

The performance of Austrian balancing
market, challenges and expected
impact of the upcoming European
Network Codes

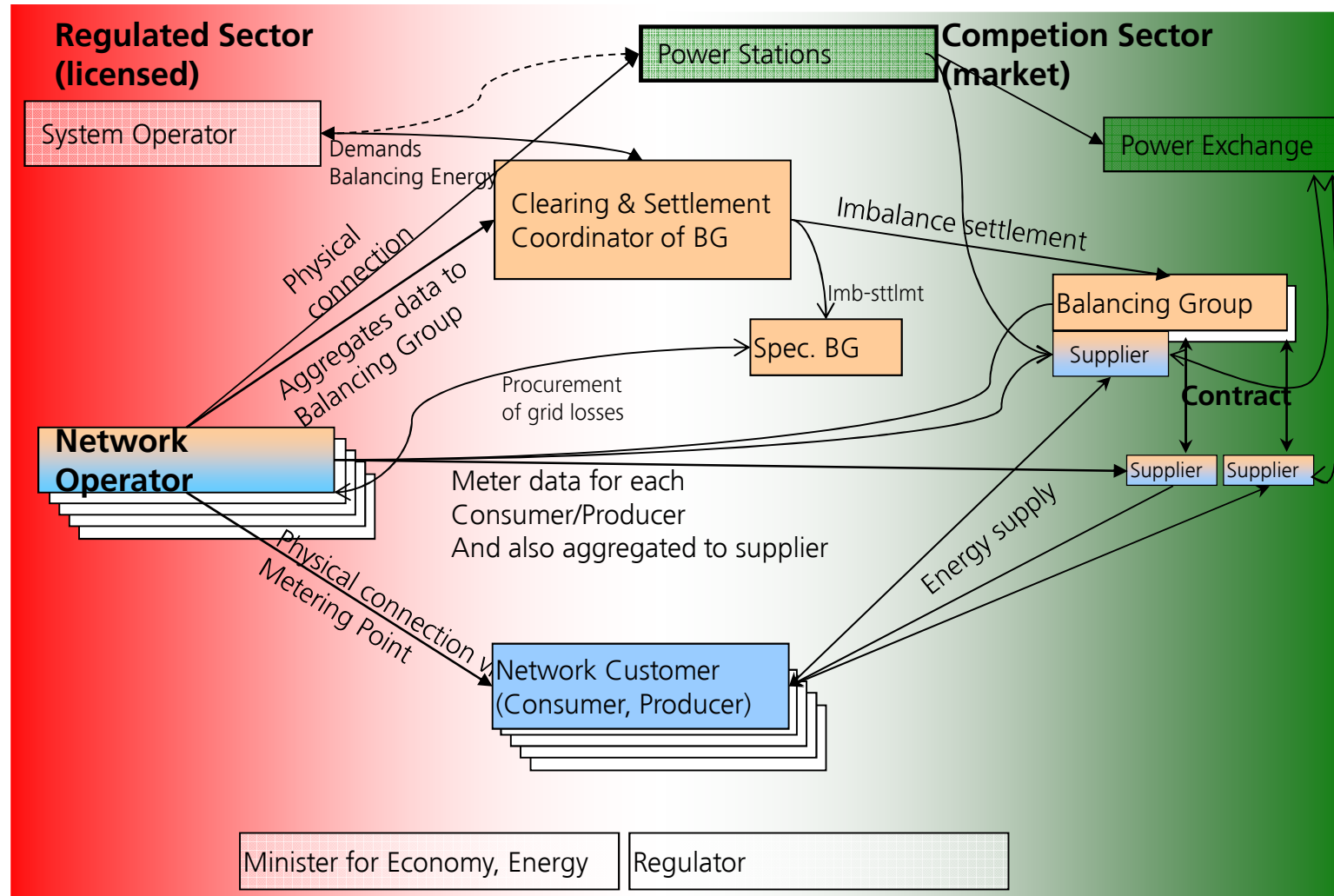
Sofia, 8.4.2014, guenter.bramboeck@evn.at

Topics alluded:

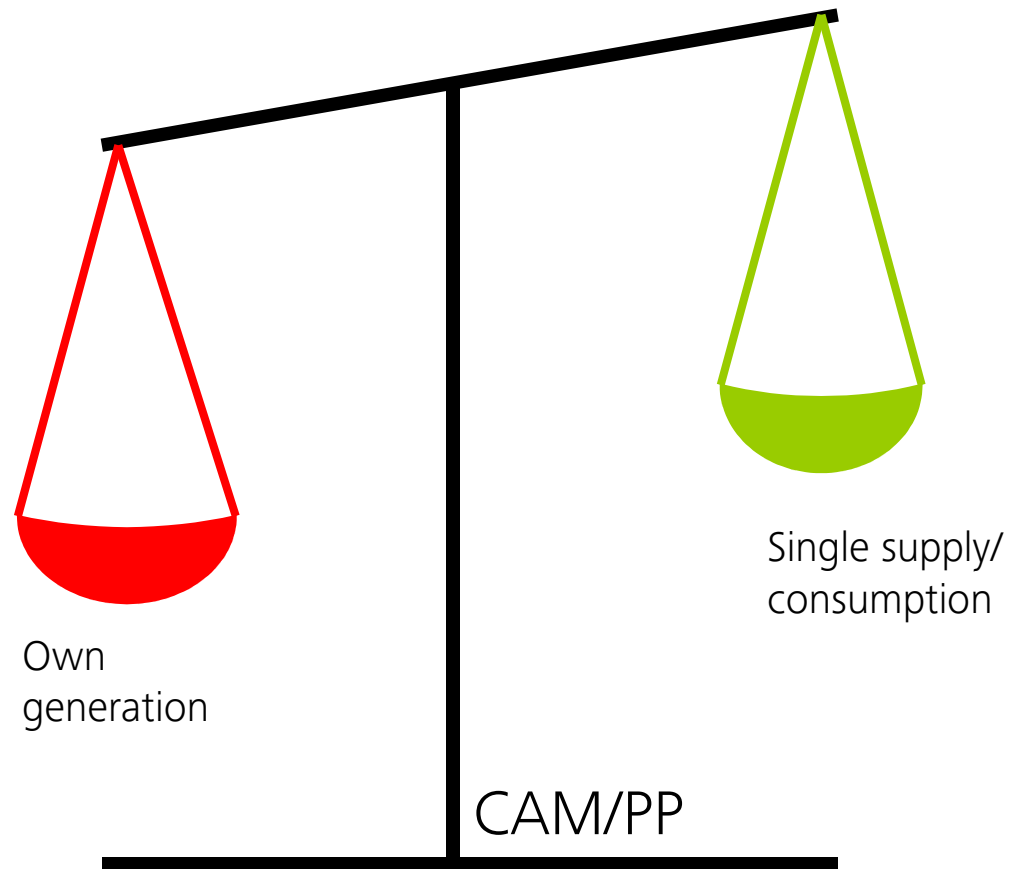


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- Market organization in Austria, key players
 - Data processing essentials: data collection, clearing & settlement, balancing price
 - Most relevant market data: size, performance, congestions, transparency
 - Strengths, weaknesses, concerns, lessons learnt
 - Key new ENTSO-E Network Codes
 - Network Code “Electricity Balancing”: recent ACER Opinion and the consequences
 - Main requests and challenges for Bulgaria and the regional market
 - Conclusions

