

CONSULTATION ENTSO-E HIGH PRICES MITIGATION MEASURES

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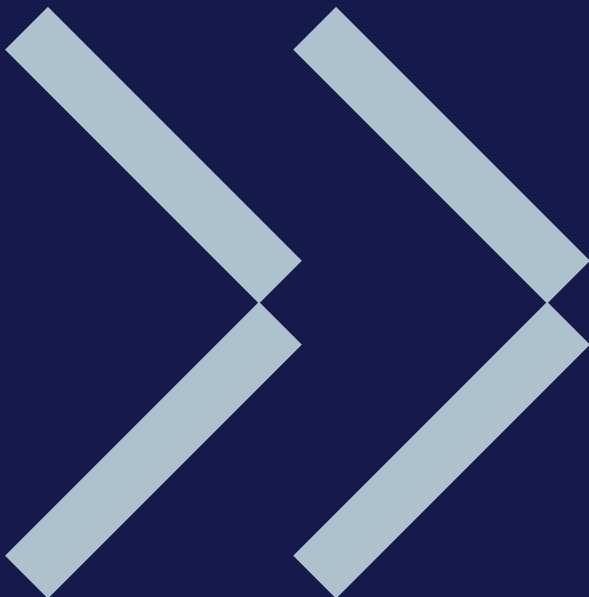


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1. AUTOMATIV FREQUENCY REGULATION RESERVE (AFRR IF) – ART. 21 OF ENERGY BALANCING REGULATION

As the Energy Storage Systems Association e.V. we appreciate the opportunity to contribute to this legislative procedure.

We welcome the intention to integrate bidding zones across borders and connect the capabilities of different areas to provide automatic Frequency Regulation Reserve (aFRR).

Still, we strongly advice to not only eye at improving reactive capabilities to provide frequency regulation reserve (FRR).

FRR takes over a constitutive role in an energy system that is based on renewable energies. Volatile renewable production will require frequency regulation to a much greater extent. Balancing frequency retrospectively by the TSO's is not the only way to mitigate the problem. There are preventive measures that lower the demand for reactive frequency regulation. They must be integrated into the discussion. One important puzzle piece to become proactive in this regard are storage capacities. If these storage capacities are framed by a smartly designed market design which promotes and stimulates system friendly behavior the demand for reactive measures can be reduced significantly.

The discussion on frequency regulation therefore must be complemented by a strategy to incentivize preventive behavior which is motivated by its own business case and thus reduces costly FRR-demand. This requires new players to be integrated into the discussion.

We, as the Energy Storage Systems Association, promote this necessary shift within the discussion and raise awareness for these systemic necessities. We are looking forward to contributing to the future developments.

2. PRICING METHODOLOGY ART. 30(1) OF ENERGY BALANCING REGULATION

As the Energy Storage Systems Association e.V. we appreciate the opportunity to contribute to this legislative procedure.

The future energy system is powered by 100% renewable energy. It is decentralized and comprises energy storage capacities as the integral elements that compensate for the fluctuating production of renewable energies.

These new players in the energy system do already meet part of the demand of ancillary services and will fully take this responsibility soon. They operate based on market opportunities. As the players are new, their behavior with regards to business cases and other operational aspects is new, too. They operate differently compared to traditional players like thermal power plants. Therefore, there must be a new approach that takes these new operational outline into account.

We strongly reject the approach of implementing price caps as a matter of principle. Only an increase in supply can be the right answer to high prices in the market. We cannot detect any strategy in the document that takes this necessity into account.

Price caps consider only the perspective of those in need of the services. It is relevant to shift the perspective and take up the perspective of those offering the services. It must become attractive to participate in the markets in question. This is the only way to incentivize a sufficiently liquid market.

Today, large volumes of flexibility remain underutilized across Europe such as hundreds of thousands of home storage batteries as well as larger storages in industrial companies or the capacities of electric vehicles. Price caps as a measurement must be strictly limited and become implemented only as a last option. They must be accompanied by measures that improve the market access of already available flexibility resources as well as storage capacities that will be built in the coming years.

The market figures of the storage industries are growing strongly. Their potential to provide ancillary services to the energy system must be utilized. Only their integration into these markets will ensure a stable supply with renewable energies that is also cost-efficient.