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# Reservation of capacity for balancing purposes

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# Intermittent Power Production - European Grid Planning

## Access to Flexible Power Production

- Norway has significant resources that could be developed to balance European intermittent power production

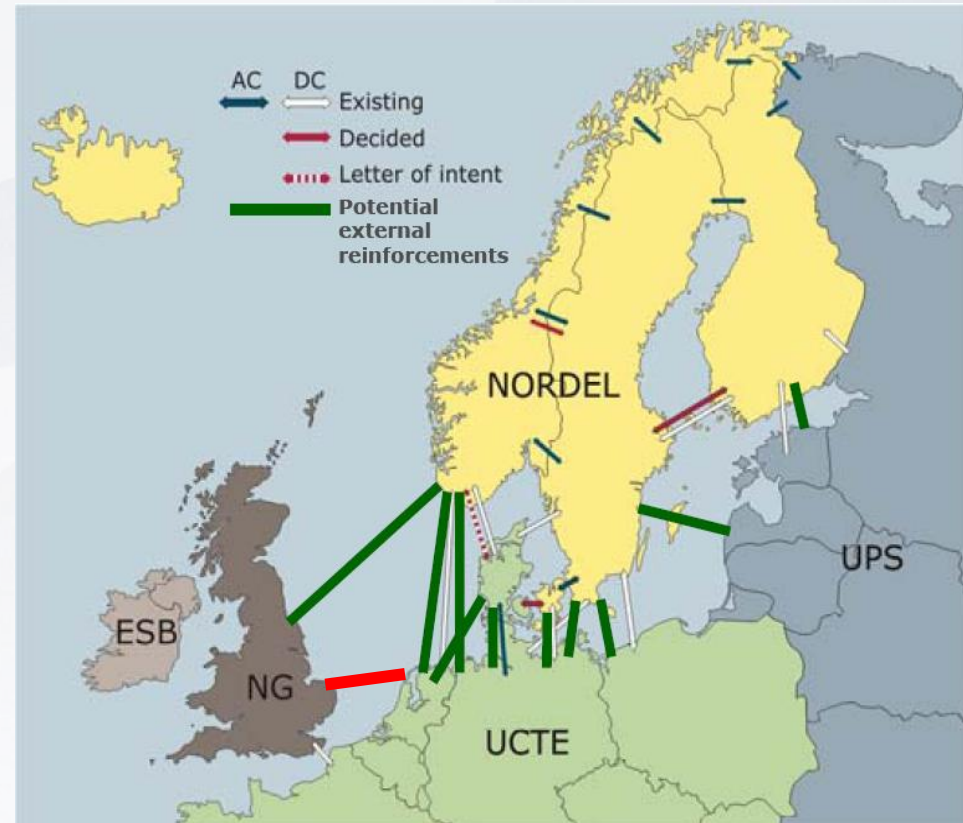
- 5-10.000 MW possible
- How can this be accomplished?

- Huge potential and need for new interconnections

- How to secure progress?

- Guidelines on reservation of capacity

- Future grid code (s)
- Should facilitate new market solutions, not restrict them!