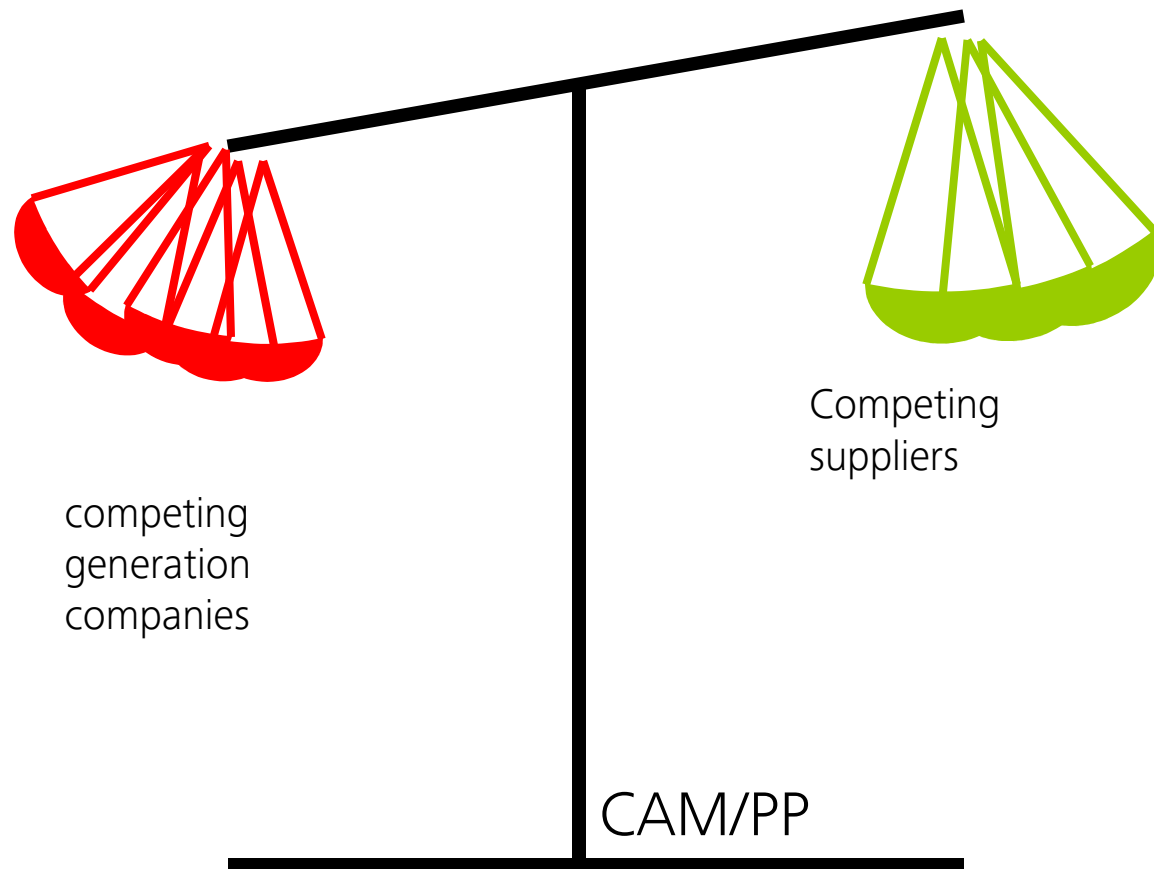
Market structure in Austria



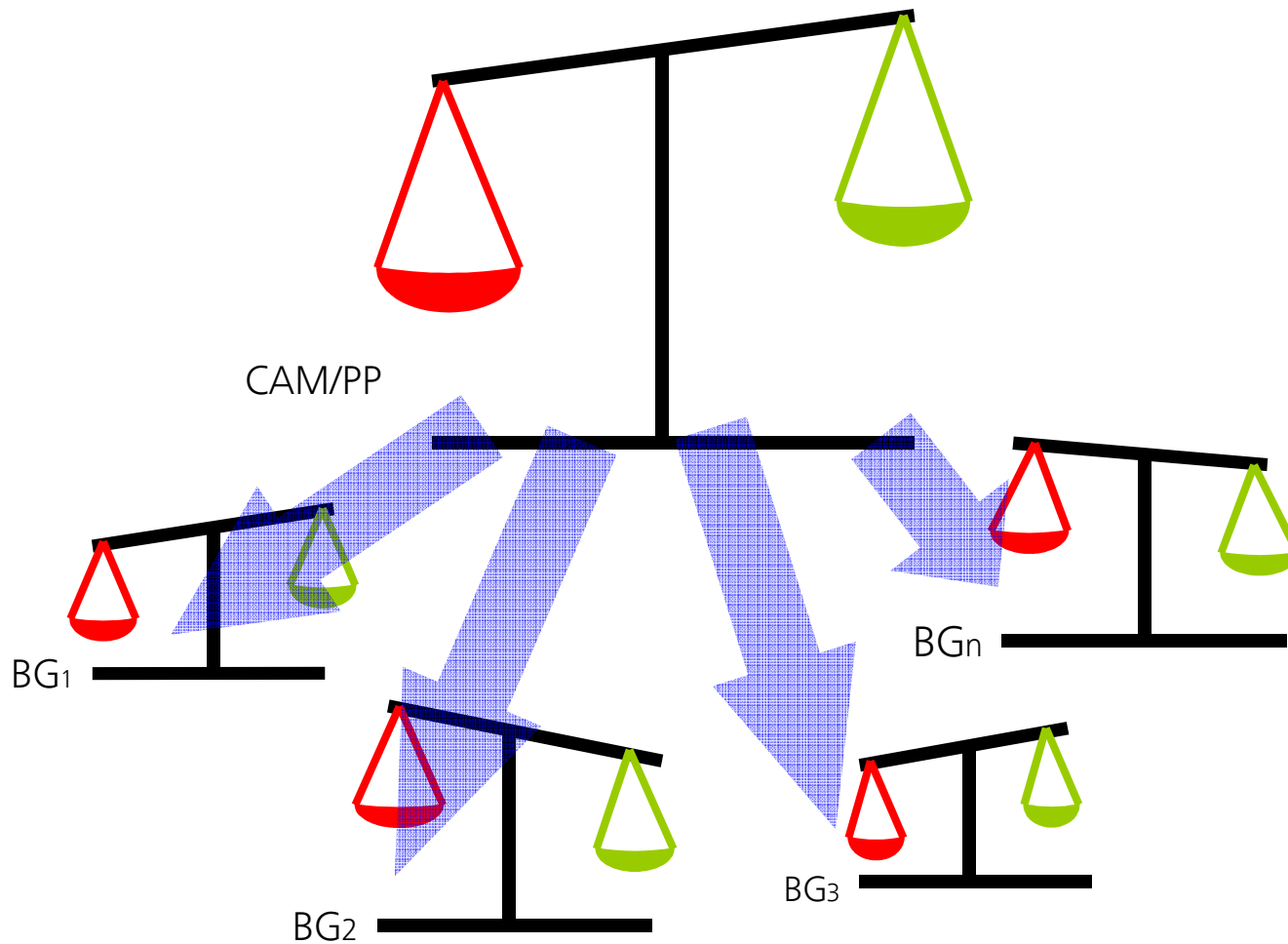
Historical balancing responsibility in a monolithic structure



