistent and equitable treatment across all areas, this should be the standard adopted under TERRE.<br>Moreover, we are in favour of mandatory publication (before real time) of unavailability of all types of capacities (conventional generation, renewable, demand side response), at least for capacity providers greater than 10MW. A partial publication of unavailability for only bigger conventional generations would create market distortions. |
| SH17 | 4.1.1 – SH17 fully supports the principle that the detailed information for bids should be anonymized and that no ID provider should be given.<br>Page 64 NG – SH17 is supportive of SH9 being the conduit to publish the data in the UK as they already publish imbalance volume and pricing data and are separate from the TSO (National Grid). |

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| SH18 | N/A |
| SH19 | No comments. |
| SH20 | The public confidence on and the use of the ENTSO-E Transparency platform depend on its robustness and reliability. Therefore, some requirements should be met by the ENTSO-E transparency platform before centralizing the publication of TERRE's important information. These requirements concern the following issues:<br>• the definition of specific targets in terms of continuity of service;<br>• the existence of a fall-back mode;<br>• the actions and timings necessary to SH27 the normal operation of the platform;<br>• the clarification of the alerts and warnings triggered and their related publication for stakeholders (Data Owners, Data Providers).<br>Up to now, some concerns have been shared by users, including within the dedicated working group, on the ability of the platform to meet these requirements.<br>In our view, to ensure adequate transparency of the RR process, the following data should also be published:<br>- The activated upward and downward volumes per bidding zone;<br>- Clearing prices (when appropriate, per biding zone);<br>- The need expressed by each TSO (including flexibility and elasticity curve) and the level of satisfied/unsatisfied need;<br>- The cross-zonal capacity available and used (per border);<br>- Reporting on the "interconnection controllability" mechanism.<br>In §4.1.2 page 63, RTE quotes the current "BALIT" initiative: SH20 understands that TERRE platform will supersede BALIT. Therefore, SH20 requests additional information about the transitional phase. |
| SH21 | We request that the following data be included in the common publication:<br>- Capacity – Price curve<br>- Information on the cross-border capacity: how much is available/used; which borders were constraining<br>- Information on interconnection controllability actions: differences between constrained and unconstrained auction outcomes<br>- If elastic imbalance need is kept: bidding structure by each TSO (volume and prices of elastic imbalance needs) |
| SH22 | As mentioned in chapter 2 an if maintained: unavailable bids, interconnector controllability and elastic bids must be published to guarantee a well-functioning market. |
| SH23 | Section 4.1.1<br>1. First bullet point. Detailed information on all submitted RR bids should be published at GCT+2 minutes not 90 minutes after the end of the delivery period as this will provide those parties with significant scale a signficant information asymmetry advantage. This aligns with GB practice.<br>2. Second bullet point. On summary data this should be published as soon as possible but not until after bullet point 1.<br>3. Accepted bids under TERRE should be published as soon as possible alongside the cleared prices for each balancing zone as this will feed into imbalance prices nationally and provides feedback to balancing service provides.<br>4. There should be no anonymisation of bids and acceptances as certain countries (e.g. GB will be publishing the acceptances close to real time in a non anonymised form in accordance with local rules and also anonymisation encourages vertical consolidation of BSPs and market power abuse due to information asymmetry. This is opposite to the proposal in the document which claims erroneously that making a market opaque will reduce competitive advantage.<br>5. Forward publication of demand / scheduled generation / margin / imbalance need at least upto to 24 hours in advance should be published centrally as this provides a pricing signal and gives an opportunity for intra-day markets to solve any imbalance problem before requiring TSO input via RR.<br>Please ensure that the ENTSO-E working group on developing transparency requirements for the transparency platform includes BSPs and BRPs not just TSO representatives. |
| SH24 | No comment |
| SH25 | any derogation to the price settlement (congestion, local constraints) should be documented and explicited to the balancing Service provider |

