
ENTSO-E response to the public consultation on “All TSOs’ proposal on methodologies for pricing for balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process pursuant to Article 30(1) and Article 30(3) of Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing”

18 December 2018

DISCLAIMER

This document is submitted by all transmission system operators (TSOs) to all NRAs for information purposes only accompanying the all TSOs’ proposal for a methodology to determine prices for the balancing energy and cross-zonal capacity used for exchange of balancing energy or for operating the imbalance netting process pursuant to Article 30 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

1. Introduction

The Commission Regulation (EU) 2017/2195 of 23 November 2017, establishing a guideline on electricity balancing (hereafter referred to as the "EBGL"), mandates in its Articles 30(1) and 30(3) all TSOs to submit a proposal on methodologies for pricing for balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process (hereafter referred to as the "PP") by one year after entry into force of the EBGL, i.e.: by 18 December 2018. Besides, other references are made to the Commission Regulation (EU) 2017/1485 of 2 August 2017, establishing a guideline on electricity transmission system operation (hereafter referred to as the "SOGL").

In addition, the Article 10 of the EBGL mandates the TSOs responsible for submitting the PP (i.e.: all TSOs) to perform extensive consultation of the PP proposal, and so a formal web-based consultation was held between 12 September and 13 November 2018. During this public consultation, ENTSO-E received 330 comments from 34 respondents.

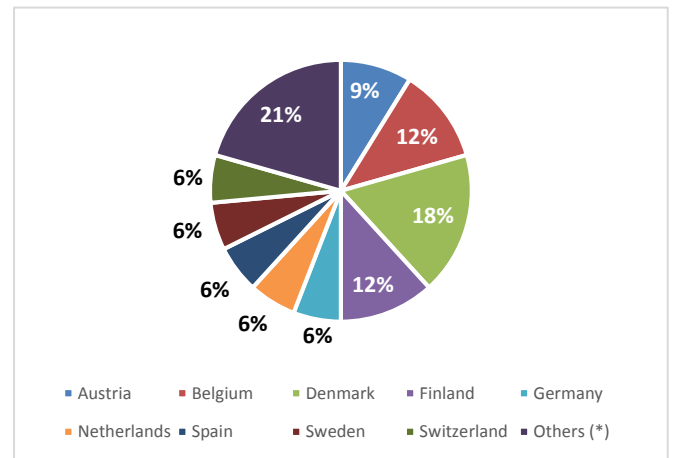
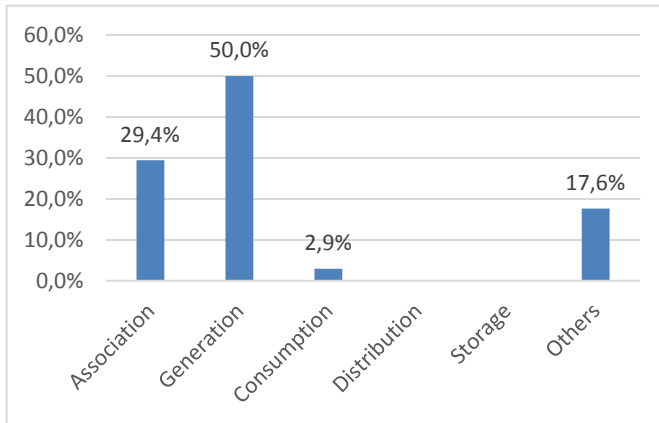
This document lists all TSOs' assessment of the comments provided to the public consultation of the PP. Rather than providing responses per individual comment received, an assessment of all inputs received is done on a clustered basis per topic, in order to give a coherent view on all TSOs' approach towards the PP. In order to provide a clear oversight of comments and responses, the issues mentioned in this document have been summarised with respect to the original comments provided. For a full overview of all comments provided in the web-based consultation, in their original formulation, please refer to the site of the consultation¹.

This document is not legally binding. It only aims at clarifying the assessment of the comments received from stakeholders during the formal public consultation of the PP. This document is not supplementing the PP document, nor can be used as a substitute to it.

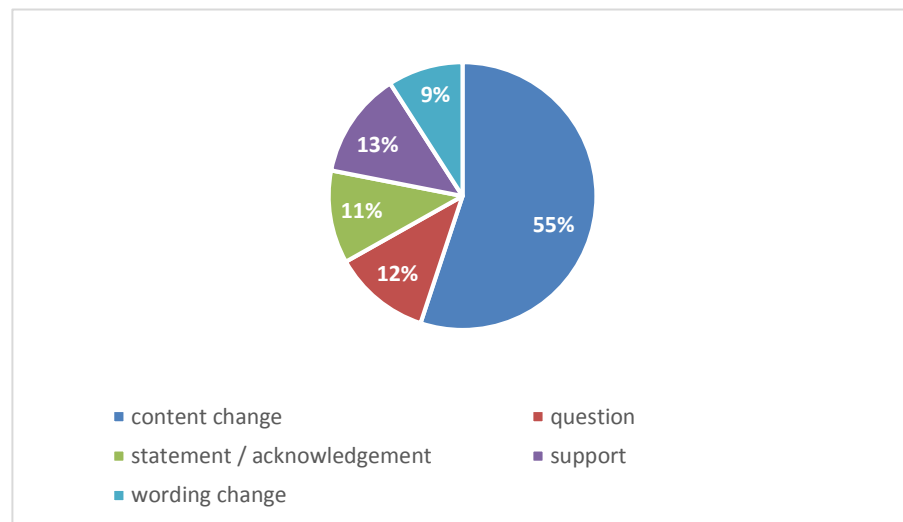
All TSO' acknowledges and thanks stakeholders for the effort that they have invested in providing feedback for the consultation on the PP proposal; this feedback is a major contributor to bringing improvements and transparency to the process.

¹ <https://consultations.entsoe.eu/markets/ebgl-art30-pp>

2. Statistics of the result received



*Others: CZ, FR, GR, IT, LT, NO, UK



The main concerns of the stakeholders were:

- The majority of the participants in favour of 15 minutes BEPP
- Most stakeholders ask for more details on how the stakeholders would define uncongested areas in context of 15 min BEPP
- Some stakeholders ask for more details on the pricing for specific product
- The majority of the participants agree or even strongly support the use paid-as-bid as the remuneration for system constraints, with two runs of the algorithm.

3. Stakeholders feedbacks

Article	Comment/Proposal	All-TSOs response
1 – Scope	The stakeholders ask to include also a proposal for the pricing of the energy of the imbalance netting process next to pricing of CZC.	The settlement of intended energy exchange due to Imbalance Netting process is part of the respective proposal in accordance with Article 50 of the EBGL. It has to be noted that the netting of TSO demand as part of the aFRR platform is part of the respective pricing methodology.
1 – Scope	The stakeholder thinks that PP should include pricing of exchanges of energy from Imbalance Netting Process and not only pricing of CZC. Pricing of Imbalance Netting is the main components of the imbalance settlement price and should be developed with full involvement of stakeholders.	The scope of the proposal is defined by EBGL. The settlement of intended balancing energy exchange due to imbalance netting is part of the proposal in accordance with Article 50 of the EBGL which shall be approved by all regulatory authorities.
1– Scope	The stakeholder supports this holistic approach to development of European balancing market	The TSOs take note of the comment and appreciate the support.
1– Scope	The stakeholder asks to clarify the impact of System Constraints Activation Purposes of the bids on balancing energy price. Ideally exclude System Constraints Purpose Activation bids from balancing energy price as it can harm BRPs.	The current proposal indicates, that the activation for system constraints cannot set the marginal price for balancing. The more detailed process is in section 4.4 of the Explanatory Document.
1 Scope , 2 Definitions	The stakeholder asks to better define the term "Border" as it is not defined properly. Abbreviations of the term "cross" varies between C and X.	The TSOs have re-defined the 'border' in Article 2 of the PP in line with the feedback received from stakeholder and NRAs. Besides, TSOs have established and consistently used cross abbreviation with 'C' instead of 'X'.
1 Scope ,2 Definitions	The stakeholders are against direct activation of bids in the mFRR platform and suggests a scheduled activation of bids. Besides, they suggest word changes as the sentence given in this PP is not in line with article 3(4) of the activation purposes proposal.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF. The PP will be aligned with Activation Purposes Proposal
2 Definitions	The stakeholders are against to introduce the new term: BEPP in this proposal as in its opinion contradicts the EBGL principles.	The EBGL in its Article 30 (1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30(1)(c) and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the relevant BEPP compliant with the requirements from the EBGL
2 Definitions	The stakeholders stress that there is no reference to BEPP in existing regulation. PP shall not make any new term related to timeframe that contradicts crucial principles of the EBGL.	The EBGL Article 30(1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30(1)(c) of the EBGL and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the