... becomes a risk in open market because of diverging economic interests, therefore:

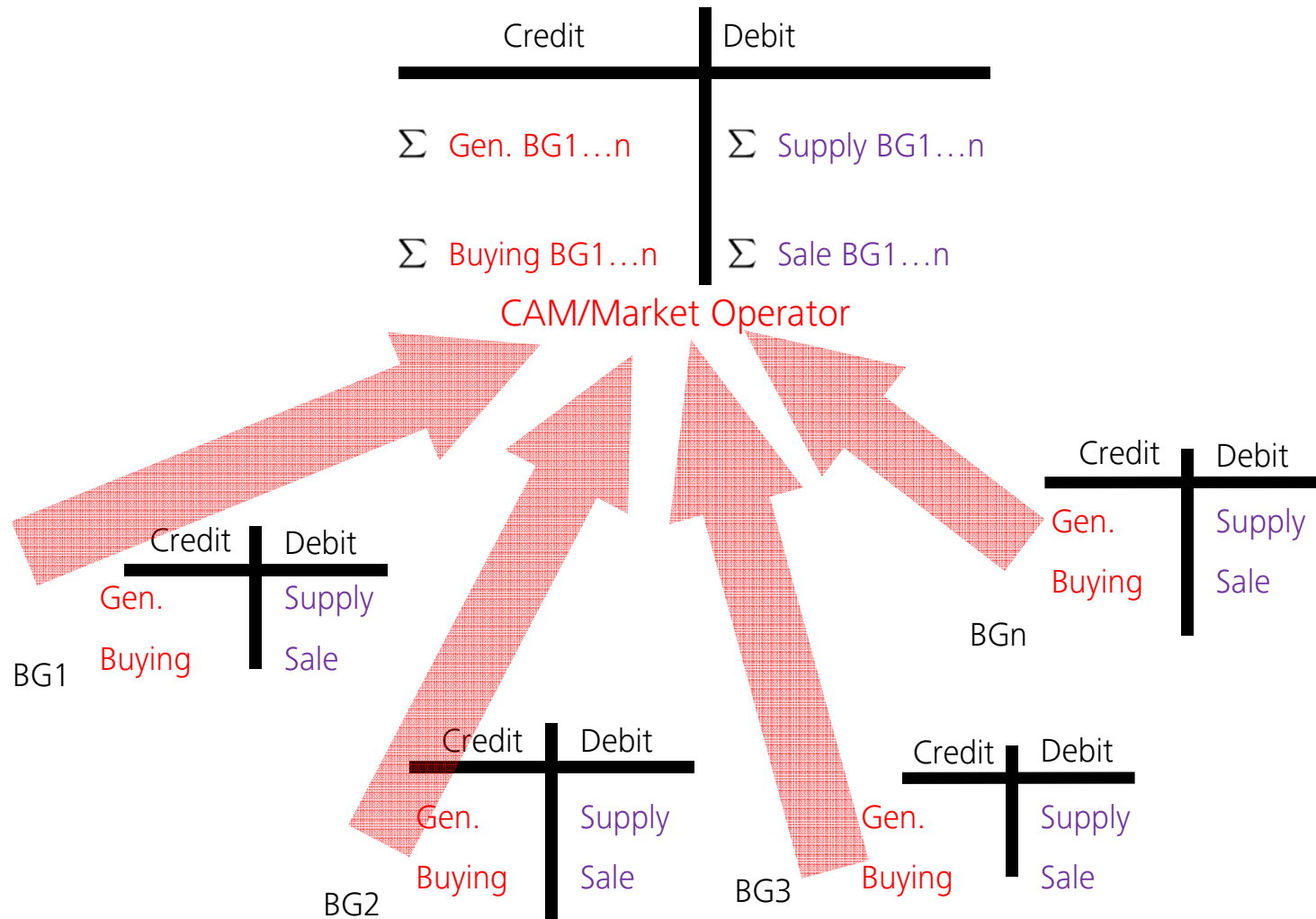


... sharing balancing responsibility brings back the stability of the system (self-dispatching)