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| SH26 | No comments |

## Q 5.1 Do you have any comments regarding Chapter 5 content?

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| SH1 | - |
| SH2 | SH2 has no specific comments on the governance section. |
| SH3 | NA |
| SH4 | No |
| SH5 | Transparency on these aspects of the project is also important. Brief quarterly reports at stakeholder's disposal could be published to show key milestones. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | No |
| SH9 | We repeat our request for close cooperation and information sharing between the TERRE project and our local (GB) implementation project on the detailed design of the TERRE data inputs, outputs and timings, otherwise there is a risk that our local GB implementation will not be ready in time to interface with TERRE.<br>For the avoidance of doubt, we are not interested in the detailed design of the LIBRA algorithm itself except where that would impact our implementation of TSO-BSP/BRP settlements and data publication, e.g. the recent proposal to pay some TERRE acceptances at pay-as-bid rather than at clearing price. We are also concerned that we know of any changes in the TERRE design that may impact us as soon as possible. |
| SH10 | No |
| SH11 | We do not have any specific comments regarding Chapter 5 content. |
| SH12 | BSPs and BRPs should be allowed in the Steering Committee. |
| SH13 | No comment |
| SH14 | SH14 repeats the request for close cooperation and information sharing between the TERRE project and any local implementation projects by third parties on the detailed design of the TERRE data inputs, outputs and timings, otherwise there is a risk that these local implementation projects will not be ready in time to interface with TERRE. |
| SH15 | SH15 does not have any specific comment concerning the governance framework at the moment. |
| SH16 | Consideration needs to be given to how certain aspects of operating the TERRE central arrangements (TSO-TSO) will be dealt with. For instance, how will disputes be handled if there is a miscalculation or if incorrect data is input into the TERRE process? Additionally, how will changes to the arrangements be handled? Who will have the right to propose such changes? From a BSP to TSOs relationship perspective, if a BSP is unhappy with how they have been treated under the arrangements, who do they go to in order to seek redress and is there an appeal route if they are unhappy with any arbitration process? |
| SH17 | No comment |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | The envisaged governance framework should explicitly include stakeholders' involvement.<br><br>SH20 regrets that, up to now, TSOs workshops have only been on a yearly or half-yearly pace, and resulted more in information towards stakeholders rather than constructive exchanges with stakeholders. We regret in particular that some major design elements have only come out through this consultation without previous discussion with stakeholders.<br>An increased involvement of market participants during the design and implementation phases of the TERRE project is therefore of utmost importance. In particular, the future implementation steps (see Q8) will require stakeholders' involvement in due course for the definition of a new detailed implementation plan. |

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| SH21 | No comment. |
| SH22 | No comments |
| SH23 | None |
| SH24 | No comment |
| SH25 | No |
| SH26 | No comments |

## Q 6.1 Do you have any comments regarding Chapter 6 content?

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| SH1 | - |
| SH2 | SH2 welcomes the section on local implementation; especially the overview of main changes is a welcome, first insight on the changes that can be expected during the implementation phase. SH2 would welcome a more structured approach, with a clear timeline on how these changes will be tackled and implemented in each country. |
| SH3 | We would welcome a more structured approach with a clear timeline on how the changes will be tackled and implemented in each country. |
| SH4 | No |
| SH5 | The sections should be more homogenous among countries ad should list the regulatory changes required at national level. This could provide all the parties proper visibility on next regulatory steps, and allow a better identification of key issues. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | No, we view favourably the proposed changes in France. |
| SH9 | If you wish to know more about our local implementation of TERRE, we refer you to the following two websites: x<br>covering settlement with TERRE (by SH9) and system operation with TERRE (by National Grid) respectively. |
| SH10 | No |
| SH11 | We do not have any specific comments regarding Chapter 6 content. We note that Replacement Reserves is a material and significant change to the GB balancing arrangements as required under the GL EB. |
| SH12 | Concerning Italy, portfolio bidding should be allowed. Besides, it is not clear if the frequency of bidding will be changed (other TSOs explicitly commit to move towards 24 GCTs per day).<br><br>Besides, we would welcome a detailed local implementation planning at local level and to start meetings at local level. |
| SH13 | No comment |
| SH14 | n/a |
| SH15 | The differentiation of RR and mFRR is clearly needed for the participation in the European balancing exchange platforms, currently developing for both products, i.e. TERRE and MARI projects.<br><br>We are quite doubtful as regard the transition from the pay-as-bid to the pay-as-cleared modality in the Italian system. Due to structural characteristics, the MSD balancing market in Italy is based on central dispatch and managed as a nodal system and the specificity of Italian market configuration causes additional difficulties in the adaptation to the EB GL target model.<br><br>SH15, thus, advocates for careful evaluation of the transition procedures by both TSO and NRA and for proper discussion of the details in specific national consultations, in order to involve all local stakeholders. |
| SH16 | No thank you. |
| SH17 | 6.2 – With regards to the technical specification and prequalification process this would need mapping out fully and clarifying what exactly is required, it could be that the specifications are aligned to current TSO services, for instance in the UK this could be frequency response, STOR, balancing mechanism, capacity market etc. |

