

Single price & Single balance:  
Preliminary summary of stakeholder  
feedback received for national consultations  
and the common Nordic design document

NBM stakeholder reference group meeting

26.11.20

Single Price project, Erica Arberg

# Introduction

- The Common Nordic Design Document gives an overview of the proposed common imbalance settlement model with associated design to be implemented in the Nordics on 1.11.2021, which represents the first step of several changes to the imbalance settlement in the Nordics
  - Published on the [NBM webpage](#) on 9 October 2020
- The document provides a common overview of the key elements proposed and is intended as a supportive document in the associated national processes to implement the new model
  - It has been possible to give feedback to the Common Nordic Design Document until 20.11.2020
- National consultations have been held in Denmark, Sweden and Finland from October to November. Consultations are now closed in all countries



**Today we will give an initial summary of the feedback we have received, both national and Nordic. A written reply to the Nordic comments will be made public on the NBM webpage as soon as possible**

# Overview of stakeholders who have provided feedback

**Thank you all for providing us with your feedback,  
both national and nordic**

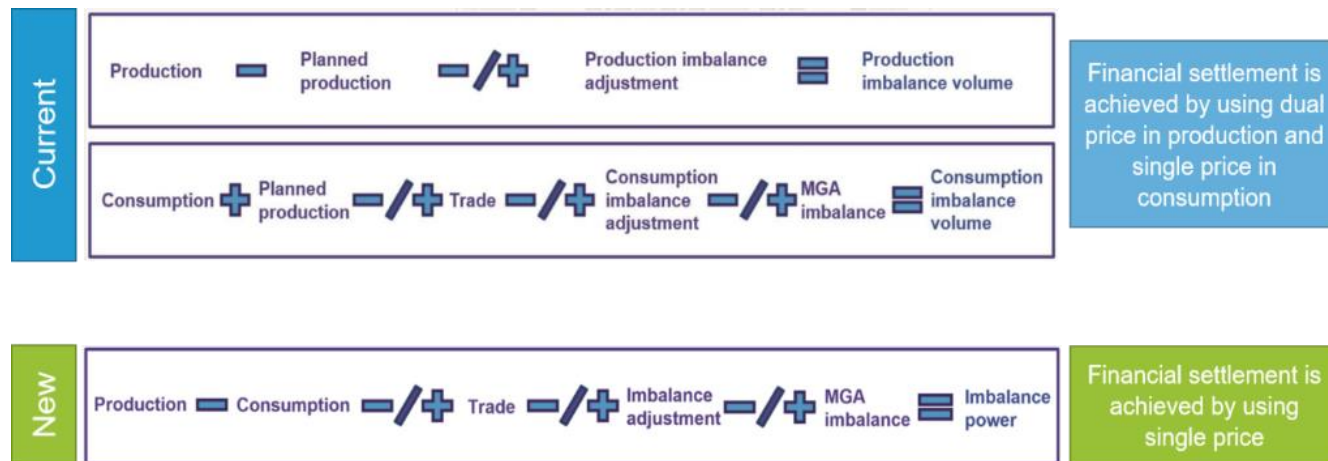
<u>Finnish consultation</u>	<u>Danish consultation</u>	<u>Swedish consultation</u>	<u>Nordic consultation</u>
<ul style="list-style-type: none"> <li>• Fortum</li> <li>• Energiäteollisuus (Finnish Energy)</li> <li>• UPM Energy</li> <li>• PD Power</li> <li>• PVO Power Management</li> <li>• Lumme Energia</li> </ul>	<ul style="list-style-type: none"> <li>• Wind Denmark</li> <li>• Danish Energy</li> <li>• Ørsted</li> </ul>	<ul style="list-style-type: none"> <li>• Energiföretagen (Swedenergy)</li> <li>• Fortum</li> <li>• Jämtkraft</li> <li>• Markedskraft</li> <li>• Statkraft</li> <li>• Uniper</li> <li>• Vattenfall</li> </ul>	<ul style="list-style-type: none"> <li>• Statkraft</li> <li>• Energy Norge</li> <li>• NTE Energi and Trønder Energi Kraft</li> <li>• Tafjord Kraftproduksjon AS, Istad Kraft, Troms Kraftproduksjon AS and Tussa Energi AS</li> <li>• Fortum</li> <li>• Finnish Energy</li> <li>• Danish Energy</li> <li>• Energy Denmark</li> </ul>

# Overview of the proposed common Nordic market design for Single price & Single balance

- Calculation of imbalances and imbalance price
- BRP fee structure
- Mitigation measures for self-balancing
  - Expectance on behaviour by BRPs
    - Planning in balance
    - Follow production plans
  - Level of imbalance fee

