



FCR Cooperation

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FCR Cooperation – historical development



- In 2013, APG and Swissgrid established the first cross-border market for balancing reserves.
- In 2015, the market was enlarged by joining of Germany and the Netherlands
- In 2016, Belgium joined the common market
- In 2017, France joined the common procurement
- Denmark West is preparing accession.

FCR Cooperation today

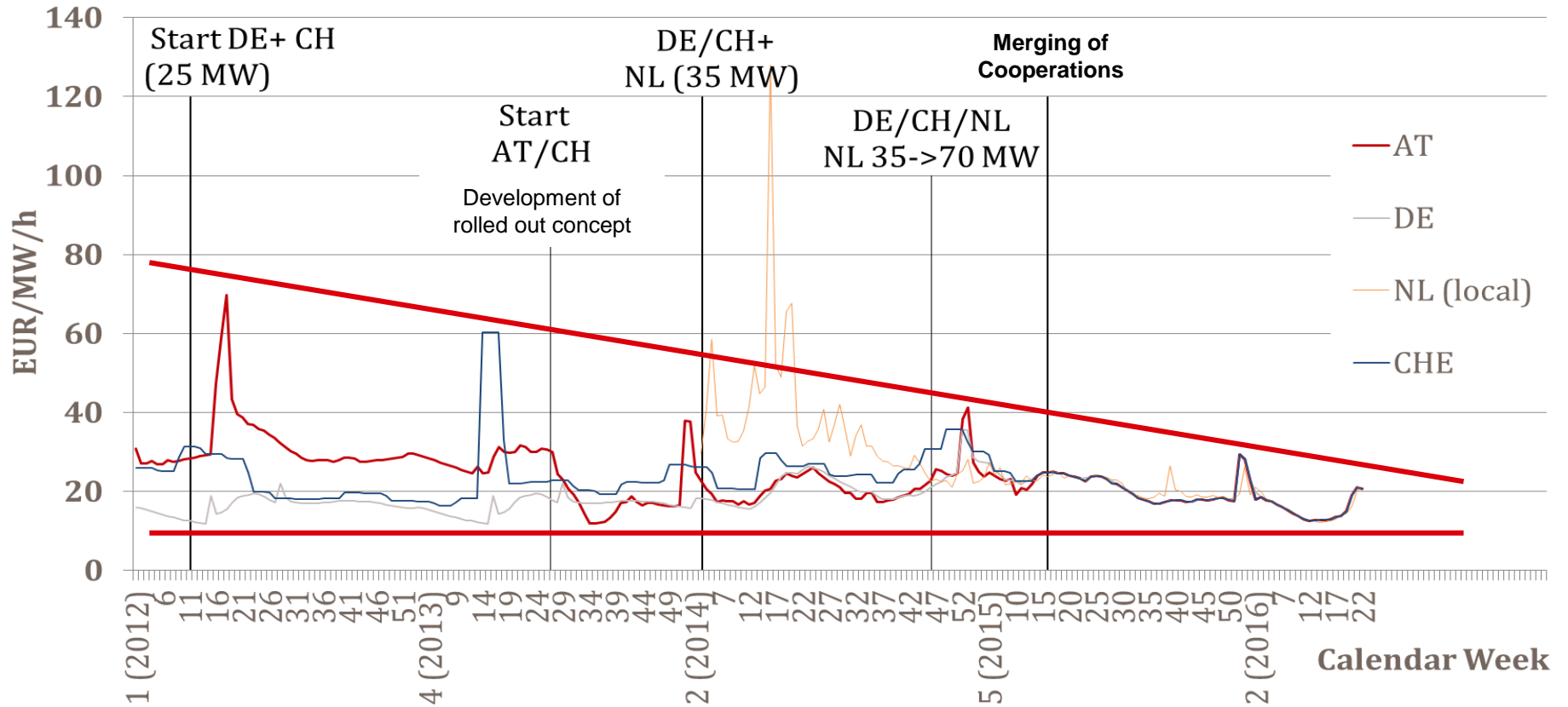
- Current members: **10 TSOs from 7 countries.**
- Common demand of ca. **1.4 GW** in common auction (almost half of RGCE demand).
- TSO-TSO Model: BSPs interact with connecting TSO.
- Common procurement of Frequency Containment Reserve on a voluntary basis.