		relevant BEPP compliant with the requirements from the EBGL
2 Definitions	The stakeholder asks if the CZC definition also refers to cross-LFC capacity what seems to be ambitious.	Definition of 'CZC' has been deleted from the definitions in the PP as it is a term used in EBGL.
3 General Principles	The stakeholder suggests that one CBMP should be calculated per ISP (not BEPP), per product - in case of activation in both directions per direction.	EBGL Article 30(1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Since in the aFRR implementation framework TSOs propose to block counter-activation, for each uncongested area one price for positive and negative direction will be determined. Only in case of deactivated volumes additional prices per uncongested area will be determined for volumes accepted locally for settlement but not selected by the AOF for price determination.
3 General Principles	The stakeholders argue that there should be one CBMP per ISP not per BEPP, as this is the Validity Period for which are bids submitted.	For the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. A comparison between the different options for BEPP can be found in the explanatory document including the argument mentioned here. For the mFRR and the RR process the same logic is applied, however due to their different characteristics (e.g. FAT and ramping profile) their requirements with regard to the BEPP deviate from the aFRR process.
3 General Principles	The stakeholder supports the RR and mFRR CBMP. The aFRR pricing method lies between pay as cleared and pay as bid, which is not compliant with the EBGL.	For the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. A comparison between the different options for BEPP can be found in the explanatory document including the argument mentioned here.
3 General Principles	The stakeholder notes that a reference to article 8 is missing on Article 3(4)(b) and (c).	The PP in its article 3 only refers to cross-border marginal price (CBMP) thus scope only considers: Articles 4, 5, 6 and 7. System constraints do not set the Cross Border Marginal Price.
3 General Principles	The stakeholder asks about the BSP volume determination for aFRR.	The optimisation cycle BEPP is compatible with requested volume and metered volume approaches. Since the volume determination is defined in the (national) terms and conditions for BSPs, it is out of scope of the pricing proposal. Nonetheless, the TSOs assume that in case of optimisation cycle BEPP the BSP volume (based on metered values or requested aFRR or a combination of these to signals) will be determined per BEPP and combined with the CBMP for this BEPP for the purpose of settlement.

3 General Principles	The stakeholder thinks it's not clear how price indeterminacy works since there is no description of the AOF.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholder support a pricing per product.	The TSOs acknowledge the comment.
3 General Principles	The stakeholder states that there should be only one mFRR product, for Schedule Activation, no existence of Direct Activation.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
3 General Principles	The stakeholder requests to always use some kind of a CBMP.	Since the volume determination is not part of the standard product, there can be cases when a bid volume is delivered which was not selected by the AOF. This sentence ensures that each BSP will then receive at least the bid price. Such scenarios are mainly relevant for aFRR (cf. figure 19 in the explanatory document).
3 General Principles	The stakeholder asks for clarification on when the Pay-As-Bid is applied.	Clarification has been added to the explanatory document section 6.3.
3 General Principles	The stakeholder asks for clarification on how the calculation of the CBMP, in case of price indeterminacy should be described.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholder supports for the principles in the Article 3 however the solution for price indeterminacies should be mentioned in the PP.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholder suggests to include in the PP the rules and principles, how AOF solves the price indeterminacy.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholders are missing a high-level principles of price indeterminacy in PP.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholders suggest to include principles how the AOB should solve price indeterminacies.	Description of price indeterminacy methodology has been added to the PP Article 4.
3 General Principles	The stakeholder shows their reservation for RR product having overlaps with Intraday market	There is no overlap between RR and cross-border intraday market. The TSOs acknowledge the comment. The usage of the RR process in a country (or by a TSO) is out of scope of the pricing proposal. At the same time, the EBGL clearly states that the pricing proposal must define the pricing methodology for RR.
3 General Principles	The stakeholder suggests - 2 marginal prices per bidding zone: 1) consumption/production 2) redispatching	The price for other purposes than balancing will be determined separately from the CBMP for balancing and determined by paid as bid as stated in the article 8 of the PP.
3 General Principles	The stakeholder thinks there is unclarity whether there is a CBMP for each activation direction.	Article 3 describes how the CBMP will be calculated in general. This article should be read in combination with articles 4, 5, 6 and 7 of the PP, which describe the application in the different products.
3 General Principles	The stakeholder requests a clarification of CBMP calculated for each activation direction, as in stakeholder's view this is inconsistent with information shared in stakeholder workshop.	Article 3 of the PP describes how the CBMP will be calculated in general. This article should be read in combination with article 4, 5, 6 and 7 of the PP, which describe the application in the different products.
3 General Principles	The stakeholder supports the CBMP (disagreement with BEPP, addressed further in comment on Article 6 of the PP.	The TSOs take note of the comment and appreciate the support.

		The comment to BEPP is answered in article 6 below.
3 General Principles	The stakeholder generally supports a CBMP for each platform.	The TSOs take note of the comment and appreciate the support.
4 RR and mFRR Scheduled Activation	The stakeholder notes that the BEPP shall take into account ISP and final target shall be in line with it, i.e. 15 min. Derogation within 15 min ISP in all LFC areas shall still be possible.	The EBGL Article 30 (1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30(1)(c) of the EBGL and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the relevant BEPP compliant with the requirements from the EBGL
4 RR and mFRR Scheduled Activation	The stakeholders notes that the BEPP shall be 15 min not 4sec OC BEPP. It is not in comply with the EBGL.	EBGL Article 30(1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) of the EBGL and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the relevant BEPP compliant with the requirements from the EBGL. With regards to Article 30 (1) (e) for each BEPP as outlined in the PP the balancing energy price for the aFRR process will be determined based on pay-as-cleared. Therefore, TSOs see the current proposal as compliant with the requirements from the EBGL. Specifically, for the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. This procedure is also performed for other balancing processes (RR, mFRR) and in other energy markets. Finally, the intention of TSO when selecting an OC BEPP is to activate and price the aFRR balancing energy according to the needs of the system and not artificially increase the price of optimization cycles if no big amount of balancing energy was required. This will avoid giving misleading scarcity signals in case the needs were high only during a few optimization cycles.
4 RR and mFRR Scheduled Activation	The stakeholders request to have only one mFRR product, for Scheduled Activation, no existence of Direct Activation. Alternatively separated Direct Activation product. Possibly Direct Activation could be substituted by aFRR.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
4 RR and mFRR Scheduled Activation	The stakeholders strongly oppose to existence of elastic demand.	The TSOs acknowledge the comment. The possibility to use elastic demand is out of scope of the pricing proposal but was consulted as part of the implementation frameworks.