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| | It also needs clarifying exactly how the TERRE product will impact on existing local TSO imbalance calculations and in particular counter activations.<br>Finally, National Grid is currently reviewing the future of its ancillary services products in the UK, TERRE would need to be aligned to this to ensure a smooth fit for BSPs entering into cross border TERE products as well as local ancillary services. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | We understand TSOs' approach to describe the required changes in local rules. As mentioned above, a more detailed description of the targeted local rules is necessary in order to ensure that harmonisation needs are met.<br>See Q7 for additional comments regarding local implementation planning. |
| SH21 | We would welcome a more structured approach with a clear timeline on how the changes will be tackled and implemented in each country. |
| SH22 | The details of the local implementation rules must be discussed in details between BSP, BRPs and local TSOs. The operational impact must be analyzed in more details to provide an exhaustive answer. |
| SH23 | None |
| SH24 | No comment |
| SH25 | (6.3)<br>We have specific concerns regarding plant certification. Our 2 CCGTs of the latest generation are able to provide RR ; Nevertheless, in some particular state of the plant, the shape and/or timing for the standard product are not matching what our plant is designed to generate.<br>As an example, our CCGT located in Toul cannot modulate 150MW in 10 minutes. Or, when the plant is idle for a long period, it cannot reach its full nominal power in less than 30 minutes.<br>With the design as currently proposed, we will, in some situations, be unable to offer the plant capacity, due to the constraints of the standards.<br>For the system benefit and the optimisation of the welfare, we are in favour of a design of shape constraints enabling us to offer all the products that our machines are capable of producing within 30 minutes, even though those products are not made available "standards" the whole time. |
| SH26 | Besides the references made by our TSO, we strongly recommend a portfolio asset management on the RR and in the future mFRR products to comply with the very short times that the BSP have to consider to update those bids |

## Q 7.1 Do you have any comments regarding Chapter 7 content?

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| SH1 | - |
| SH2 | SH2 is worried by the ambitious timeline of the overall TERRE project, compared to the ongoing processes for the (local) implementation. Market parties need sufficient time to adjust their processes and systems to the new TERRE requirements. This means that for a parallel run by end of 2018, the requirements should be available at the latest by Q3 2017. Given the current state of discussions in the individual countries, this seems hard to attain. Without a sufficient time-horizon for implementation, participation to the parallel run and the TERRE platform from the beginning may not be possible.<br>Moreover, the requirements of the local implementation should be established in consultation with (local) stakeholders. For this, at least one consultation on the TERRE implementation on local level should be organized; ideally combined with a more interactive and iterative process of |

