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**BDEW Bundesverband
der Energie- und
Wasserwirtschaft e.V.**

Reinhardtstraße 32
10117 Berlin

www.bdew.de

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Position Paper

Minimum activation time period required for units with LER in FCR

The German Association of Energy and Water Industries (BDEW) and its regional organisations represent over 1,900 companies. The membership comprises both privately and publicly owned companies at the local, regional and national level. They account for around 90 percent of the electricity production, over 60 percent of local and district heating supply, 90 percent of natural gas, over 90 percent of energy networks and 80 percent of drinking water extraction as well as around a third of wastewater disposal in Germany.

BDEW welcomes the opportunity to comment on the proposal for the amendment of the minimum activation time period required for FCR providing units or groups with limited energy reservoirs (LER) to remain available during alert state in accordance with Article 156(11) SO GL. BDEW appreciates the TSOs' effort in that matter and thanks ENTSO-E for the postponement of the deadline.

As the German TSOs organized within BDEW are, among others, responsible for the drafting of the proposal and this consultation paper, the following BDEW comments have been developed without the German TSOs.

Proposal for a 30 minute minimum activation period time

BDEW appreciates the cost benefit analysis performed by the TSOs to determine the minimum activation period for LER units but is not totally in line with the assumptions made and the outcome of the analysis. BDEW especially does not agree that issues in other markets, namely the aFRR-market, are used as an argument to make changes in the FCR market. Issues in the aFRR market should be identified and solved together with stakeholders. Furthermore, aFRR replaces FCR over minutes and is put into action by the responsible parties, while mFRR partially complements and finally replaces aFRR by re-scheduling generation. As the three products for balancing energy build a complement and supersede each other, there is no need to enlarge the minimum activation period time for LER-units in the FCR from 15 to 30 minutes.

Changing the current activation period time from 15 minutes to 30 minutes would entail a setback, as the BNetzA (BK6-17-234) rejected the implementation of a German minimum activation time of 30 minutes. Based on that decision, market participants made investments that are now at risk. From an investor's point of view a stable regulatory environment is required to decide on new investments and it is important to have a security for investments already planned and realised. Changing the minimum activation time period for LER units like it is proposed, may result in stranded investments as they might not be profitable anymore or would have to undergo a lengthy and costly conversion.

With the increase of the minimum activation period time, parts of the now prequalified assets will therefore drop out of the market for FCR, reducing the potential of assets to supply TSOs with FCR. Thereby it must be considered that not all LER units can be converted to meet the requirements for an activation period of 30 minutes.

At the same time, BDEW fully supports the prime tasks of TSOs to ensure network security. The cost benefit analysis made clear that an activation period time of 30 minutes is necessary to do so. We acknowledge that it is the task and responsibility of TSOs to describe the respective products (and procure them on the market) that are needed for them to ensure network security.

Should the TSOs amend the minimum required activation period for LER units to 30 minutes, we recommend a sufficient interim period in order to allow for a required adaption. This adoption will take several years and will unduly affect investments planned, but not yet build. This also includes investments which were in the process of prequalification but have not finalised the process yet.

Ansprechpartner:

BDEW e. V.

Natalie Lob

Abteilung Handel und Beschaffung

Telefon: +49 30 300199-1561

natalie.lob@bdew.de

Gunnar Wrede

Geschäftsbereich Erzeugung und Systemintegration

Telefon: +49 30 300199-1316

Gunnar.wrede@bdew.de