

## Germany and Luxembourg 50Hertz Transmission GmbH, Amprion GmbH – CREOS Luxembourg S.A, TenneT TSO GmbH and TransnetBW GmbH

The German TSOs publish a joint report on balancing covering the previous two calendar years, which is summarized in this section. These are 50Hertz Transmission GmbH (hereinafter referred to as '50Hertz;'), Amprion GmbH (hereinafter referred to as 'Amprion'), TenneT TSO GmbH (hereinafter referred to as 'TenneT DE') and TransnetBW GmbH (hereinafter referred to as 'TransnetBW') jointly operate the LFC block DE/DKW/LU<sup>1</sup> part of the Continental Europe synchronous area. Besides, according to the national Energy Act (EnWG) each German TSO is responsible for the system operation in its load frequency control area (LFC area).<sup>2</sup>

During the time span from 18 December 2017 to 18 December 2019, the German TSOs consulted and proposed terms and conditions for balancing service providers (BSPs) according to all paragraphs of Article 18(5) of EB regulation. It refers to all providers of frequency control reserves (FCR) and frequency restoration reserves (FRR). A part of the proposed terms and conditions<sup>3</sup> has already been approved by the German regulatory authority Bundesnetzagentur (BNetzA), the remaining terms and conditions are still in the process of approval (reference BK6-18-004)<sup>4</sup>. The proposed terms and conditions for BSPs make use of Article 18(7)(e) of EB regulation, i.e. the exemption from publishing information on prices and volumes of offered but not selected balancing bids due to market abuse concerns pursuant to Article 12(4) of EB regulation.

Within the defined LFC areas in paragraph 2 of this summary, electricity suppliers and traders form balancing groups that pool their feed-ins, trades and their consumers' demands. Each balancing group is managed by a balance responsible party (BRP). According to the provisions of Article 18(6) EB regulation, the terms and conditions for balance responsible parties were revised and consulted. A new standard balancing group contract for BRPs and TSOs has been codified by BNetzA<sup>5</sup> (stipulation BK6-18-061<sup>6</sup>) and will enter into force on 1 May 2020.

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<sup>1</sup> Amprion's LFC area consists of the scheduling areas of Amprion and CREOS Luxembourg S. A. TenneT DE's LFC area consists of the scheduling areas of TenneT DE and Denmark-West (operated by Energinet Elsystemansvar A/S).

<sup>2</sup> Luxembourg is part of the LFC area Amprion/ CREOS Luxembourg S. A.. The German TSO report on balancing summarized in this document therefore covers Luxembourg.

<sup>3</sup> The TSOs' proposal for the Terms and Conditions for BSP is available online:

<https://www.regelleistung.net/ext/static/consultation-modalities-balancing-service-providers-2018-04?lang=en>.

<sup>4</sup> Terms and conditions for BSPs: [https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2018/BK6-18-004/BK6-18-004-RAM\\_Beschluss\\_vom\\_02\\_10\\_2019.html](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2018/BK6-18-004/BK6-18-004-RAM_Beschluss_vom_02_10_2019.html)

<sup>5</sup> The documents related to the standard balancing group contract is available online:

[https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2018/BK6-18-061/BK6-18-061\\_Beschluss.html](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2018/BK6-18-061/BK6-18-061_Beschluss.html).

<sup>6</sup> Terms and conditions for BRPs [https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2018/BK6-18-061/BK6\\_18\\_061\\_Genehmigung.html](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2018/BK6-18-061/BK6_18_061_Genehmigung.html)

German TSOs are operational members of the International Grid Control Cooperation (IGCC)<sup>7</sup> which evolves into the imbalance netting platform (IN platform) for continental Europe as defined by Article 22 of EB regulation. German TSOs also participate in the **Manually Activated Reserves Initiative (MARI)**<sup>8</sup>, that is the European implementation project for establishing the European mFRR platform. Regarding aFRR, German TSOs take part in the **Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation (PICASSO)**<sup>9</sup>. It is the implementation project establishing the European aFRR platform, pursuant to Article 21 of EB regulation.

A common market for procurement and exchange of FCR is operated together with the Austrian, Belgian, Dutch, French, and Swiss TSOs. It is organized as a TSO-TSO-model.<sup>10</sup>

In 2016, the Austrian and German TSOs established a joint activation of aFRR, which is the early adoption of the requirements of the EB regulation concerning the exchange of balancing energy. In December 2019, this cooperation was extended to mFRR. Thus, Austria and Germany already activate all FRR energy from a common merit order, if sufficient cross-border capacity is available.