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| | stakeholder feedback.<br><br>Given the ambition for parallel run and go-live, the urgency for these elements is increasing. SH2 therefore asks the TERRE project team to stress the importance for such transparency and stakeholder interaction for the smooth implementation of TERRE with each individual TSO. |
| SH3 | We are worried about the disparities of information given by TSOs on the ongoing processes for the (local) implementation. Market parties need sufficient time to adjust their processes and systems to the new TERRE requirements. This means that for a parallel run by end of 2018, the requirements should be available at the latest by Q3 2017. Given the current state of discussions in the individual countries, this seems hard to attain. Without a sufficient time-horizon for implementation, participation to the parallel run and the TERRE platform from the beginning may not be possible for all BSPs.<br><br>Moreover, the requirements of the local implementation should be established in consultation with (local) stakeholders. For this, at least one consultation on the TERRE implementation on local level should be organized; combined with an interactive and iterative process with stakeholders.<br><br>Given the ambition for parallel run and go-live, the urgency for these elements is increasing. We therefore ask the TERRE project team to stress the importance for such transparency and stakeholder interaction for the smooth implementation of TERRE with each individual TSO. |
| SH4 | There must be a large enough window between the completion of functional design and parallel running to allow the BSP to develop their own internal systems in order to participate in TERRE.<br><br>This is currently 9months on the plan and we see this as the absolute minimum. |
| SH5 | Even if the chapter states that the national redesign activities are not in the scope of this document, we suggest the joint publication by all the TSOs involved in the project of a detailed plan of national activities with regional milestones to ensure consistency among them, regularly updated.<br>Regarding the monitoring of the implementation progress, we suggest regular public reports issued by the ITWG and TWG publicly available and strong cooperation with market participants, both at national and regional level. Stakeholders should be allowed to give an opinion on these matters.<br>We think that the involvement of the BSP in the parallel run foreseen in the planning will be easier with these proposals. A report on the results of the parallel run should be published and subject to comments of the stakeholders.<br>For further comments related to this matter, please see Q 1.1. |
| SH6 | The parallel run by end 2018 has a short period and BSP's should also adjust their own systems to fulfil the TERRE requirements. So it might be desirable more interaction between the TERRE project team and the stakeholders. |
| SH7 | Although the document explicitly indicates that the 'national redesign activities are not in scope of this consultation paper', we would like to emphasize the importance of establishing a parallel (currently inexistent) national plan involving all local market players, to guarantee that needed system and process developments are required with time enough to be adequately addressed.<br>In any case, the balancing mechanism designed in TERRE must be above all a transparent TSO-TSO solution, therefore special efforts should be put in place by TSOs to guarantee that objective while introducing the minimum possible changes to the current and local bidding structure for market players. |
| SH8 | We would appreciate to be informed of any changes in the planning. We would also like to be informed as soon as possible of the necessary IT implementations in order to be able to participate to the parallel run and to be ready for the go-live day.<br><br>We would like rules harmonisation to happen as soon as possible. |
| SH9 | The scope of the parallel run is unclear to us. We can see that it includes BSPs, but not whether it includes post-event settlement with BSPs or with BRPs. SH9 is expected to undertake these activities in GB, so we anticipate being part of any parallel runs that include this. As a minimum |

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| | we would expect to be party to onward data transfers from TERRE via our TSO, National Grid, to test our systems. This will be essential to the successful implementation of TERRE in GB.<br>Is the intent for all Member State TSOs to go-live with TERRE simultaneously? If not, will there be further parallel runs for those Member States that did not join in the first wave? We suggest that this is necessary.<br>Our implementation timescales are extremely tight even at this stage. Again we repeat that the detailed design of interfaces for TERRE settlement and data publication purposes should be determined and shared with us as soon as possible. We request that this is then not changed nearer to planned TERRE go-live as we will then require an additional local regulatory approval process for our local implementation of TERRE, which is likely to delay implementation in GB. |
| SH10 | No |
| SH11 | We note that considerable work is required with BSPs and TSOs to develop detailed implementation plans. In addition, BSP will have to develop relevant systems to interface with the TSO TERRE systems. These will need development, testing and trialling prior to go live. |
| SH12 | In the Gantt shown in Figure 7-1 (page 75) the TERRE project's go-live window is set at the end of Q2-2019. This is at least six months ahead of the deadline set by the Electricity Balancing Guideline for the implementation of the European platform for the exchange of balancing energy from RR (assuming entry in force of the EBGL at the end of 2017, as supposed in the consultation document). Such anticipation of six months or more is not compatible with the time required for the definition, consultation and implementation of all local processes and related IT systems for both TSOs and BSPs (namely, the submission of offers and bids by BSPs to local TSOs, detailed features of the conversion of integrated scheduling process bids into standard products, settlement, etc.). These are key features that - as stated in the answer to Q 2.1 - are not tackled (or marginally tackled) in the consultation document. Restricting the time for this phase of the development would be detrimental to the local BSPs. Hence, we suggest keeping the go-live window in line with the EGBL requirement, i.e. the end of 2019. |
| SH13 | Market participants need sufficient time to adjust their processes and systems to the new TERRE requirements.<br>This means that, given the current state of works, many BSPs could have difficulties to implement on time all the processes. |
| SH14 | The scope of the parallel run is unclear. We understand that it includes BSPs, but we are not sure whether it includes post-event settlement with BSPs and BRPs. To reflect national arrangements, third parties undertaking these activities should be part of any parallel run that includes this.<br><br>Is it the intent for all TSOs in all Member States to go-live with TERRE simultaneously? If not, will there be further parallel runs for those Member States that did not join in the first wave? We suggest that the latter is necessary. |
| SH15 | SH15 acknowledge the TSOs efforts to establish the main functioning of LIBRA platform in time with the requests provided by the EB GL. Nevertheless, we believe that the proposed planning shall be modified to include a foreseen period for national consultation in order to establish the requirements for local implementation.<br><br>In addition, market parties should be given enough time to adjust their processes and IT systems for participating to the TERRE implementation phase. Since the TSOs expect the BSPs to take part to the parallel run, they shall provide enough time and information to BSPs in order to guarantee that all interested parties have equal chances to participate. |
| SH16 | It appears that different TSOs are interacting with local stakeholders such as BSPs and BRPs to different extents. There is still a lack of clarity about how the TERRE mechanism will work exactly, and how this will interact with other mechanisms such as local balancing arrangements and cross border markets such as XBID and MARI.<br>Although timescales for introducing certain mechanisms are set out in the Guideline on Electricity Balancing, the focus should be on ensuring that the arrangements are correct and National Regulatory Authorities and ACER should be sympathetic to this when deciding to how they enforce these deadlines. |

