

# *Establishing a Regional Balancing Initiative in Southeast Europe*



Joint Workshop ENTSO-E and Energy Community

6 February 2014, Vienna

## **Meeting Summary**

1. The participants of the meeting endorsed the need for a regional approach for the future Integration of Electricity Balancing Markets in the 8<sup>th</sup> Region, in order to ensure a consistent and harmonised market development in line with the Network Codes Load Frequency Control & Reserves and Electricity Balancing.
2. The Energy Community Secretariat presented the Terms of Reference of the Regional Balancing Initiative that should formalise the cooperation of all stakeholders in cooperating to develop and implement a Regional Balancing Model. Such integration model should apply a balanced approach regarding the implementation efforts and the benefits created in saving valuable resources and increasing operational security. A gradual development based on a bottom-up approach in both the development of targets and roadmaps and their implementation should be ensured through the adequate incorporation of existing initiatives in the SEE Region into the project, the comprehensive involvement of regulators, Transmission System Operators and other Stakeholders, and the facilitation through the Energy Community Secretariat..
3. The representatives of ENTSO-E shared their experiences with the implementation of first pilot projects in the context of closer cooperation in electricity balancing and highlighted the significant savings and the improvement of operational security attached to it.

4. The participants also indicated the challenges of launching and implementing a project of such magnitude by referring to the different national specificities, the heterogeneity in the legal basis between the EU Member States and the Energy Community's Contracting Parties, the need for developing and updating operational processes to assess the availability of cross zonal capacity, and the need to reform national market rules in a harmonised manner, including imbalance settlement mechanisms and the procurement, sizing of balancing capacity and establishment of market based market models, including the abolishment of regulated generation and supply.
5. Representatives of the existing initiatives in the 8<sup>th</sup> Region presented the state of play of these projects including the clear benefits they provide with regard to balancing capacities and costs, and supported the call for political and regulatory coordination. The initiatives existing in the region regarding the exchange of balancing services across borders shall serve as the starting points for implementation and harmonisation, but also as learning platforms ensuring the exchange of experiences, and finally to promote the development of an integrated balancing model.
6. The participants of the meeting welcomed the possibility to review considering the Regional Balancing Initiative as Cross-Border Pilot Project on Electricity Balancing, as called for by ENTSO-E in 2013, due to its potential gains for development of a pan-European Balancing Market. The establishment of a functioning reporting structure in line with ENTSO-E's standards were welcomed.
7. During the meeting's discussions amongst stakeholders, the sharing of experiences is and will be a crucial element for making all European endeavours for the integration of balancing markets successful. Commitment for the continuation of a close exchange of information and findings between all relevant stakeholders was expressed.
8. The Energy Community Secretariat identified the necessity that the Contracting Parties that are in the process of updating their respective energy laws in line with the requirements of the 3<sup>rd</sup> package during the year, should take due account of the necessities of the Regional Balancing Initiative.
9. The participants identified the opportunity to make use of the consequent reforms needed to foster cross-border balancing cooperation to overcome present shortcomings of certain national market set-ups, especially price regulation, the lack of competition in all timeframes, or the fragmentation of balancing resources.
10. The Energy Community Secretariat presented the next steps within the project. Regulators and TSOs should be given time to comment and reflect upon the Draft Terms of Reference until the end of February. Consequentially, the Energy Community Secretariat should consolidate the views expressed, and table the updated Terms of Reference for adoption by the ECRB's Electricity Working Group, ENTSO-E's Regional Group South-East Europe and the Energy Community's Permanent High Level Group in March 2014. Additional consultation with the Stakeholder should take place, and first results of the project should be presented at the Athens Forum in June 2014.
11. The participants of the meetings stressed the importance of comprehensive commitment for the project in order to provide all benefits of the Regional Balancing Initiative to the 8<sup>th</sup> Region's stakeholders, markets and customers.