Implementation of EBGL

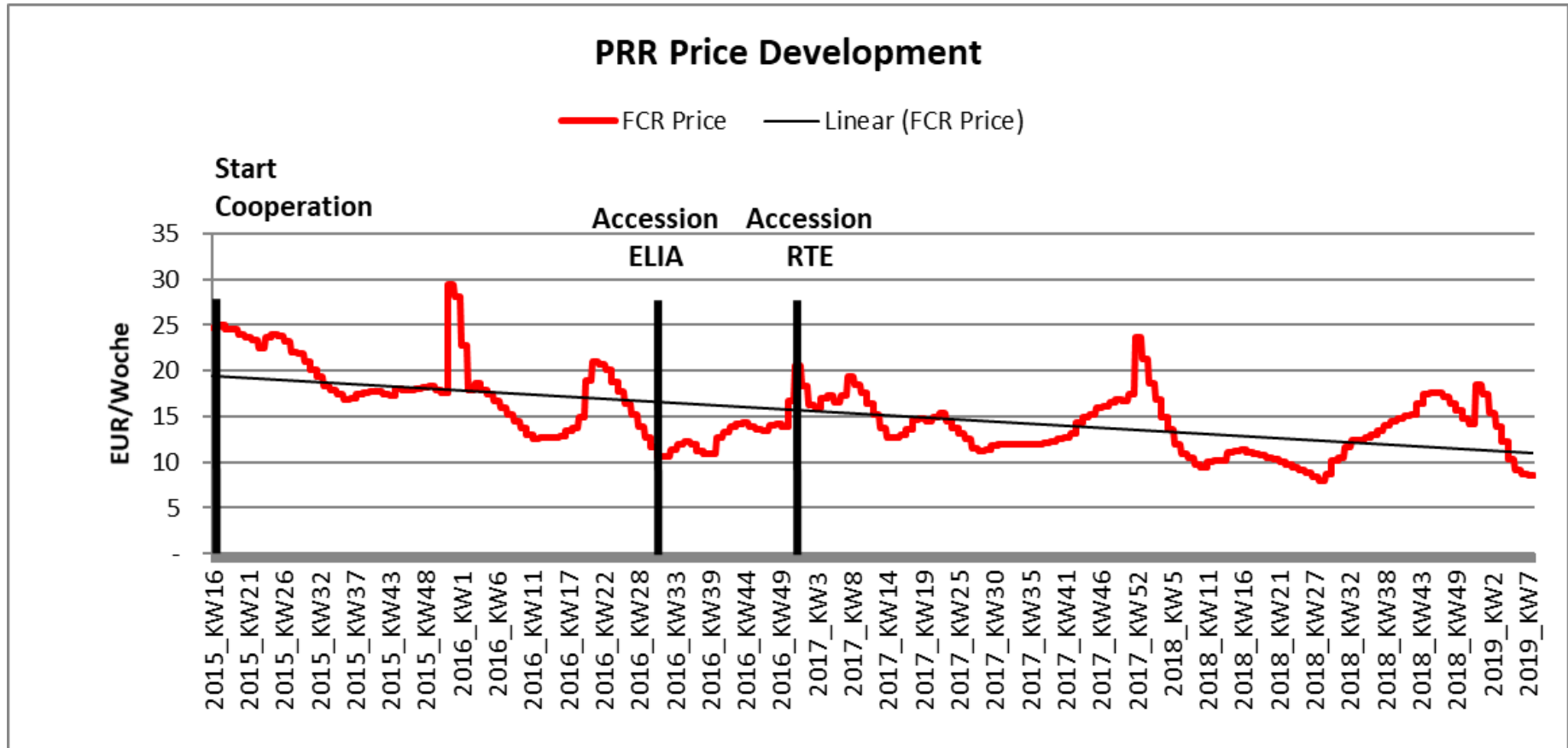
- There is **no target platform or model** for FCR.
 - **Common and harmonised rules and processes** for the exchange and procurement of balancing capacity were consulted with the market, proposed to and approved by NRAs according to Article 33 of EBGL.
 - What are the changes with regards to entry into force of EBGL?
 - Adapted product (24h → 4h product)
 - Harmonised product design (divisible and indivisible bids)
 - Marginal Pricing
 - Processes fit with other XB procurement processes and auctions (daily auctions, 4h products)
 - Exemption of secondary market (no crossborder transfer of obligation)
- Implementation in 2 steps mid-2019 and mid-2020.

Price convergence



Common market leads to price convergence, more competition and liquidity and costs savings for the whole system

Price development over time



Price development shows ongoing downward trend

Benefits of the cooperation

- **Benefits for importing and exporting countries**
 - Import potential for countries with little/expensive FCR offer
 - Export potential for countries with more/competitive FCR offer
 - Overall social welfare gain for all participating market areas
- **More efficiency in a common market**
 - Harmonised products and market rules avoid market distortions
 - Restricted exchange (core shares)
 - Facilitate exchange (sufficiently high export limits)
- **Price development**
 - Stabilisation at competitive, low level
 - Fewer and less extreme price peaks

Future development

- **Further technical harmonisation is being tackled in 2019**
 - Topics of aggregation, power measurement location, back-up requirements, monitoring, penalties are being prepared for consultation with market parties later in 2019
- **Extension of FCR cooperation**
 - FCR cooperation is open for further extension
 - Newly joining markets to implement approved market design and technical harmonisation
 - New obligation to procure FCR via primary market according to CEP. FCR Cooperation may facilitate competitive market environment for this development.



APG

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