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| SH17 | Following on from earlier comments about the tight timescales for implementation of the TERRE product (circa Summer 2019) it will be difficult for all TSOs to adjust their processes on time (it is even tighter when considering the time period for parallel running). Time needs to be provided for full due diligence rather than effectively forcing it through and then to deal with the potential issues following the launch of TERRE. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | The terms and procedures of the BSP-TSO interactions are about to undergo significant changes, requiring stakeholders' consultation, detailed design, NRAs' approval and BSPs' implementation efforts. All these steps should be included and described in the overall TERRE implementation planning (figure 7-1).<br>Enough time should be granted for BSPs' implementation of the required changes, which can only start when all the specifications will be finalised. If this condition is not met, some BSPs will not be in time for submitting offers. SH20 considers that the go-live will only be a success if every party is ready by then, for submitting offers, running the platform and settling its outcome. And once again, SH20 wishes to highlight that BSPs' constraints and costs should be also duly considered.<br>A detailed planning of the parallel run phase will also be a major input for BSPs' developments schedules, as this will determine the date by which BSPs will have to be ready to make offers on the TERRE platform. |
| SH21 | We are worried about the lack of information on the on-going processes for the (local) implementation. Market parties need sufficient time to adjust their processes and systems to the new TERRE requirements. This means that for a parallel run by the end of 2018, the requirements should be available at the latest by Q3 2017. Given the current state of discussions in the individual TERRE project countries, this seems hard to reach. Without a sufficient time-horizon for implementation, participation to the parallel run and the TERRE platform from the beginning may not be possible.<br>Moreover, the requirements of local implementation should be established in consultation with (local) stakeholders. For this, at least one consultation on the TERRE implementation at the local level should be organised, ideally combined with a more interactive and iterative process of stakeholder feedback. Given the timing ambition for the parallel run and go-live, the urgency for these elements is increasing. We therefore ask the TERRE project team to stress with each individual TSO the importance of such transparency and stakeholder interaction for the smooth implementation of TERRE. |
| SH22 | We regret the lack of information provided by the TERRE project between the two consultation phases. A constant and iterative exchange between stakeholders and TERRE would help to dedicate the necessary resources to follow the project and thus result .<br><br>Additionally the local implementation must now be launched to guarantee an proposed planning. |
| SH23 | None |
| SH24 | No comment |
| SH25 | No |
| SH26 | No comments |

## Q 8.1 Do you have any comments regarding Chapter 8 content?

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| SH1 | The Imbalance Settlement Period is expected to decrease to 15 minutes by 2025 at the latest and the Clean Energy Package foresees a Market Time Unit in line with the ISP. It would therefore be prudent that the TERRE project anticipates to the new market circumstances that will accompany these changes. |