4 RR and mFRR Scheduled Activation	The stakeholders strongly oppose to existence of elastic demand and asks for alternative with one standard product.	The TSOs acknowledge the comment. The possibility to use elastic demand is out of scope of the pricing proposal but was consulted as part of the implementation frameworks.
4 RR and mFRR Scheduled Activation	The stakeholder suggests that the TSO demand shall be inelastic without price attributes. Calculation of volumes needed shall be assured by NRAs and shall include evaluation of all type of uncertainties.	The TSOs acknowledge the comment. The possibility to use elastic demand is out of scope of the pricing proposal but was consulted as part of the implementation frameworks.
4 RR and mFRR Scheduled Activation	The Stakeholder questions the concept of demand elasticity - hard to see a reason for it. Could cause problems.	The TSOs acknowledge the comment. The possibility to use elastic demand is out of scope of the pricing proposal but was consulted as part of the implementation frameworks.
4 RR and mFRR Scheduled Activation	The stakeholder disagrees with elastic demand and also wants to avoid counter-activations of bids.	The TSOs acknowledge the comment. The possibility to use elastic demand and the counter-activations of bids are out of scope of the pricing proposal but was consulted as part of the implementation frameworks.
4 RR and mFRR Scheduled Activation	The stakeholder asks for clarification on situation where is no single intersection points between the customer and supply curve.	Clarification has been added to the PP Article 4 (3).
4 RR and mFRR Scheduled Activation	The stakeholder supports for RR/mFRR SA Pricing.	The TSOs take note of the comment and appreciate the support.
4 RR and mFRR Scheduled Activation	The stakeholders ask for clarification on the impact of the hourly products (30min/45min) in RR on Marginal Price.	<p>An hourly product is considered as four 15-minute linked bids in time and can be selected if the selection of this product would optimize the total social welfare. Linked bids affect the cross-border marginal price. An example is provided below:</p> <p>There is a single zone with a 30-minute inelastic upward need equal to 100MWh. Therefore, for the first 15-minute periods, there is an inelastic need. The following bids are available:</p> <p>1) Block downward bid 100MWh, 50 euros/MWh valid for the first 15 minutes</p> <p>1) Bloc upward bid 100MWh, 100euros/MWh valid for the first 15 minutes, which is linked in time with:</p> <p>2) Block upward bid 200MWh, 100euros/MWh valid for the next 15 minutes</p> <p>The solution is that all bids will be activated, and the inelastic need will be satisfied. The price in the first 15 minutes will be 200euros/MWh and the price in the next 15 minutes will be 50 euros/MWh. There is no bid with a price equal to 200 euros/MWh in the first 15 minutes, however this price represents the marginal cost and allows the inelastic need to be satisfied, while not having any unforeseeably accepted bids.</p>
4 RR and mFRR Scheduled Activation	The stakeholders note that it shall be referred either the validity period or the ISP of the activation of the RR product, as Validity Period of 15 min is equal to ISP.	The meaning of validity period has been clarified in the implementation frameworks.
5 mFRR Direct Activation	The stakeholder asks for clarification on energy attribution to BEPP and impact on price.	Bids capable of being directly activated can be activated within the Validity Period of 15 minutes (i.e. between 7,5 min. before and 7,5 min. after a

		<p>BEPP). Accepted energy volume is distributed over two BEPPs (i.e. QHs, i.e. ISPs). For the subsequent, i.e. second, BEPP (i.e. QH+1) the assigned amount equals the requested power times 15 minutes. The remaining volume (max. 14,9... minutes times requested power) is attributed to the first BEPP. Explanatory Document chapter 5 provides detailed explanation about which prices will be attributed to the respective volumes is provided. The shapes of accepted physical delivery (ramps) and calculation/acceptation of volumes for Imbalance Adjustment remains subject to national provisions.</p> <p>Description of how volumes are distributed is included in Explanatory Document.</p>
5 mFRR Direct Activation	The stakeholder suggests that instead of mentioning 7,5 min after the beginning of the BEPP, the paragraph 12(2) could refer to standard mFRR balancing energy product bids with direct activation selected by the AOF between two subsequent "scheduled" clearings.	Suggestion has been considered in Article 6(2) of the PP.
5 mFRR Direct Activation	The stakeholders ask for rewording for better readability.	Possible reformulation has been taken into consideration for the sake of comprehensibility; however, detailed description is provided by explanatory document anyway
5 mFRR Direct Activation	The stakeholder asks for clarification on the allocation of the volume across the BEPP	<p>Bids capable of being directly activated can be activated within the Validity Period of 15 minutes (i.e. between 7,5 min. before and 7,5 min. after a BEPP). Accepted energy volume is distributed over two BEPPs (i.e. QHs, i.e. ISPs). For the subsequent, i.e. second, BEPP (i.e. QH+1) the assigned amount equals the requested power times 15 minutes. The remaining volume (max. 14,9... minutes times requested power) is attributed to the first BEPP. Explanatory Document chapter 5 provides detailed explanation about which prices will be attributed to the respective volumes is provided. The shapes of accepted physical delivery (ramps) and calculation/acceptation of volumes for Imbalance Adjustment remains subject to national provisions.</p> <p>Description of how volumes are distributed is included in Explanatory Document.</p>
5 mFRR Direct Activation	The stakeholder supports the mFRR Direct Activation pricing. The selected option ensures a proper remuneration of Direct Activated bids and removes the risk of spreading the same price over several subsequent QHs, with no rationale and in contradiction with the principle of real-time energy cost-reflectiveness.	The TSOs take note of the comment and appreciate the support.
5 mFRR Direct Activation	The stakeholder asks to clarify on pricing of the mFRR Direct Activation: volumes across different BEPP are attributed to a single BEPP. Is	The delivery of mFRR overlaps several BEPPs. BSPs are aware of this when they submit an offer of a bid capable of being directly activated. The request stated in the comment in regard to pricing is fulfilled by the

	this consistent with the requirement to reflect the real time value of the energy?	providing a floor to the CBMP of directly activated mFRR (DA mFRR) which is the value of the CBMP of the scheduled activation of the BEPP to which the DA mFRR volume is attributed. For more details, please see the explanatory document.
5 mFRR Direct Activation	The stakeholder disagrees with two different activation methods mFRR - wants a system built around SA method only.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
5 mFRR Direct Activation	The stakeholder argues that there shall be only one mFRR product, for Scheduled Activated, no existence of Direct Activated. Alternatively separated Direct Activated product.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
5 mFRR Direct Activation	The stakeholder suggests that system should be built around the mFRR Balancing Energy with Scheduled Activation only.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
5 mFRR Direct Activation	The stakeholder shares its concern for distortion of imbalance price, due to attribution of Direct Activation mFRR bid to a BEPP which is different than in which it was physically delivered.	The volume determination is defined by (national) terms and conditions according to Article 18. The pricing rules for DA mFRR do take into account that part of the volume might be allocated to the subsequent QH.
5 mFRR Direct Activation	The stakeholder supports mFRR Direct Activation	The TSOs acknowledge the comment and inform that the product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
6 aFRR	The stakeholder sees an inconsistency between optimization cycle BEPP and volume determination based on metered volumes (15 min values). Proposal for new method for price determination (FAT BEPP)	With the FAT approach the disadvantages of both options are described in the explanatory document. Although it does reduce some of them to an extent, none of them is alleviated. In addition, since FAT will not be harmonized for a certain period, it may create inequalities between different BSPs and also BRPs depending on their location (LFC area).
6 aFRR	The stakeholders propose an update on Congestion Rent determination in case BEPP is changed to 15 min	The TSOs acknowledge the comment and if such a change occurs TSOs will take it into consideration.
6 aFRR	The stakeholder asks for a CBMP per ISP not per BEPP.	For the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. A comparison between the different options for BEPP can be found in the explanatory document of the draft proposal including the argument mentioned here.
6 aFRR	The stakeholders ask for a CBMP per ISP not per BEPP. It is not in comply with the EBGL. Comments includes 2 ways forward to deal with unjustified price spikes in the framework of a QH BEPP.	TSOs agree that the price spikes come as an outcome of the dynamic process of aFRR. TSOs also believe that the aFRR controllers should be properly tuned in order to have the best technical performance for the stability of the power system. Nevertheless, this tuning should be based on technical needs and not on the impact on pricing. Regarding the second option proposed, it could be seen as a compromise, but it does not fully mitigate the disadvantages of any of the two options presented in the explanatory document. As a result, all the arguments related to price spikes will continue existing only in a lower degree. In addition,

