



Cross Border Balancing Update



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- What is Cross Border Balancing?
 - What is changing?
 - How will the new arrangements operate?
 - What does this change mean to GB consumer and industry?

Cross Border Balancing

- Mechanism to allow Transmission System Operators (TSOs) access to energy for system balancing and ancillary services from a wider pool
 - TSOs exchange prices to change the transfer across the interconnector between system
 - Firm price exchanged at Day Ahead Stage
 - Service can be withdrawn if system security at risk
 - Prices must be cost reflective – neither TSO can profit from the arrangements

Cross Border Balancing Background

- European Commission Vision – Single Electricity Market for Europe
 - Via regional markets with mechanism for Transmission System Operators to trade energy
- Within France – UK – Ireland regional group, RTE and NGET proposed maintaining existing TSO – TSO relationship
- BALancing Inter TSO (BALIT) IS system designed to delivery the Cross Border Balancing mechanism

Cross Border Balancing Enduring Arrangements

- 24 sets of prices exchanged for each day
 - Energy blocks of 1hr duration with firm prices 1 hour ahead of real time
 - Prices exchanged for 50MW blocks of energy up to maximum volume of 500MW
- Standard 1hr arrangements allow service to be used in place of in-gate BM actions
 - Not against long notice actions or longer duration requirements.
- NGET proposed inclusion of a 2hr product with a 2 hours lead time

Cross Border Balancing BALIT Extension

- Developed to achieve 2 hr delivery through enhanced obligations around the BALIT arrangements – ‘BALIT Extension’
- With ‘BALIT Extension’ CBB can be assumed in Operating Plans
 - Cost savings in 2009/10 estimated at £34m
- It is proposed to maintain this ‘BALIT Extension’ service until 1st April 2012
 - Allow detailed review of service
 - Agreement between all parties needed to continue

Cross Border Balancing Summary

- Enduring arrangements will Go-Live in November 2010
 - No change visible to industry
- NGET and RTE finalising the network architectural implementation
- Significant step to achieve greater cross border coordination of energy balancing
- ‘BALIT’ and ‘BALIT extension’ allow existing benefits of TSO relationship to continue and further developed