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| SH2 | As explained in our answers to questions 2.12 and 2.14, SH2 is in favour of increasing the schedule steps and proposes to streamline processes to accommodate future increases in the daily TERRE gates. The Imbalance Settlement Period is expected to decrease to 15 minutes by 2025 at the latest and the Clean Energy Package foresees a Market Time Unit in line with the ISP. SH2 therefore considers it prudent that the TERRE project anticipates to the new market circumstances that will accompany these changes. |
| SH3 | We propose to streamline processes to accommodate future increases in the daily TERRE gates. The Imbalance Settlement Period is expected to decrease to 15 minutes by 2025 at the latest and the Clean Energy Package foresees a Market Time Unit in line with the ISP. It would therefore be prudent that the TERRE project anticipates to the new market circumstances that will accompany these changes. |
| SH4 | No |
| SH5 | Please see Q 1.1. |
| SH6 | - |
| SH7 | No comments. |
| SH8 | No |
| SH9 | Again we repeat, as we have throughout this consultation response as it is so important for a timely and efficiently planned implementation of TERRE in GB, that the detailed design of interfaces for TERRE settlement and data publication purposes are determined and shared with us as soon as possible and are not changed nearer to planned TERRE go-live. Changes after the regulatory approval of our initial design will then require an additional local regulatory approval process for each subsequent change to our local implementation of TERRE.<br>This also applies to changes introduced in the future after initial implementation – normally we require approximately 18 months to design, consult upon, and obtain regulatory approval for changes to our systems and to implement them. So to be sure of continued, seamless GB participation in TERRE after initial go-live we would be seeking 18 months' notice of any system changes from the TERRE project. |
| SH10 | No |
| SH11 | We do not have any specific comments regarding chapter 8 content. |
| SH12 | We appreciate the commitment of TERRE TSOs to implement the centralized platform with enough flexibility to handle different processes and products. Moreover, we suggest anticipating as early as possible the extension of the TERRE platform to the mFRR products, in order to exploit opportunities of exchanging flexibility products at European level. |
| SH13 | No comment |
| SH14 | It is vital for a timely and efficiently planned implementation of TERRE, that the detailed design of interfaces for TERRE settlement and data publication purposes is known and shared with participating third parties as soon as possible and is not changed nearer to the planned TERRE go-live. This also applies to TSO and non-TSO settlement organisations who may join at a later date.<br><br>Changes after the regulatory approval of the initial design can then require an additional local regulatory approval process for each subsequent change to the local implementation of TERRE. This also applies to changes introduced in the future after the initial implementation. An adequate timeframe is required to design and obtain regulatory approval for changes to systems and to implement them. |
| SH15 | The adaptation of the current design of TERRE from one hourly clearing process to more frequent clearings should be evaluated subsequently in a second moment in time, due to the still open issues in the project definition. For instance, the EB GCT proposed in this consultation as coinciding with the IDCZGCT does not seem in line with the European target model and further careful analysis is necessary (see answer to Q 2.14). Besides, we expect that any additional change in the timing and processes will be adequately presented and discussed in a specific open consultation. |
| SH16 | No thank you. |

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| SH17 | With regards to the centralised IT platform clarification of costs is required i.e. how much will it cost, how it will be charged etc.<br>Also, given the complexity of the project, analysis would be required to estimate how long the LIBRA algorithm would take to compute. As it crosses multiple borders involving multiple TSOS and BSPs the more complexity that is added into the process the longer it will take to calculate. |
| SH18 | N/A |
| SH19 | No comments. |
| SH20 | The TERRE current process has been designed to accommodate hourly clearings, at least at the beginning. As mentioned in §8 on page 76, the reduction of the duration of market time units and the increase of GCTs' frequency will lead to introduce additional clearings. Thus, the TERRE processing and clearing timeline shown on figure 2-17 would be accelerated.<br>As mentioned in Q5.1, these major changes will require stakeholders' involvement in due course for the definition of a new detailed implementation plan. BSPs already need enough visibility on the evolutions of TERRE after the first go-live phase in order to identify and implement technical solutions compatible with these evolutions and not only with the processes implemented in the first phase.<br>For instance, the sequence of successive GCT – clearing - activation will be an issue: in order to update schedules and bids, a sufficient period must be granted between the activation of orders from clearing N and the GCT N+1 (see also answers to Q2.14 and 3.5 about the time lag between IDGCT and BEGCT, and orders' activation timeline).<br>This subject is one very illustrative example of the need for an extensive involvement of stakeholders. It also shows that it is already key not to focus only on the go-live phase. |
| SH21 | As explained in our answers to questions 2.12 and 2.14, we favour the increase of the schedule steps and propose to streamline processes to accommodate future increases in the daily TERRE gates. The Imbalance Settlement Period is expected to decrease to 15 minutes by 2025 at the latest and the Clean Energy Package foresees a Market Time Unit in line with the ISP. It would therefore be prudent that the TERRE project anticipates the new market circumstances that will accompany these changes. |
| SH22 | No comments |
| SH23 | None |
| SH24 | No comment |
| SH25 | _ |
| SH26 | No comments |