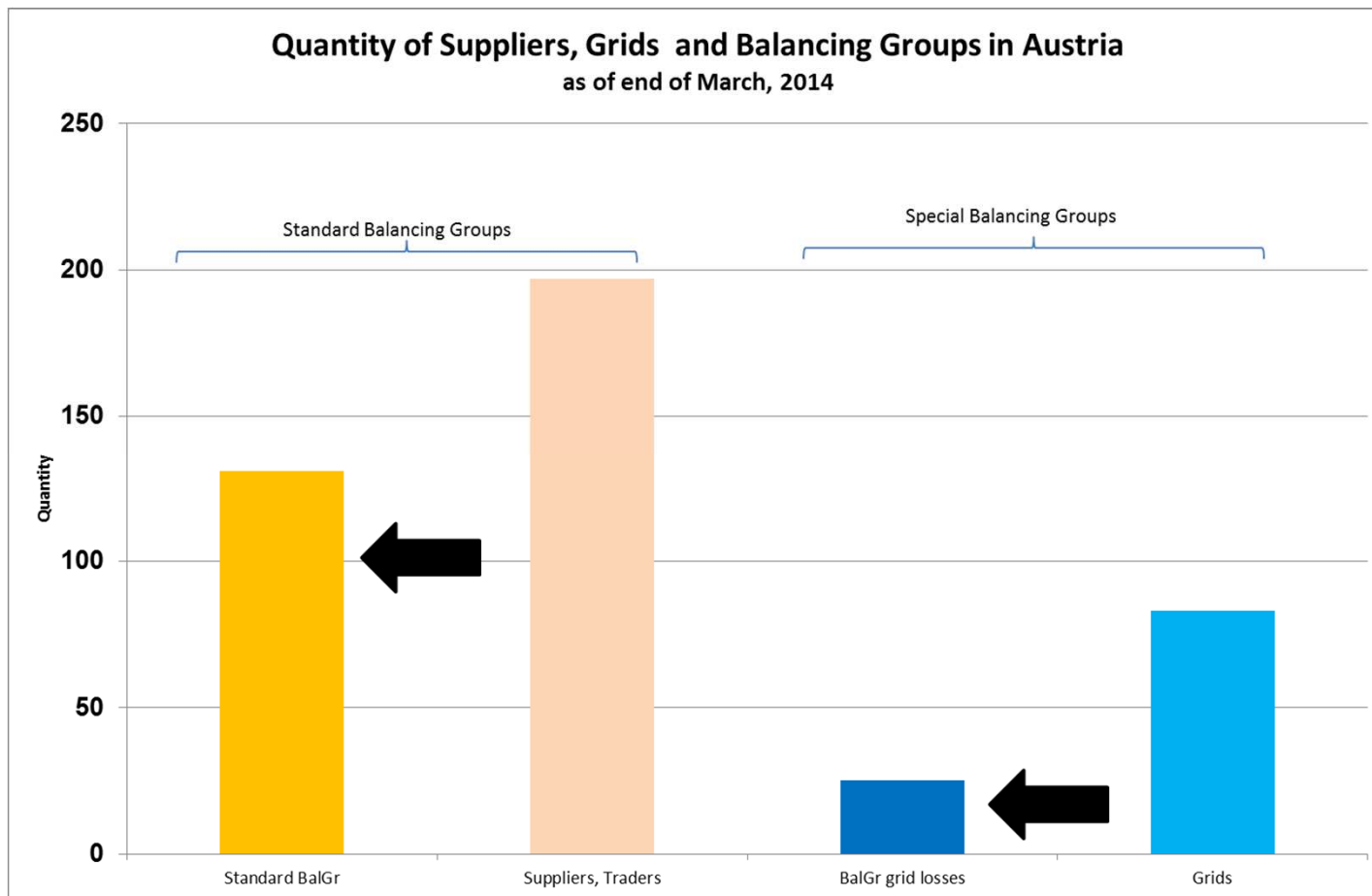


Unbundling and consequences

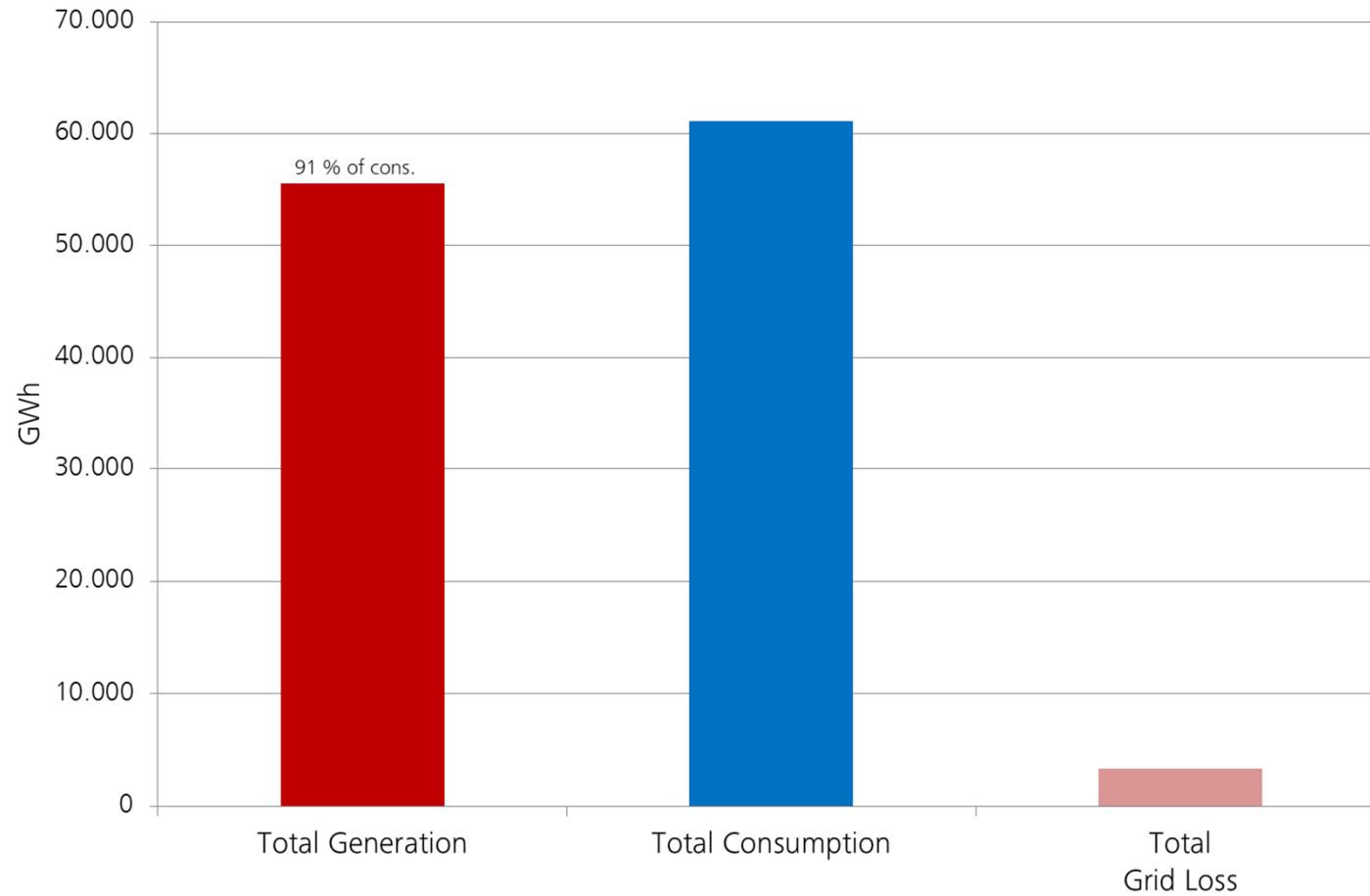
Tight planning and forecasting process on accounts