		computational complexity will increase and transparency on price formation will decrease.
6 aFRR	The stakeholder sees negative aspects on both optimization cycle BEPP as well as BEPP of 15 minutes. Suggestion: the price-determining curve could be calculated analogously to the aFRR volume determination done by the German TSOs	<p>We understand that this reply is related also to the way the price is defined based on the results of AOF. We understand that if the price definition deviates from the AOF, it could have an effect on the price spikes. Nevertheless, this approach may decrease to an extent the issues stated in the explanatory document, but they will still be present.</p> <p>Due to the dynamic nature of the aFRR process special remuneration schemes for delivered but not selected bids cannot be avoided since the CBMP is determined centrally based on the AOF. This concern is independent of the BEPP choice.</p>
6 aFRR	The stakeholder suggests to change the length of BEPP cycle from 4 seconds to 5 minutes	With the BEPP equal to 5min approach the disadvantages of both options described in the explanatory document are present. Although it does reduce some of them to an extent, none of them is alleviated.
6 aFRR	The stakeholders show its preference to the use of the more transparent quarter hour BEPP compared to an optimisation cycle BEPP.	TSOs see the proposal of an Optimisation Cycle BEPP for the aFRR process as transparent since it provides a good representation of the demand and the congestion situation. Due to the dynamic nature of the aFRR process special remuneration schemes for deactivation cannot be avoided since the CBMP is determined centrally based on the AOF. This concern is independent of the BEPP choice.
6 aFRR	The stakeholder is against to the current aFRR BEPP. The 15 minutes BEPP is suggested.	<p>EBGL Article 30 (1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the relevant BEPP compliant with the requirements from the EBGL</p> <p>TSOs see the risk that extreme prices due to the central price determination reflecting demand spikes of only a few seconds would provide an arbitrary increase in the remuneration of BSPs at the expense of the BRPs. For smaller BRPs this can cause financial risks.</p> <p>For the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. This procedure is also performed for other balancing processes (RR, mFRR) and in other energy markets (e.g. day-ahead market).</p>
6 aFRR	The stakeholder shows its strong reservations against BEPP of 1-4 seconds. Preference of 15	According to this comment, the activated bids that are needed for balancing should set the marginal

	<p>minute BEPP, which gives clear link to other timeframes (day-ahead /Intraday). The suggested BEPP significantly reduces transparency in the market and could have significant impact on administrative process and costs of the BSPs.</p>	<p>price for whole ISP. We would like to refer to the argumentation given in the explanatory document and mention that this argumentation is valid both for the cases of bids selected by AOF and the bids that are actually activated.</p>
6 aFRR	<p>The stakeholder is in favour for a 15 minutes BEPP a preferred option. Strong opposition towards the possibility to de/activate activated aFRR bids / instead the stakeholder suggests to add a requirement for the bids to be symmetric.</p>	<p>The deactivation (ramping down) of aFRR bids is necessary in order to react on changing demand and/or congestion situations. Furthermore, the aFRR implementation framework foresees asymmetric bids that decrease entry barriers and allow BSPs to submit only aFRR upward or downward bids.</p>
6 aFRR	<p>The stakeholder rejects the optimization cycle of 4 seconds and suggest a BEPP of 15 minutes.</p>	<p>EBGL Article 30 (1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the relevant BEPP compliant with the requirements from the EBGL</p>
6 aFRR	<p>The stakeholder disagrees with control cycle BEPP. In stakeholder's view control cycle BEPP is not compliant with Article 30 of the EBGL. Preference for 15 min. BEPP due to transparency, lower IT and data complexity, bidding strategies (under control cycle BSP's bidding strategies would resemble those of pay-as-bid system)</p>	<p>TSOs acknowledge the opinion of this stakeholder. Regarding the argument of the extreme prices in Germany, TSOs believe that an Optimisation Cycle BEPP would be very good for limiting this effect to only a few optimization cycles.</p>
6 aFRR	<p>The stakeholders show their preference for 15 min. BEPP due greater flexibility to optimise available resources and offer non-contracted units by BRPs. Greater difficulty to integrate flexible BRPs into short term balancing system.</p>	<p>TSOs understand the concern of this stakeholder and would like to note that this argument is already included in the explanatory document. Currently the BRPs use the 15 min balancing price in order to optimize their available flexibility so an Optimisation Cycle BEPP should not be a problem. In case a balancing system would like to use indicative price signals with higher granularity than an ISP, an Optimisation Cycle BEPP can still be used and give correct price information for the balancing energy needs of the intra-ISP interval.</p>
6 aFRR	<p>The stakeholders state its strong reservations against BEPP 1-4 seconds. Preference of 15 minute BEPP, which gives clear link to other timeframes (day-ahead/Intraday). The suggested BEPP significantly reduces transparency in the market and could have significant impact on administrative process and costs of the BSPs.</p>	<p>TSOs acknowledge the fact that activations on the AOF should correctly reflect the needs of TSOs to resolve imbalances. Since imbalances can change within seconds and the AOF reacts to this changes activation may not show the same dynamic. Nevertheless, no matter how close these two aspects are, the concerns of the TSOs regarding a BEPP of 15 min are not satisfied.</p>
6 aFRR	<p>The stakeholder asks to reservation to BEPP 4 s. The reasons for using remain unclear and contradict statements during consultations/workshop. EFET delivers detailed reasons by the 4s BEPP is not appropriate</p>	<p>We understand that competition may be present even during times of congestions as the BSPs will have to compete with other BSPs in the same uncongested area. Nevertheless, this competition is significantly less compared to an EU merit order and higher price convergence would provide the necessary signals to the BSPs regarding the true levels of competition.</p>

		<p>The argument of data handling complexity is understood and is already included in the explanatory framework.</p> <p>Regarding the combination of BEPP with metered TSO-BSP settlement with a 4-second BEPP, the definition of the relative volumes to be settled at the CBMP will not be harmonized.</p> <p>Regarding the mitigation measures, it is not considered as a preferable solution as it will combine the disadvantages of the two options (BEPP of 4sec and 15min).</p>
6 aFRR	The stakeholder supports of BEPP equal to AOF optimisation function	The TSOs appreciate support for the current approach.
6 aFRR	The stakeholder supports for the BEPP for standard aFRR balancing energy to be equal to the optimization cycle of the AOF.	The TSOs appreciate the support received for the current approach.
6 aFRR	The stakeholder supports for central price determination	The TSOs acknowledge the comment.
6 aFRR	<p>The stakeholders urge to include in the proposal an obligation for TSOs to ensure:</p> <ul style="list-style-type: none"> (i) Full transparency on the activated volumes (ii) A clear signal in case of a change of net position (and direction of volumes activated) within an ISP (iii) Visibility on the state of the system close to real time (iv) Calculation of the imbalance price as soon as possible after real time 	<p>TSOs acknowledge the comment. EBGL Article 12 puts the obligation to publish information on each TSO. Therefore, the publication of the necessary information is not directly part of this proposal. However, TSOs are aware of the importance of providing the necessary information to market participants.</p>
6 aFRR	The stakeholders rationale why not to use Pay-As-Clear in case of ramping down rather than Pay-As-Bid is missing.	TSOs acknowledge the comment and provided the rationality for using pay-as-bid for ramped down volumes in the explanatory document.
6 aFRR	The stakeholder requires for more explanation regarding functionality of AOF in the price indeterminacy case.	Description of price indeterminacy methodology has been added to the PP Article 4.
6 aFRR	The stakeholders ask for clarification on price indeterminacy occurrence.	Description of price indeterminacy methodology has been added to the PP Article 4.
6 aFRR	The stakeholder asks for the aFRR optimization cycle of "the moment" activated after 30-300 seconds with uncertainty - Is the previously activated reserve affecting the real time optimization cycle evaluation?	As the price setting depends on the TSO demand for aFRR and uncongested areas, the prices are not affected by the previously activated reserves. The dynamic effects were investigated and are illustrated in the explanatory document
6 aFRR	The stakeholders reject the optimization cycle of 4 seconds - suggestion of a BEPP of 15 minutes. Support of the remuneration of balancing bids selected for system constraint purposes.	<p>The TSOs appreciate support for the current approach. The EBGL in its Article 30 (1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate. Therefore, from a legal point of view TSOs see the introduction of definition for the</p>