# Calculation of imbalance and imbalance price

- The new model will be based on a single price and one imbalance calculation, with a single imbalance position based on trade schedules
- Imbalance price equal to the mFRR price of the dominating direction (calculated based on activated mFRR in the uncongested area) in **all** ISPs, as is the case for the current imbalance price for consumption
- Use of the incentivising component to achieve consistency with mFRR pricing in all ISPs – the final imbalance price in ISPs without activation thereby being equal to the day-ahead price



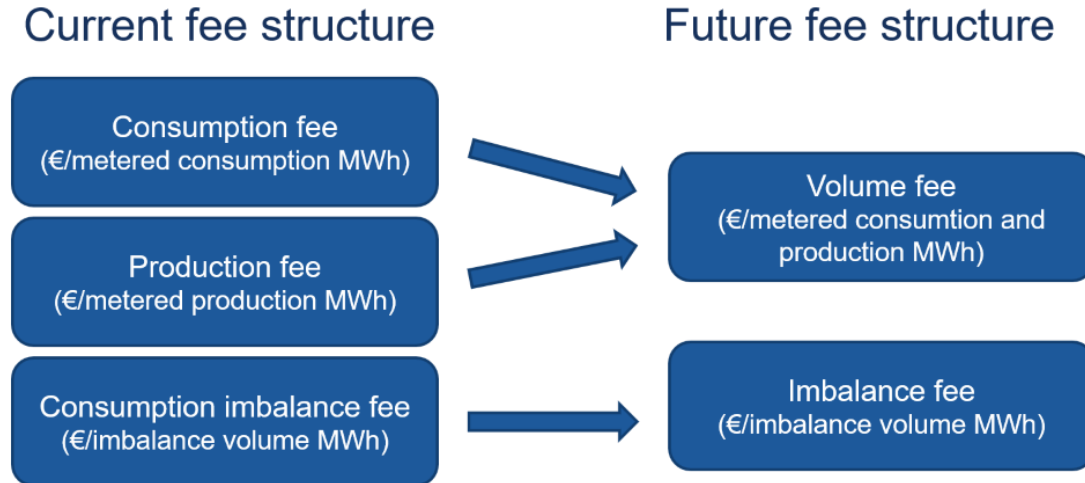
# Calculation of imbalance and imbalance price

## Preliminary feedback received (not exhaustive):

- **General support for the change to single price and single balance (position)**
- **Our understanding is a general support for the proposal of how to set the imbalance price, both in ISPs with and without activation**
  - One stakeholder asks for more information for pricing in ISPs without activation
  - One stakeholder explicitly supported the continued use of the day-ahead price as the final imbalance price in ISPs without activation
  - One stakeholder questioned the legality on the continued use of the day-ahead price as the final imbalance price in ISPs without activation
  - Several stakeholders stress the importance to separately price aFRR activations and include it in the imbalance price

# BRP fee structure and fee level

- Nordic TSOs propose the following changes to the common fee structure\*:



- Level of imbalance fee to give incentives, including possibility to harmonise, to be investigated further with aim to deliver a conclusion in early Q1-2021

# BRP fee structure and fee level

## Preliminary feedback received (not exhaustive):

- **In general stakeholders have a high focus on the structure and levels of the BRP fees**
- General support for a harmonized fee structure
  - Some stakeholders propose that the imbalance fee should only be charged to imbalances which do not support the system
- Diverging opinions on whether the imbalance fee level should be harmonized
  - One stakeholder comments that it is important to harmonize fee levels that impact on dispatch and balancing decisions
  - Some are hesitant to harmonize the fee level due to different cost bases (polluter pays approach)
  - Some stakeholders suggest that harmonization can be achieved by a harmonized approach to the cost base for the fees
  - Some stakeholders highlight that the level of the imbalance fee impacts more highly on renewables
- On the use of the imbalance fee to create incentives, a common concern is the relation to the cost base and that such a fee would create (undue) income for the TSOs