Many market participants active in Austria

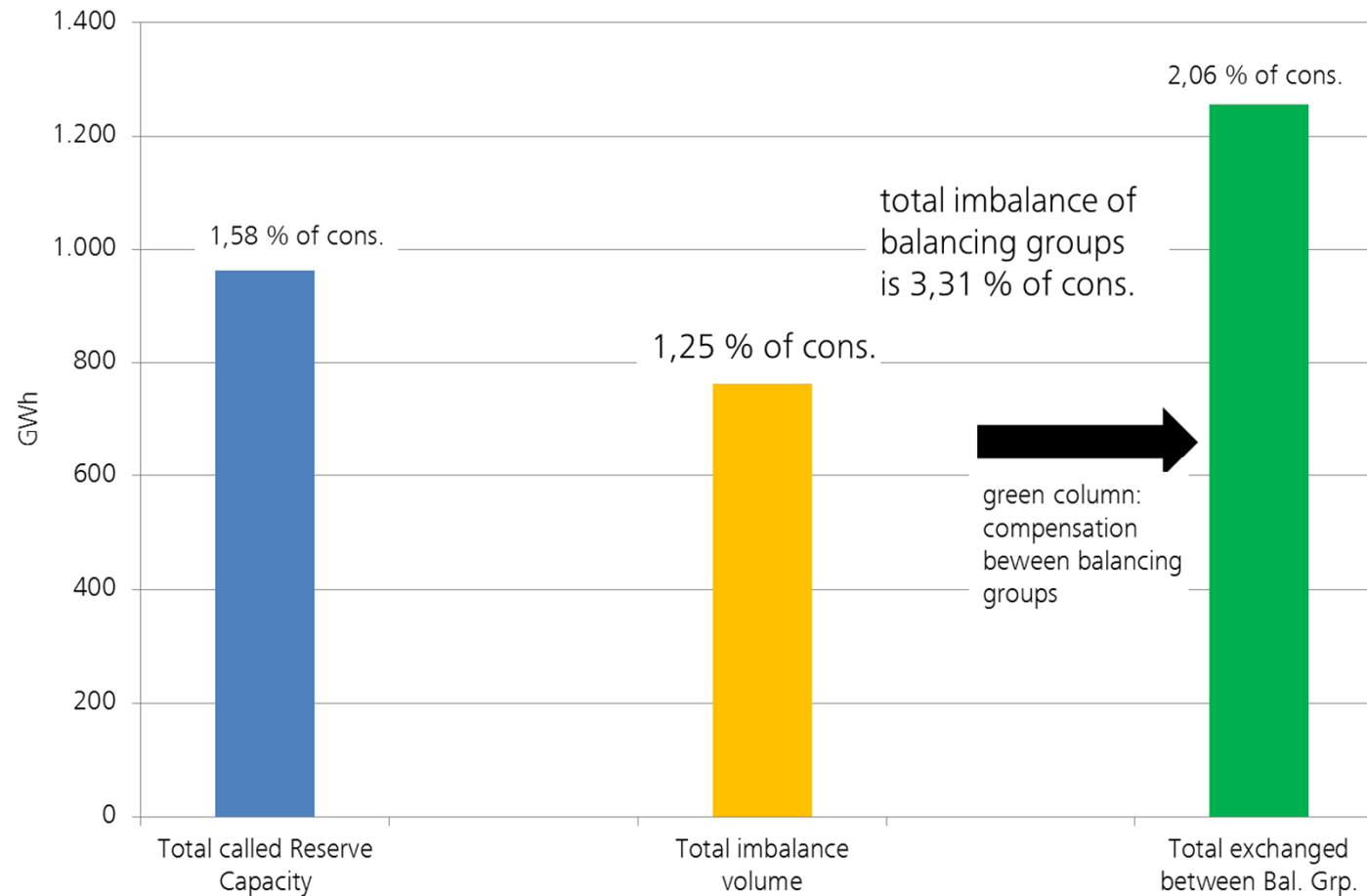


Austria 2013: Gross energy data



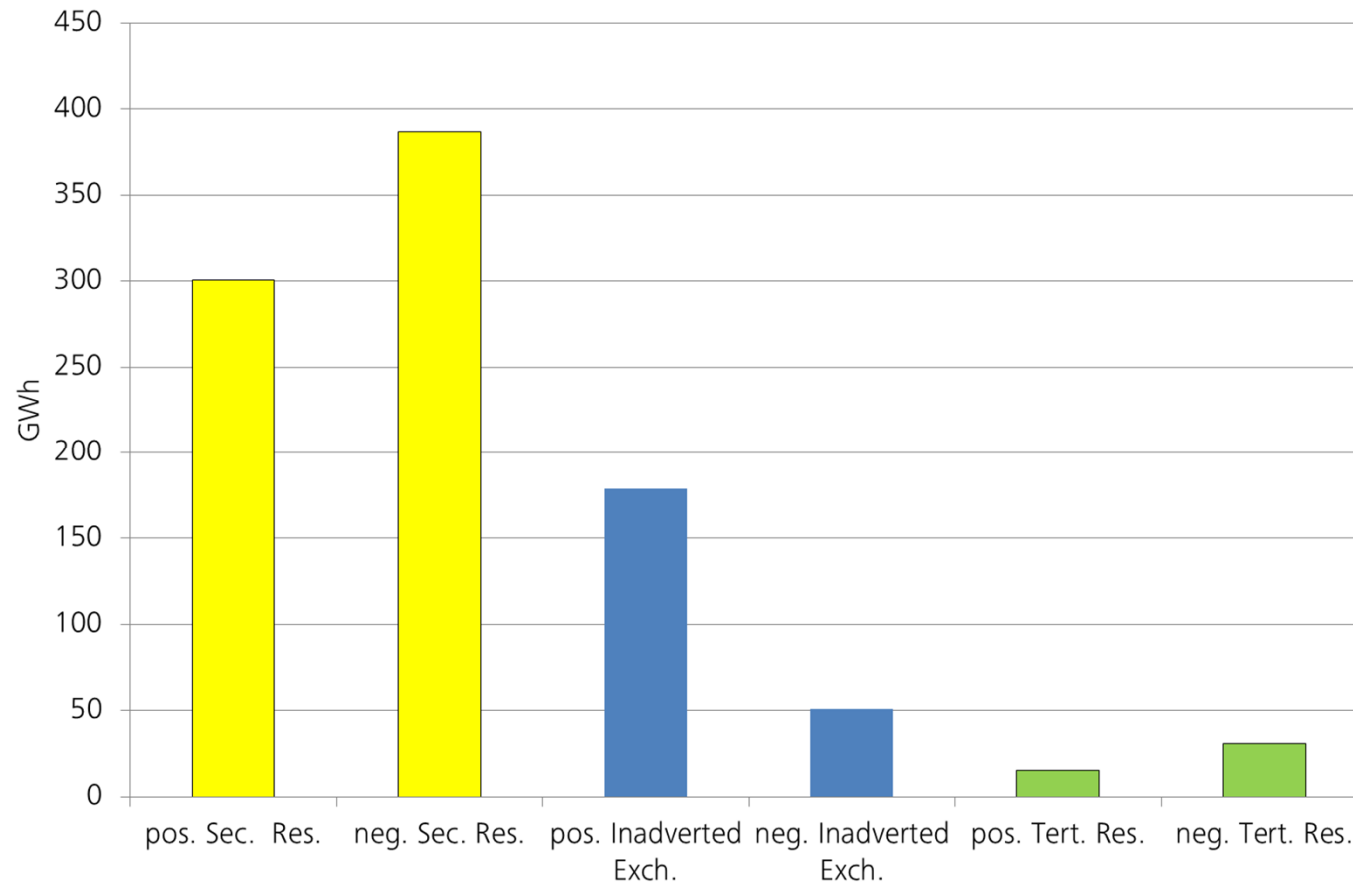
Source: APCS clearing data statistics

Austria 2013: One-price imbalance system effectively lowered power reserve capacity needed