		relevant BEPP compliant with the requirements from the EBGL
7 Specific Products	The stakeholder asks for more clarification in a binding document and direct references in paragraphs are welcomed.	Pricing of specific product bids is now included in article 3 General Principles together with all the references.
7 Specific Products	The stakeholder requests to delete the paragraph (d) of this article as mentioned already in the EBGL.	The whole initial article 7 Specific Product has been deleted. Pricing of specific product bids is now included in article 3 General Principles without mentioning point (d).
7 Specific Products	The stakeholder requests to set clear rules for pricing specific products. At a very minimum, the proposal should address the pricing mechanism (marginal pricing) as well as rules on how to ensure harmonized bidding requirements (Balancing Energy Gate Closure Time, minimum and maximum delivery times, other bids characteristics) and other issues that may result in competitive distortions.	Pricing of specific product bids has been included in article 3 General Principles.
7 Specific Products	The stakeholders think that deactivation of selected bid due to System Constraints Purposes shall be remunerated with the difference between CBMP and the bid price.	<p>The remuneration of bids which were forwarded to the CMOL but not selected by the AOFs (due to any reason) is treated by the proposal: Since these bids will not deliver any volume, the respective remuneration will be 0 €.</p> <p>The remuneration of bids selected by the AOF but not activated due to local congestions or bids which were not forwarded to the CMOL is not in the scope of the proposal as defined by EBGL which requires "[...] a proposal for a methodology to determine prices for the balancing energy that results from the activation of balancing energy bids" in Article 30(1). The terms and conditions for BSPs may define rules for remuneration in such cases.</p> <p>It is not foreseen that rejected bids for system constraints will be remunerated.</p>
7 Specific Products	The stakeholders oppose for Pay-As-Bid remuneration for bids accepted locally in aFRR. It is not in line with the SOGL which states that the balancing energy must be remunerated at marginal pricing.	The comment suggests to apply a decentralised pricing approach. The reasons, why the TSOs have decided to propose an AOF based approach can be found in the explanatory document.
7 Specific Products	The stakeholder suggests that all BSPs should send the Standard products directly instead of Specific Products.	According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. Specific products are used when standard products are not sufficient to ensure operational security and to maintain the system balance efficiently or when some balancing resources cannot participate in the balancing market through standard products.
7 Specific Products	The stakeholder points out the danger of an uneven playing field for standard products and Specific products that were converted to standard. Suggest to specify the rules and make them clear. Furthermore - rejected bids shall be	According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. This proposal should include among others where applicable, the rules for converting the

	<p>remunerated with the difference between the CBMP and the bid price. In general stakeholder advises not to apply for Specific Product.</p>	<p>balancing energy bids from specific products into balancing energy bids from standard products and a demonstration that the specific products do not create significant inefficiencies and distortions in the balancing market within and outside the scheduling area.</p> <p>From the balancing platform point of view, all submitted products are standard products. If as a result, specific product converted to standard product is selected, then price of specific product for TSO-BSP settlement will be determined based on the standard product price and bid conversion mechanism. The gate closure time for this products will be specified in the Implementation Frameworks.</p> <p>The remuneration of bids selected by the AOF but not activated due to local congestions or bids which were not forwarded to the CMOL is not in the scope of the proposal as defined by the EBGL which requires ""[...] a proposal for a methodology to determine prices for the balancing energy that results from the activation of balancing energy bids"" in Article 30(1). The (national) terms and conditions for BSPs may define rules for remuneration in such cases.</p>
7 Specific Products	<p>The stakeholder raises the question why TSOs use these specific products if they can be easily converted into standard products.</p>	<p>According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. Specific products are used when standard products are not sufficient to ensure operational security and to maintain the system balance efficiently or when some balancing resources cannot participate in the balancing market through standard products.</p>
7 Specific Products	<p>The stakeholders ask for clarification on the pricing rules (or bid conversion mechanism) for Specific products competition in (Standard product) CMOL as Marginal Price, BEGCT, min/max delivery time.</p>	<p>According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. Specific products are used when standard products are not sufficient to ensure operational security and to maintain the system balance efficiently or when some balancing resources cannot participate in the balancing market through standard products. Since the bid conversion mechanism is part of the national terms and conditions it is not feasible to provide a stricter framework for pricing of such products. The gate closure time for these products will be specified in the Implementation Frameworks.</p>
7 Specific Products	<p>The stakeholder requests to set clear rules for pricing specific products. At a very minimum, the proposal should address the pricing mechanism (marginal pricing) as well as rules on how to ensure harmonized bidding requirements (Balancing Energy Gate Closure Time, minimum</p>	<p>According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. Specific products are used when standard products are not sufficient to ensure operational security and to maintain the system balance</p>

	and maximum delivery times, other bids characteristics) and other issues that may result in competitive distortions.	efficiently or when some balancing resources cannot participate in the balancing market through standard products. Since the bid conversion mechanism is part of the national terms and conditions it is not feasible to provide a stricter framework for pricing of such products. That gate closure time for these products will be specified in the Implementation Frameworks.
7 Specific Products	The stakeholders asks for a specific and binding rule on how specific products have to be priced if they are to be admitted to the CMOL through a bid conversion mechanism. This should include elements such as marginal pricing (pay-as-cleared), Balancing Energy Gate Closure Time, and minimum and maximum delivery time.	According to Article 26 of the EBGL each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. Specific products are used when standard products are not sufficient to ensure operational security and to maintain the system balance efficiently or when some balancing resources cannot participate in the balancing market through standard products. Since the bid conversion mechanism is part of the national terms and conditions it is not feasible to provide a stricter framework for pricing of such products. The gate closure time for these products will be specified in the Implementation Frameworks.
7 Specific Products	The stakeholder states that the unshared bids should be compensated for the price difference between CBMP and the bid price	The remuneration of bids selected by the AOF but not activated due to local congestions or bids which were not forwarded to the CMOL is not in the scope of the proposal as defined by EBGL which requires ""[...] a proposal for a methodology to determine prices for the balancing energy that results from the activation of balancing energy bids"" in Article 30(1). The (national) terms and conditions for BSPs may define rules for remuneration in such cases.
8 System Constraint Purpose Activations	The stakeholder requests for details on pay-as-bid	See explanation in the PP Explanatory Document Chapter 4.4.;
8 System Constraint Purpose Activations	The stakeholder thinks that it is not clearly reflected in the APP that activation for other purposes than balancing is not foreseen in the case of standard mFRR balancing product with DA	Activation Purposes Proposal will be aligned with Pricing Proposal.
8 System Constraint Purpose Activations	The stakeholder is against to the pricing proposal for System Constraints Activation Purpose. First of all, concerning the mechanism of interconnection controllability mentioned in the explanatory document on the PP as a source of activations for system constraints, EDF reiterates that TSOs haven't fully justified the need for such mechanism, as TSOs could rely on updated NTCs. EDF understands that there may be a specific need for the management of DC links, but the demonstration for AC borders has not been done. EDF does not see any reason to reduce the cross-zonal exchanges after the intraday capacity calculation phase by introducing new constraints. If such tools should be used EDF is in favour of option 2.	Since the majority of responds support Option 1, this option is proposed. There are several arguments for Option 1, raised by Stakeholders, e.g. 1) Option 1 ensures that BRPs will not be affected by activations for system constraints purposes 2) Option 1 provides higher transparency, i.e. it is easy to identify bids activated for system constraints