Source: Nordel, Nordic Grid Master Plan 2008



**The economic welfare impacts of  
reserving interconnector capacity for  
trade in balancing products**

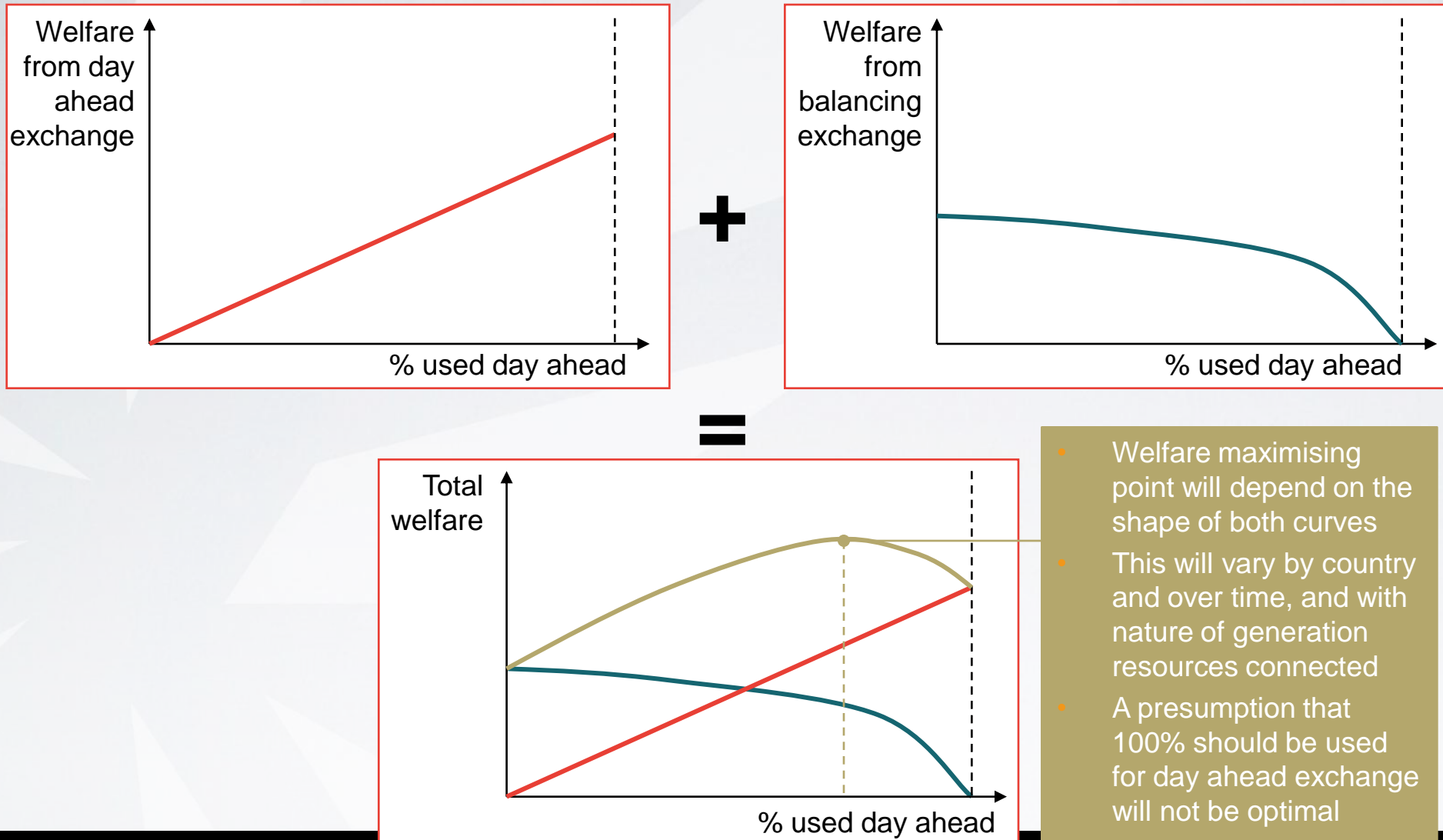
**A REPORT PREPARED FOR EBL**

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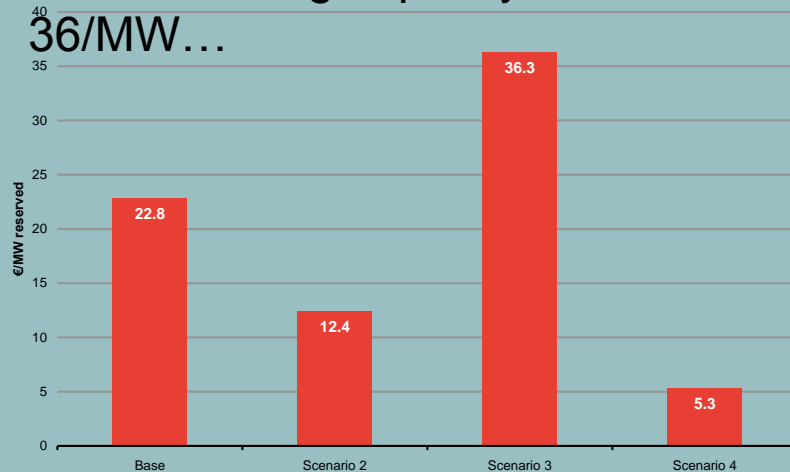
# A “one size fits all” prohibition of capacity reservations will not maximise social welfare



# The problem is material and needs to be addressed proactively

Stylised modelling of day ahead and imbalance price volatility shows a potential range of value from reserving capacity of €5-

36/MW...



... or, for 50MW of an interconnector reserved all year round, €600m+ over 40 year life

- A prohibition would prevent this option value being captured
- Day ahead, TSO has no “capacity only” purchase option in standard market coupling arrangements – so no route to capture value
- No route to longer term cross-border reserve contracts
- Looking to 2020, regulatory arrangements need to facilitate cross-border balancing
  - permitting reservation
  - effective TSO incentivisation
  - addressing commercial and operational protocols