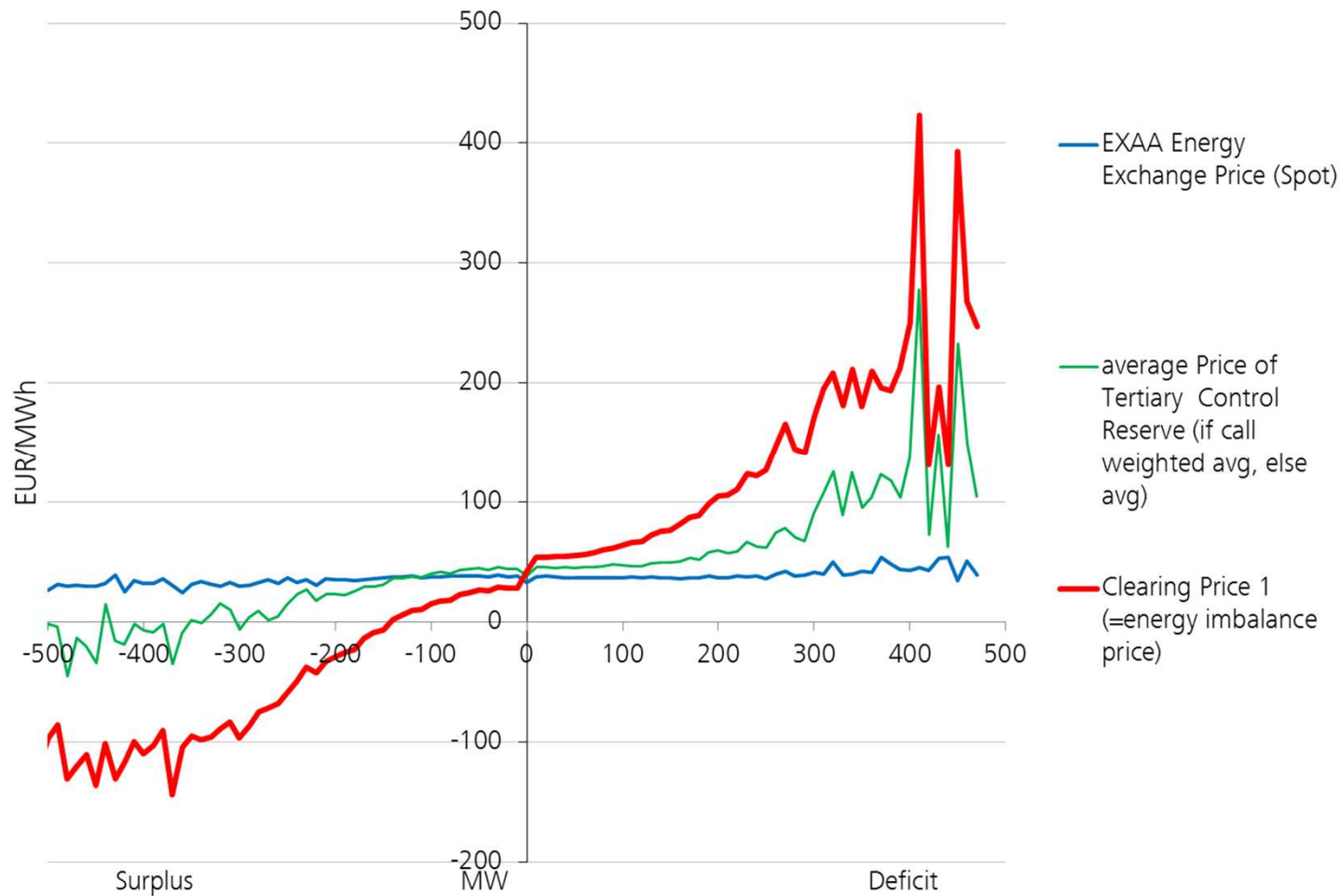
Source: APCS clearing data statistics

Austria 2013: dominant power reserve is Secondary Reserve (aFRR)



Source: APCS clearing data statistics

Austria: single price model based on deviation helps to stabilize the system by activating more reserves



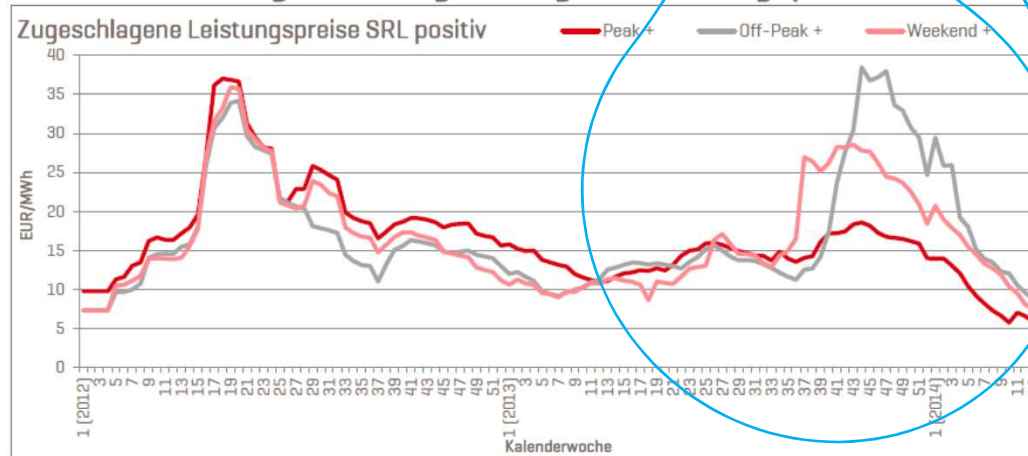
Source: APCS clearing data statistics

Market risks Austria 2013: doubled price in Sec. Res. in autumn



KW1 2012 bis KW13 2014

Marktentwicklung SRL - Zugeschlagene Leistungspreise



Preis = mengengewichteter Durchschnittspreis der zugeschlagenen Leistungspreise pro Woche und Produkt in EUR/MWh

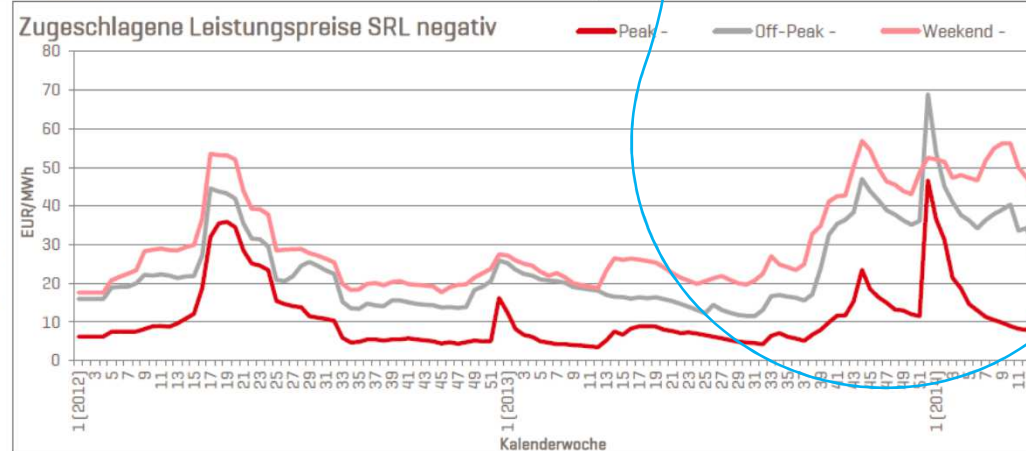
Ø Preise	2013 [EUR/MWh]	2014* [EUR/MWh]
Peak +	14,55	9,24
Off-Peak +	17,09	16,47
Weekend +	16,16	13,69