8 System Constraint Purpose Activations	The stakeholders preference for option 1 of System Constraints Purpose Activation.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports Option 1, which ensures that activation for system constraint purposes does not set the CBMP, thus not artificially affecting the imbalance costs of BRPs, while at the same time providing certainty that BSPs are remunerated at or above the CBMP for balancing purposes.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports Option 1, which ensures that activation for system constraint purposes does not set the CBMP, thus not artificially affecting the imbalance costs of BRPs, while at the same time providing certainty that BSPs are remunerated at or above the CBMP for balancing purposes.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports for Option 1. It would not be reasonable to charge costs for alleviating congestions only to BRPs that have imbalances	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports Option 1, which ensures that activation for system constraint purposes does not set the CBMP, thus not artificially affecting the imbalance costs of BRPs, while at the same time providing certainty that BSPs are remunerated at or above the CBMP for balancing purposes.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports of option 1 in 4.4 Explanatory Document.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports of option 1 in 4.4 Explanatory Document.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder is in favour of option 1 proposed in Section 4.4 of the Explanatory Document. They point out that TSOs have other tools to address congestions by adjusting CZ exchanges.	TSOs acknowledge this feedback supporting Option 1
8 System Constraint Purpose Activations	The stakeholder supports of option 2 in Explanatory Document.	Since the majority of the responds support Option 1, this option is proposed. There are several arguments for Option 1, raised by Stakeholders, e.g. 1) Option 1 ensures that BRPs will not be affected by activations for system constraints purposes 2) Option 1 provides higher transparency, i.e. it is easy to identify bids activated for system constraints
8 System Constraint Purpose Activations	The stakeholder supports for the pricing proposal of System Constraints Activation Purposes	The TSOs take note of the comment and appreciate the support.
8 System Constraint	The stakeholder supports for pay as bid pricing of bids activated for purposes other than balancing	Since the majority of the responds support Option 1, this option is proposed. There are several arguments

Purpose Activations		for Option 1, raised by Stakeholders, e.g. 1) Option 1 ensures that BRPs will not be affected by activations for system constraints purposes 2) Option 1 provides higher transparency, i.e. it is easy to identify bids activated for system constraints
8 System Constraint Purpose Activations	The stakeholder requests for transparency and complete clearness regarding bid activation due to system constraints - what is the constraint and how to solve it.	It will be transparent as all accepted bids and prices will be published. If the price of the bid is higher than the marginal price of the respective area, then it is clear that this bid was accepted in order to solve system constraints.
8 System Constraint Purpose Activations	The stakeholders ask for clarification of circumstances under which TSO could rely on balancing bids to manage congestion.	The TSOs have included more detail in Chapter 2.1.2 of the APP Explanatory Document.
8 System Constraint Purpose Activations	The stakeholder suggests to use the CBMP to be set also by System Constraints Purpose Activation.	Since the majority of respondent's support Option 1, this option is proposed.
9 Cross-Zonal Capacity	The stakeholder states that this PP should specify pricing approach in case of congestion	The CZC prices for the congested case for the exchange of balancing energy from aFRR, mFRR or RR are defined by the difference between the cross-border marginal prices in the uncongested areas (see Explanatory Document). This includes the balancing energy exchange resulting from implicit netting of the TSO demands. The CZC price resulting from imbalance netting platform is 0 €/MWh regardless of congestions. I.e. the comment is already taken into account by the proposal.
9 Cross-Zonal Capacity	The stakeholders ask to further include in this methodology a specific on the CZC pricing approach in case of congestion.	The CZC prices for the congested case for the exchange of balancing energy from aFRR, mFRR or RR are defined by the difference between the cross-border marginal prices in the uncongested areas (see Explanatory Document). This includes the balancing energy exchange resulting from implicit netting of the TSO demands. The CZC price resulting from imbalance netting platform is 0 €/MWh regardless of congestions. I.e. the comment is already taken into account by the proposal.
9 Cross-Zonal Capacity	The stakeholder agrees that if no-congestion - price shall be zero. Pricing approach in case of congestion should be addressed.	The CZC prices for the congested case for the exchange of balancing energy from aFRR, mFRR or RR are defined by the difference between the cross-border marginal prices in the uncongested areas (see Explanatory Document). This includes the balancing energy exchange resulting from implicit netting of the TSO demands. The CZC price resulting from imbalance netting platform is 0 €/MWh regardless of congestions. I.e. the comment is already taken into account by the proposal.
9 Cross-Zonal Capacity	The stakeholder thinks that the TSOs proposal does not reflect the Explanatory Document regarding the price of CZC.	Please refer to Article 9(1) of the PP, in particular the part of the sentence after "and shall correspond to": "The CZC price for balancing energy exchange

		<p>resulting from activation of standard energy product bids</p> <p>shall be 0 €/MWh within an uncongested area and shall correspond to the difference between the CBMPs of the respective uncongested areas on the borders separating two uncongested areas." A similar formulation can be found in Article 9(2) of the PP regarding netting which is part of the aFRR platform.</p>
9 Cross-Zonal Capacity	The stakeholder supports of the proposed methodology from pricing cross zonal capacity in cases without congestion.	<p>The CZC prices for the congested case for the exchange of balancing energy from aFRR, mFRR or RR are defined by the difference between the cross-border marginal prices in the uncongested areas (see Explanatory Document). This includes the balancing energy exchange resulting from implicit netting of the TSO demands.</p> <p>The CZC price resulting from imbalance netting platform is 0 €/MWh regardless of congestions.</p>
10 Implementation	The stakeholder request for clarification of the implementation date of the PP (at the same time as RR product platform or at a later date) - same comment submitted under Whereas	The TSOs define implementation time scale equal to the platform deadlines but based on the EBGL entry into force. Explain in the Explanatory Document.
10 Implementation	The stakeholder request for later implementation of the PP for RR to allow uninterrupted, implementation of the RR platform	The TSOs did not consider this comment in this proposal, because this is a general statement, with no explicit background.
10 Implementation	The stakeholder request to liaise with the Europex members (probably the TPMOs) closely at all times, where the TSOs need interface with these members.	The TSOs have had promoted various events and will continue do it as enablers of such supports cooperation. As an example, for this 2018, three Electricity Balancing Stakeholder Group, plus two dedicated balancing workshops were organised on June and October.
11 Language	The stakeholder supports of English as the reference language.	The TSOs acknowledged the comment.
4 Standard RR, mFRR Scheduled Activated,5 mFRR Direct Activated,7 aFRR	<p>The stakeholder thinks that this means that all bids offered into a marginal priced market unconditionally must be settled on marginal price if activated.</p> <p>If it for any reason is necessary to activate bids outside the merit order there must be mechanisms in place that secures fair remuneration of the services provided by the BSPs, so they can trust the market without adding premiums to their bids.</p>	Since the majority of respondent's support Option 1, TSOs will this option is proposed.
Whereas	The stakeholders ask for the BEPP in case of aFRR is translating to the pay-as-clear obligation de facto into an average price per ISP, which is not comply with the EBGL article 30(1)(a).	For each BEPP as outlined in the PP the balancing energy price for the aFRR process will be determined based on pay-as-cleared. Therefore, TSOs see the current proposal as compliant with the requirements from the EBGL. Specifically, for the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective period. This procedure is also performed for other balancing processes (RR, mFRR) and in other energy markets.

