

Energy Norway Comments to the Questionnaire on the Nordic Finer Time Resolution Project

Energy Norway thanks Statnett and the Nordic TSOs that they have started the Nordic Finer Time Resolution Project and for the opportunity they give us to comment already from these early stages of the project.

Energy Norway also thanks Statnett for the presentation at the "Themadag" 16.2.2016 of the different possible ways forwards to a finer time resolution.

This short note is to be considered our comments to the excel table questionnaire and our thoughts on the very useful discussions at the "Themadag"

- In our view, the step to a finer time resolution is a logical consequence of the increasing intermittent RES shares in the market, increasing demand flexibility through the roll out of smart meters and the developments to harmonize the European ISP down to 15 minutes. If Balancing Responsible Parties (BRPs) are metered at 15 min intervals, they should also have the possibility to trade themselves into balance at markets offering a 15 minutes resolution.
- Concerning our preferences amongst the different implementation concepts (ICs): we clearly prefer to start the implementation of 15 min products in the intraday trading as opposed to in the day ahead. The additional DA 15 min auction suggested as a first step in some of the ICs circa three hours after the DA auction proper will bring few additional benefits since it is only on the remaining XB capacity and weather forecasts and therefore exact production, load and reliability margin needs still contain a high degree of uncertainty. If the 15 min products become available in the intraday however, this uncertainty would be reduced considerably and BRPs have a possibility to trade themselves into balance based on more exact data and potentially additional grid capacity. Therefore we think ICs containing a development of the intraday market (either current or hybrid) to 15 min products as a first step are the way forward, since they would meet the BRPs needs best.
- On the second stages of the ICs: we first want to clarify that we always need a functioning intraday market on 15 min products (either current or hybrid), no matter what day ahead

solution we have. A day ahead solution at 15 minutes can not replace an intraday solution at 15 minutes, it is an addition. This is especially regarding IC 4, IC 6 and IC9. The ICs are not consistently formulated for example IC 10 and IC 12 – does the intraday market in IC 10 stop indeed, simply because there is a new dayahead market? IC 12 where the intraday market continues makes much more sense. These inconsistencies made the prioritization exercise (++ to --) difficult.

- Concerning the switch to a 15 min day ahead market: we doubt the benefits of an additional DA15 min auction as a logical step in any stage of the process. We doubt that there will be additional capacity available between the price areas already 3 hours after the first auction. In addition, the uncertainty due to the weather forecasts would not be reduced significantly. We also recognize that there might be benefits of having the day ahead on 15 minutes resolution as well as the intraday. If that is the case it should however be done directly in the first day ahead auction with all the grid capacity available as for example in IC 4, IC 6 or IC9. It could either be done directly in the first auction or applied later to the results of the first auction. For example a simple profile could be introduced, splitting the hour by 4 into quarters.
- As a precondition for being active in a 15 min market, the right incentives need to be created: balancing prices need to reflect the balancing cost that means producers and consumers should face the same imbalance pricing regime in the Nordic countries.
- An additional incentive to become active in a 15 minute market could be:
 - The availability of additional XB grid capacity, due to the reduction of ramping restrictions or the need for lower reliability margins close to the operational hour
 - The possibility for the TSOs to buy intraday 15 min products / activate intraday 15 min bids on the market for the operational hour instead of and to replace "produksjonsglattung", "special regulering" and other types of system services. That would allow the BRPs to offer their resources on one deep market instead of several competing shallow markets.
- Again as a precondition for being active in a 15 min market, various reporting obligations on BRPs should be considered. For example, if a BRP needs to send a completely balanced plan already in the DA stage, it might have little incentive to trade into new positions in the intraday. In addition, complex and detailed reporting obligations after each trade, require additional time to report after gate closure and might make trading flexibility close to real time less attractive for BRPs, even though they technically could manage to offer flexibility and be in balance.

Energy Norway looks forward to continue its dialogue with Statnett and the other Nordic parties.

Best regards

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