*Daten bis KW13

Preis = mengengewichteter Durchschnittspreis der zugeschlagenen Leistungspreise pro Woche und Produkt in EUR/MWh

Ø Preise	2013 [EUR/MWh]	2014* [EUR/MWh]
Peak -	8,95	15,64
Off-Peak -	22,91	38,26
Weekend -	29,55	50,27

*Daten bis KW13



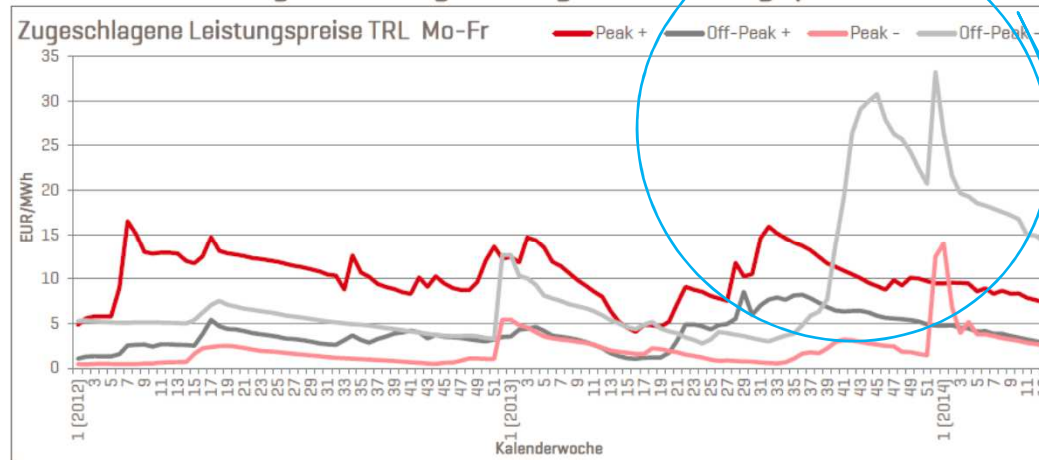
Market risks Austria 2013: quintupled price in Tert. Res. in autumn



Marktentwicklung TRL - Zugeschlagene Leistungspreise



KW1 2012 bis KW13 2014



Preis = mengengewichteter Durchschnittspreis der zugeschlagenen Leistungspreise pro Woche (Mo-Fr) und den jeweiligen Produktzeitscheiben in EUR/MWh

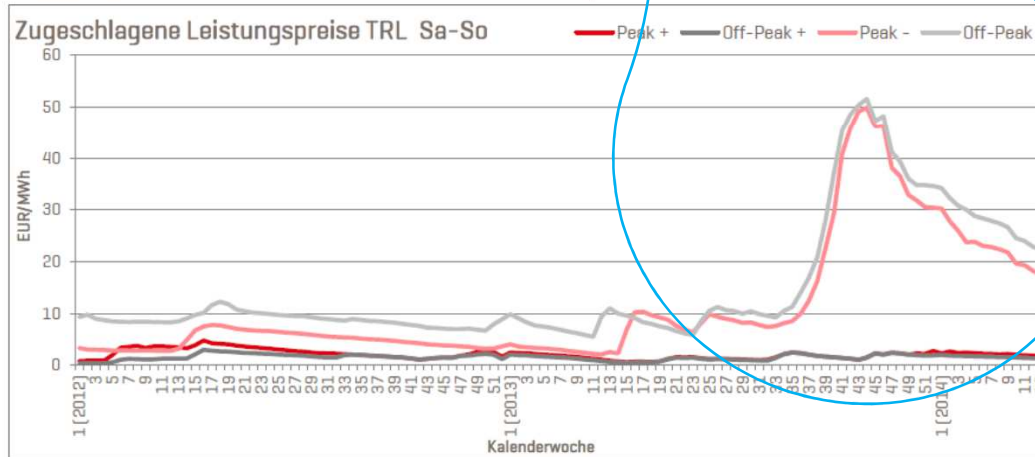
Ø Preise	2013 [EUR/MWh]	2014* [EUR/MWh]
Peak +	10,00	8,63
Off-Peak +	4,77	3,89
Peak -	2,33	4,52
Off-Peak -	10,45	18,27

Peak = 8-12, 12-16, 16-20 Uhr
 Off-Peak = 0-4, 4-8 20-24 Uhr
 *Daten bis KW13

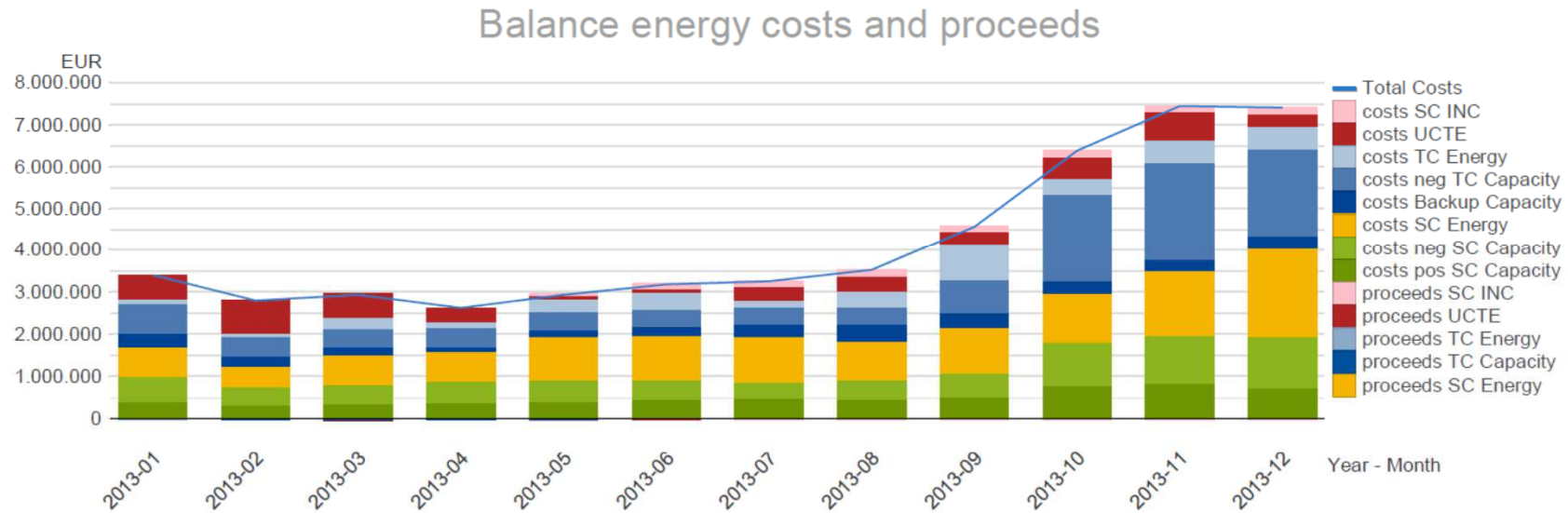
Preis = mengengewichteter Durchschnittspreis der zugeschlagenen Leistungspreise pro Wochenende (Sa-So) und den jeweiligen Produktzeitscheiben in EUR/MWh