Whereas	The stakeholders ask for changing the CBMP per ISP not per BEPP. In their opinion this is not in comply with the EBGL.	The EBGL Article 30(1)(c) outlines that at least one price per ISP should determine. In the course of the preparation of the PP TSOs investigated the interpretation of Article 30 (1)(c) of the EBGL and came to the conclusion that the interpretation of determining more than one CBMP per ISP is legitimate.
Whereas	The stakeholders believes that the control cycle "BEPP" will result in BSPs bids being more often paid at the bidding price (either because it is the marginal bid during a "BEPP" or it is being paid-as-bid when ramping down), creating an incentive to increase bidding prices strategically (expectation of congestion); exactly one of the behavioural consequences that the pay-as-cleared principle aims to remove.	For the aFRR process where the activation optimization is performed in seconds, each optimization cycle can be interpreted as a unique auction determining a clearing (marginal) price for the respective optimization cycle. This procedure is also performed for other balancing processes (RR, mFRR) and in energy markets (e.g. day-ahead market, Intraday auctions). Furthermore, the proposed optimization-cycle BEPP would lead to more BEPPs with price convergence and BSPs paid the same CBMP. TSOs don't see an incentive to strategically inflate the bid prices since the frequency of price convergence between pricing areas will be increased reflecting the competition on platform level.
Whereas	The stakeholders question the statement that PP lowers barriers for new entrants is incorrect due to control cycle BEPP which is pretty complex. The whole methodology leads to pay-as-bid even the fact the EBGL says pay-as-cleared of reason to lower the barriers and complexity.	TSOs acknowledge the argument that an Optimisation Cycle BEPP could lead to more cases of pay as bid. Nevertheless, due to the long EU merit order list, these cases are expected to remain infrequent. This aspect should be compared with the rest of the benefits of an Optimisation Cycle BEPP
Whereas	The stakeholder support of the aFRR BEPP equal to AOF optimisation cycle	The TSOs appreciate support for the current approach.
Whereas	The stakeholder asks about the integrated scheduling process bids an if this is related to Central dispatch	"Integrated scheduling process bids" is a term used in the EBGL. Explanation is also provided in Explanatory Document: "In central dispatching model all market participants submit integrated scheduling process bids. Integrated scheduling process bids contain commercial data, complex technical data of individual power generating facilities or demand facilities and explicitly includes the start-up characteristics."

Whereas	The stakeholder request for a more specific on meaning of the “give correct price signals and incentives to market participants” requested	The term "correct" is used in the EBGL. The second part of the paragraph summarises how the TSOs see the fulfilment of this requirement: "This requirement is fulfilled by choosing the cross-border marginal price [...]. Moreover, the pricing methodology differentiates between the different products and processes [...] and is consistent with the congestions identified within each process while establishing the cross-border marginal prices." Further information can be found in the Explanatory Document.
Whereas	The stakeholders discuss the "effective competition is fostered by artificially increasing the moments of price convergence" misses the driving forces behind competition, which is essentially activation.	We understand that competition may be present even during times of congestions as the BSPs will have to compete with other BSPs in the same uncongested area. Nevertheless, this competition is significantly less compared to an EU merit order and higher price convergence would provide the necessary signals to the BSPs regarding the true levels of competition. Therefore, TSOs see the price convergence as an important property within the concept of CBMP. Only in case of price convergence the positive effects arising from the design option can be facilitated.
Whereas	The stakeholders ask for check in the PP is inconsistent with day-ahead and Intraday in timeframe and in the methodology, which is aimed at pricing process rather than energy as in day-ahead and Intraday .	The TSOs acknowledge the comment. We understand from the comment that the stakeholder introduces a concept of "delivery period". We interpret this comment in connection with other comments in a way that the "delivery period" of aFRR is considered to be equal to ISP. As aFRR activation changes continuously such a definition is not straight forward (see Explanatory Document)
Whereas	The stakeholder PP doesn't comply with the objectives nor with the requirements of the EBGL and shall be expanded to tackle the issues of impact of TSO System Constraints Purposes Activation actions in price formation, the allocation of balancing costs and the assessment of compensation costs of not activated bids derived.	The remuneration of bids which were forwarded to the CMOL but not selected by the AOFs (due to any reason) is treated by this proposal and it is explained in it Explanatory Document. Since these bids will not deliver any volume, the respective remuneration will be 0 €. The remuneration of bids selected by the AOF but not activated due to local congestions or bids which were not forwarded to the CMOL is not in the scope of the proposal as defined by the EBGL which requires "[...] a proposal for a methodology to determine prices for the balancing energy that results from the activation of balancing energy bids" in Article 30(1) of the EBGL. The (national) terms and conditions for BSPs may define rules for remuneration in such cases.

Whereas	The stakeholder express disagreement with mFRR Direct Activation.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
Whereas	The stakeholders state that the PP should be fully compliant with the EBGL and address also impact of the bids activated for other purposes than balancing on the imbalance price.	The current proposal indicates, that the activation for system constraints cannot set the marginal price. The more detailed process is detailed in section 4.4.1 of the Explanatory Document
Whereas	The stakeholders request clarity whether the CBMP will be used always. It should be clearly stated when it is not the case	The TSOs explained in the PP Explanatory Document that the bids that will be selected by the optimisation algorithm, and hence, will be activated, will respect the constraint of the desired exchange.
Whereas	The stakeholders express disagreement for situations when even if the imbalance price is impacted by internal congestion, the supplier should be compensated on CBMP	The TSOs acknowledge the comment. The remuneration for local congestion management is part of the national legislation.
Whereas	The stakeholders express their reservation for pay-as-bid when activating bids for system constraints. The system pushes BSPs to speculate on high prices and there is a fear the BSPs could be punished for revealing true marginal costs. All bids offered into a marginal priced market unconditionally must be settled on marginal price if activated.	Since the majority of the respondents support Option 1, this option is proposed. There are several arguments for Option 1, raised by Stakeholders, e.g. 1) Option 1 ensures that BRPs will not be affected by activations for system constraints purposes 2) Option 1 provides higher transparency, i.e. it is easy to identify bids activated for system constraints
General	The stakeholder support of the consultation	The TSOs acknowledged the comment.
General	The stakeholder appreciates this consultation and workshops	The TSOs acknowledged the comment.
General	The stakeholder acknowledges the opportunity to contribute to the via this consultation	The TSOs acknowledged the comment.
General	The stakeholders support this consultation	The TSOs acknowledge the comment.
General	The stakeholder asks for clarity, on which factors will be taken into account for the purposes of calculating this 'base price' for imbalances in case no activation of orders for balancing has taken place. Will, for example, the SDAC or SIDC bidding zone price be taken into account, or a combination of the two, in addition to the other elements mentioned? Request for precise components of the BRP Imbalance settlement The publication should be close to the real-time in all concerned countries.	The TSOs clarified that the imbalance settlement determination is under the scope of other proposal than PP. This proposal considers the TSO- BSP exchange. This comment is out from the scope of the pricing proposal, from the perspective of imbalance settlement harmonisation the answer is following: With the current imbalance settlement harmonisation proposal the SDAC or SIDC prices are not to be taken into account as a value of avoided activation. The information about the components to be added to the imbalance price can be found from the imbalance settlement pricing proposal.
General	The stakeholder asks for clarification on the compensation for not activated / rejected bids.	The remuneration of bids which were forwarded to the CMOL but not selected by the AOFs (due to any reason) is treated by the proposal: Since these bids will not deliver any volume, the respective remuneration will be 0 €. The remuneration of bids selected by the AOF but not activated due to local congestions or bids which were not forwarded to the CMOL is not in the scope of the proposal as defined by the EBGL which requires "[...] a proposal for a methodology to