In February 2020, the Austrian and German TSOs have extended their cooperation and established a common procurement of aFRR balancing capacity.

German TSOs have proposed provisions for suspension and restoration of market activities that comply with Article 36 of Regulation (EU) 2017/2196 to BNetzA. The proposal is currently in the process of approval (reference BK6-18-289).

German TSOs have proposed provisions settlement in case of market suspension that comply with Article 39 of Regulation (EU) 2017/2196 to BNetzA. The proposal is currently in the process of approval (reference BK6-18-289).

Currently, German TSOs do not use specific products in the load frequency control process according to SO regulation.

The settlement of balancing energy is conducted according to the Electricity Network Access Ordinance (StromNZV)<sup>11</sup>. The imbalance settlement system was last amended in 2019 (stipulation BK6-19-217)<sup>12</sup>. Currently, there are two proposals to further develop the system of settling the balancing energy via the imbalance price. The first proposal concerns the evolution of imbalance price coupling to the market price. Currently, the imbalance price is coupled with the weighted average price of the one-hour product on the intraday market. To better reflect the real-time value of energy, an additional coupling to the weighted

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<sup>7</sup> The IGCC settlement rules are available online: [https://www.entsoe.eu/network\\_codes/eb/imbalance-netting/](https://www.entsoe.eu/network_codes/eb/imbalance-netting/).

<sup>8</sup> MARI project site: [https://www.entsoe.eu/network\\_codes/eb/mari/](https://www.entsoe.eu/network_codes/eb/mari/).

<sup>9</sup> PICASSO project site: [https://www.entsoe.eu/network\\_codes/eb/picasso](https://www.entsoe.eu/network_codes/eb/picasso).

<sup>10</sup> For further information on the FCR cooperation see: [https://www.entsoe.eu/network\\_codes/eb/fcr/](https://www.entsoe.eu/network_codes/eb/fcr/).

<sup>11</sup> Settlement of balancing energy: [https://www.bmwi.de/Redaktion/DE/Downloads/Gesetz/referentenentwurf-stromnzv.pdf?\\_\\_blob=publicationFile&v=8](https://www.bmwi.de/Redaktion/DE/Downloads/Gesetz/referentenentwurf-stromnzv.pdf?__blob=publicationFile&v=8)

<sup>12</sup> Energy price settlement system amendment: [https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2019/BK6-19-217/BK6-19-217\\_Beschluss\\_vom20191211.html?nn=871866](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2019/BK6-19-217/BK6-19-217_Beschluss_vom20191211.html?nn=871866).

average price of the quarter-hour intraday product is proposed. The proposal is currently in the process of approval by BNetzA (reference BK6-19-552)<sup>13</sup>. The next step planned by German TSOs aims at establishing a scarcity component in the imbalance pricing that creates stronger incentives with increasing imbalances. The element will send adequate economic signals which reflect the imbalance situation and provides an incentive to BRPs to be balanced or help the system to be balanced.

The EB regulation mandates all TSOs to draft a proposal for imbalance settlement harmonization. This proposal<sup>14</sup> was publicly consulted in summer 2018. German TSOs submitted their proposal to BNetzA (reference BK6-18-197)<sup>15</sup>. As a result of the entry into force of the new ACER regulation, the proposal has been referred to ACER.

Currently, German TSOs do not foresee an additional settlement mechanism separate from the imbalance settlement to settle the procurement costs.

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<sup>13</sup> Proposal for imbalance price coupling to the market price: [https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2019/BK6-19-552/BK6-19-552\\_verfahrenser%C3%B6ffnung.html?nn=871866](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2019/BK6-19-552/BK6-19-552_verfahrenser%C3%B6ffnung.html?nn=871866).

<sup>14</sup> Imbalance settlement harmonization proposal: [https://consultations.entsoe.eu/markets/imbalance\\_settlement\\_harmonisation\\_proposal/](https://consultations.entsoe.eu/markets/imbalance_settlement_harmonisation_proposal/).

<sup>15</sup> TSO proposal for harmonization: [https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1\\_GZ/BK6-GZ/2018/BK6-18-197/BK6-18-197\\_verfahren.html?nn=871866](https://www.bundesnetzagentur.de/DE/Service-Funktionen/Beschlusskammern/1_GZ/BK6-GZ/2018/BK6-18-197/BK6-18-197_verfahren.html?nn=871866).