Ø Preise	2013 [EUR/MWh]	2014* [EUR/MWh]
Peak +	1,60	2,18
Off-Peak +	1,43	1,62
Peak -	15,12	22,79
Off-Peak -	17,88	27,71

Peak = 8-12, 12-16, 16-20 Uhr
 Off-Peak = 0-4, 4-8 20-24 Uhr
 *Daten bis KW13



Austria 2013: price hikes didn't fully hit imbalance price, because ca. 75% of costs borne by generators



Source: http://www.energymonitor.at/em/ae_reports/power/2013/em_power_report_year_2013.pdf

Austria: quite good model – but several opportunities for further significant improvement

Strengths

- Single imbalance price stabilizes
- Comprehensive data collection
- Fully integrated clearing system
- Distributed responsibility avoids risks of system

Balancing system Austria

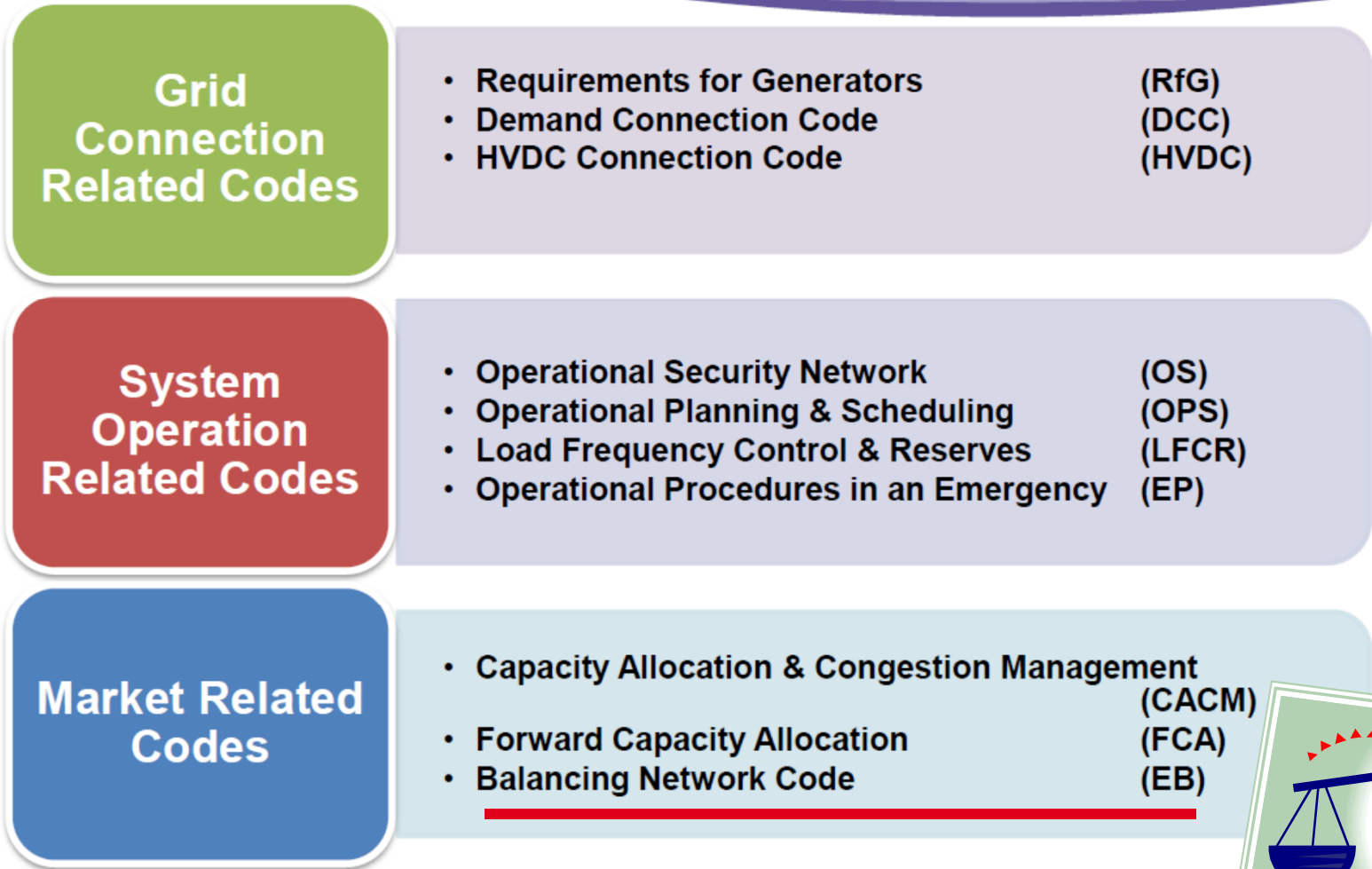
Weaknesses

- Cost allocation not satisfying
- Transparency high but more would level the playing field
- Not open to all potential offers
- Still national market except Prim. Res.

Complexity of market rules for an internal market (has to be reflected in national markets)



Three main fields of interest



ACER rejected draft ENTSO-E Network Code „Electricity Balancing“: main shortcomings

- 🙄 Several methodologies missing
- 🙄 Missing integration of central dispatch and self -dispatch systems
- 🙄 Insufficient standardization in core elements of a competitive integrated market (esp. product specification and harmonization)
- 🙄 Transparency and information for market participants widely neglected
- 🙄 Timelines not ambitious, behind Framework Guideline
- 🙄 Coordinated balancing areas have to be enhanced
- 🙄 DSO integration and data collection not satisfying

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- Balancing has to include invariably all energy flows in a sound clearing & settlement system
 - Full transparency is inevitable precondition of a well-functioning balancing system providing the security of the system
 - Cost allocation, pricing of imbalances and especially a single price system is essential for stabilizing the system in a self-dispatching market model
 - A sound pricing is possible only in a balance of insurance (cushioning) to causation (incentives) model
 - A liquid market for power reserves can be established only on a regional scope (AT and BG alone are too small)
 - Legal principles have to be observed (unbundling)

No snowflake in an avalanche ever feels responsible.