		<p>determine prices for the balancing energy that results from the activation of balancing energy bids" in Article 30(1). The terms and conditions for BSPs may define rules for remuneration in such cases.</p> <p>It is not foreseen that rejected bids for system constraints will be remunerated.</p>
General	The stakeholders ask for clarification what is meant by "give correct price signals and incentives to market participants"	<p>The term "correct" is used in the EBGL. The second part of the paragraph summarises how the TSOs see the fulfilment of this requirement: "This requirement is fulfilled by choosing the cross-border marginal price [...]. Moreover, the pricing methodology differentiates between the different products and processes [...] and is consistent with the congestions identified within each process while establishing the cross-border marginal prices." Further information can be found in the Explanatory Document.</p>
General/Whereas	The stakeholders express their disagreement with the statement that cross product marginal pricing will be inconsistent with the day ahead and intraday timeframe.	<p>The mFRR and aFRR products have significant differences, in particular the continuous change of set-point for aFRR vs. fixed set-point for mFRR as well as the different full activation times. Therefore, the products are remunerated with different prices. It is true that the gate closure times for the bid submission are the same. Nonetheless, it is also true that having different prices for two different products delivering in the same validity period is consistent with two prices in the day-ahead and intraday energy markets.</p>
General	The stakeholder requests for clarification of the implementation date of the PP (at the same time as RR product platform or at a later date)	Define implementation time scale equal to the platform deadlines but based on the EBGL entry into force. Explain in the Explanatory Document.
General	The stakeholders consider that the Pricing Proposal should not only take into account the EBGL, but fully comply with it.	The TSOs replaced "takes into account" by "complies".
General	The stakeholders consider that the Pricing Proposal should not only take into account the EBGL, but fully comply with it.	The TSOs replaced "takes into account" by "complies".
Whereas	The stakeholders suggest that decreasing balancing costs is not a goal in itself.	The TSOs share the view that the formulation can be misinterpreted. The goal of the platform is to increase efficiency by selecting the cheapest bids.
General/Whereas	The stakeholder questions if the correct price signals should ensure that the liquidity on the intraday market is not affected.	<p>The term "correct" is used in the EBGL. The second part of the paragraph summarises how the TSOs see the fulfilment of this requirement: "This requirement is fulfilled by choosing the cross-border marginal price [...]. Moreover, the pricing methodology differentiates between the different products and processes [...] and is consistent with the congestions identified within each process while establishing the cross-border marginal prices." Further information can be found in the Explanatory Document.</p>

General	The stakeholders asks for the publication of imbalance prices should be close to the real-time in all concerned countries.	The TSOs acknowledge the comment. The publication process for imbalance price is not in the scope of this proposal. The publication requirements are defined in the transparency regulation as well as Article 12 of the EBGL.
General	The stakeholder asks to set the same price limits to be same as are in Intraday .	The TSOs do not propose price limits. As explained in the Explanatory Document, only IT limits for pricing will be defined.
Genera/Whereas	The stakeholder thinks that the current PP does not foster effective competition as long as the activation is pay-as-cleared.	The TSOs agree that in each clearing the bids with the lowest bid prices will be selected. For the selection of the bids, the AOF will take the availability of the cross-border transmission capacity into account. This mechanism is valid regardless of the pricing methodology (and would be also valid for pay-as-bid). At the same time, in the day-ahead market each clearing has a clearing price which is not influenced by the prices of other clearings. The TSOs are of the opinion that pricing methodology also can contribute or decrease the competitive forces and that in order not to distort competition the clearing price must reflect the market and system state at the time point of the clearing.
	The Stakeholder invites to review the sentence „the activation purpose proposal does not foresee activation for other purposes than balancing for aFRR-Platform and for direct activation in the mFRR-Platform.” is not in line with Article 3 (4) of APP.	The TSOs acknowledged this comment.
General	The stakeholder thinks that PP doesn't comply with the objectives nor with the requirements of the EBGL mentioned in article 3(1)(a,b,d).	Please refer to the Whereas section as well as to the PP Explanatory Document.
	The stakeholder suggests to introduce products with longer FAT.	The TSOs acknowledge the comment. The product definition is out of scope of the pricing proposal but was consulted as part of the mFRRIF.
General	The stakeholder thinks that, with the exception of a few place, the proposal is clear	The TSOs acknowledge the comment.
General	The stakeholder states that it undertakes operations in the UK which are in some countries to TSOs, the company request timely information on any considered changes to the PP and asks for close co-operation between ENTSO-E and ELEXON.	ENTSO-E and the TSOs take note of the comment. All TSOs are working to meet for each proposal the deadline established in the EBGL while collaborating with all the stakeholders (e.g. regular EBSG, MESC meetings, 2 specific Workshops in 2018 June and October...).
General	The stakeholder requests for transparency in the regulatory process	The TSOs agree with this comment.
General	The stakeholder requests for regional and local transparency on what pricing models TSOs plan to apply because it has an impact on price risks and competition in the market.	Pricing for standard and specific products bids is described in the PP and more detailed in the Explanatory Document.
General	The stakeholder is missing an article on transparency.	The TSOs acknowledge the comment. The legal scope of the proposal is defined by the EBGL.
General	The stakeholder insists on having more transparency in the balancing processes.	The TSOs are ready to answer concrete questions or requests. Moreover, the TSOs proposed in the implementation frameworks of the platforms having regular stakeholder workshops for this purpose.

General	The stakeholder strongly opposes to existence of elastic demand.	The TSOs acknowledge the comment. The possibility to use elastic demand is out of scope of the pricing proposal but was consulted as part of the implementation frameworks.
8 System Constraint Purposes	The stakeholder supports option 1 in 4.4 Explanatory Document and of option 2 in Chapter 4.5 of the PP Explanatory Document	The TSOs acknowledged the comment.
8 System Constraint Purposes	Explanatory Document 4.4 option 1 is clearly preferable or alternatively proposed "option 3" with setting two prices - one for balancing and one for System Constraints Purposes Activation.	The TSOs acknowledged the comment.
8 System Constraint Purposes	The stakeholder supports of option 1 in Chapter 4.4 of the PP Explanatory Document.	The TSOs acknowledged the comment.
General	The stakeholder agrees with System Constraints Purposes Activation remuneration based on pay-as-bid if bid bigger than CBMP	The TSOs acknowledged the comment.
General	The stakeholder underlies that the principle to apply marginal pricing is supported. Proposal should include article on transparency.	The TSOs acknowledged the comment. The legal scope of the proposal is defined by the EBGL, in its Articles 30(1) and 30(3).
General	The Stakeholder supports CBMP within uncongested area.	The TSOs acknowledged the comment.
General	The stakeholder is against CBMP on aFRR, mFRR and RR platforms without harmonization terms & conditions, IT security requirements and balancing capacity procurement across all participating European TSOs.	The TSOs acknowledged the comment. The process for harmonisation of terms and conditions is set up in the implementation framework proposals.
General	The stakeholder sees challenging signs of TSOs behaviour each other in manner of competitors rather than one symbiotic system. He stresses the need of NRA coordination and their definition and control of market.	The TSOs did not consider this comment in the PP because this is a general statement out of the scope of the proposal.
General	The stakeholder considers pro-active balancing there is a request for clarification of way possible to forecast imbalance and how it is beneficial.	The TSOs did not consider this comment in the PP because this is a general statement out of the scope of the proposal.
General	The stakeholder stresses a need for truly harmonized market with level playing field. He asks for consultation when a complete framework of balancing platforms is done.	The TSOs did not consider this comment in the PP because this is a general statement out of the scope of the proposal.
7 aFRR/ General	The stakeholder believes that the Optimisation Cycle BEPP may lead to "unjustified price spikes" that shall be avoided. BEPP shall be tackled different way as it is recently described.	Price spikes come as an outcome of the dynamic process of aFRR. We also believe that the aFRR controllers should be properly tuned in order to have the best technical performance for the stability of the power system. Nevertheless, this tuning should be based on technical needs and not on the impact on pricing. The intention of TSO when selecting an Optimisation Cycle BEPP is to activate and price the aFRR balancing energy according to the needs of the system and not artificially increase the price of optimization cycles if no big amount of balancing energy was required. Regarding the selection of the control demand

		approach, we understand that this may have an effect on the price spikes, however, due to technical reasons and proven stability TSOs propose control demand for the TSO-TSO exchange.
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