# Expectance on BRP behaviour

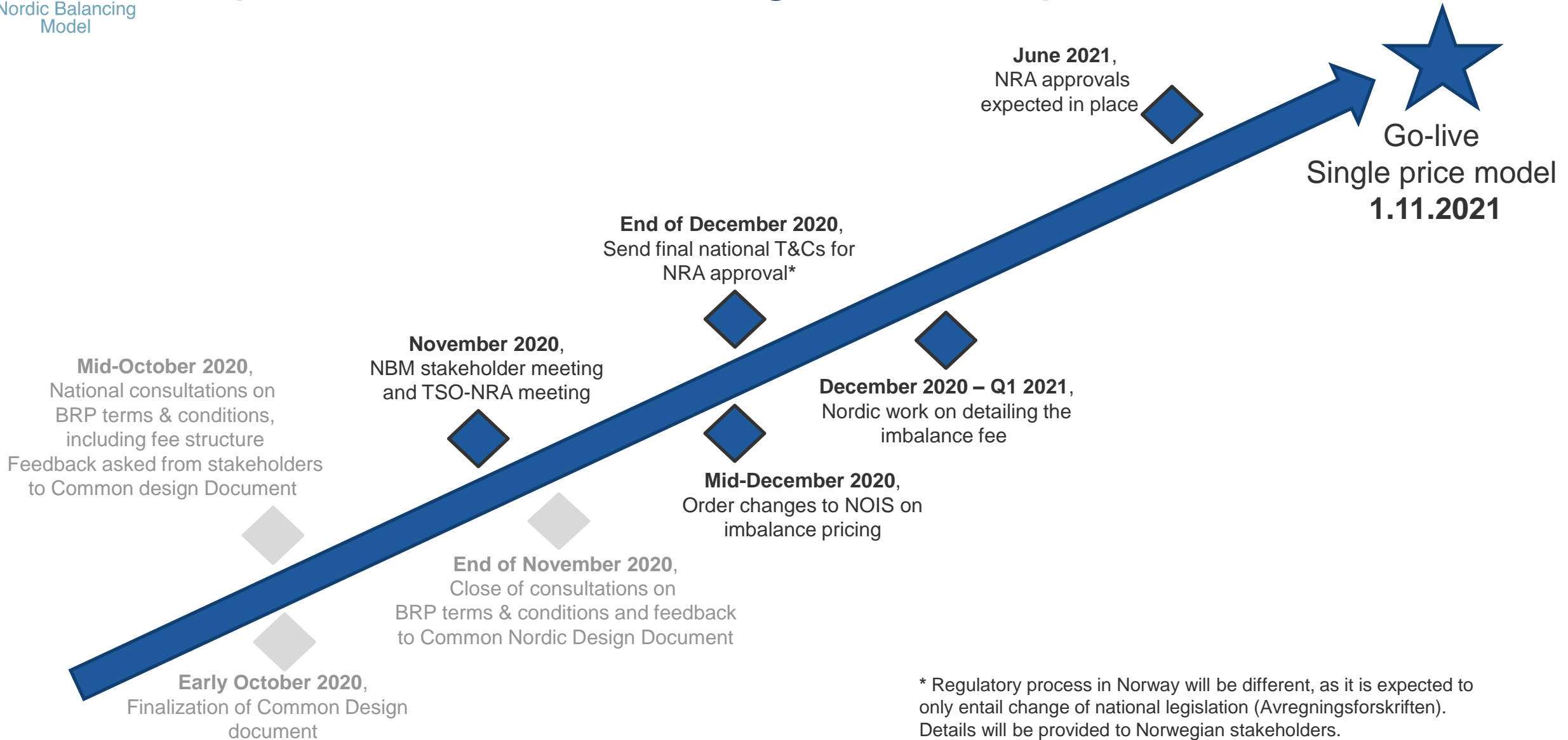
- The two following requirements on BRP behaviour will be proposed
  - Plan in balance
  - Follow production plan
- This is to a large extent a continuation of current practices
- The current way of balancing in the Nordics with a proactive use of mFRR requires a certain expectance on behaviour and a division of roles between TSOs and BRPs
  - Uncoordinated actions in the same timeframe is not supportive of system security (on the contrary) and efficient operation

# Expectance on BRP behaviour

## Preliminary feedback received (not exhaustive):

- **There are several different opinions of the need for mitigation measures, some examples**
  - Some advertise to use more market-based mechanisms instead of requirements
  - Some argue to simply allow self-balancing as they see it as efficient. One stakeholder argued it to be required by the EB Regulation
  - Some hope the mitigation measures will increase the use of the intraday market as a tool for handling imbalances
- On the requirements to plan in balance and follow production plans, some ask for better tools for the BRPs to comply (both allowing for trade and update of production plans until real time)
- On the requirement for production plans, some see it as discriminatory that such plans are not also requested by consumption
- Some stakeholders are unsatisfied with the presented motivation and would like more detailed explanations

# Expected timeline for Single Price implementation





# NBM

Nordic Balancing  
Model

Thank you!