Infographic: The European Balancing Energy Market

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Specifications of the balancing market

As part of the implementation of the European Electricity Balancing Guideline (GL-EB), the European TSOs have set up European platforms for the joint activation of balancing energy. The aim is to create a European common market for control reserves.

Specification	Execution on the European platforms
Tender period	Daily tenders (after completion of the respective balancing capacity market auction) with a gate closure time (GCT) of 25 minutes.
Products (offer quantity)	Positive and negative aFRR/mFRR with 15-minute product time slices
Minimum Offer Capacity	1 MW, smaller assets possible if only one bid is submitted
Current price cap	€15,000/MWh
Price formation	In the event of an activation, each activated provider receives remuneration in the amount of the most expensive product called up (marginal pricing)
Bid-specifications	Bids can be customized or deleted up to GCT
Bid-pooling	Possible within a control area
Participation	Prequalified provider

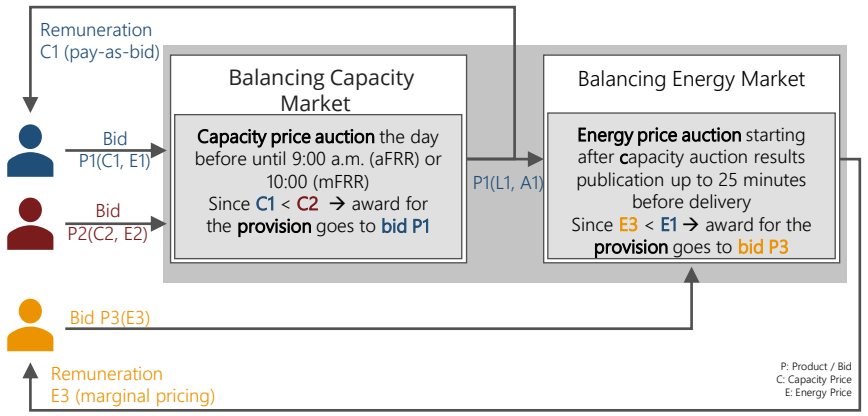
Goals and Barriers

ZIEL

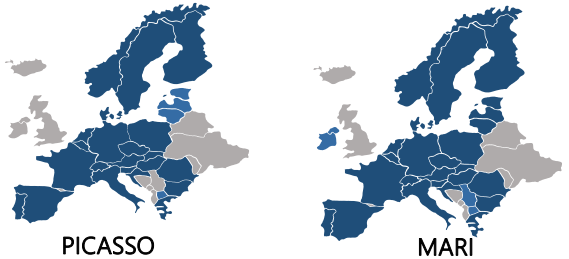
- Greater competition and thus a more efficient market
- Reduced competitive disadvantage of flexible assets (such as storages) and renewable energies through short-term tenders
- A prerequisite for the implementation of a European internal electricity market

- In some cases, high barriers to enter due to extensive IT requirements
- There are still a few sole offers on the Balancing Energy Market
- The European platforms, and thus greater competition, will only pick up speed when most EU states join in 2024

Flow Chart



European Cooperation



PICASSO
aFRR

MARI
mFRR

Switzerland subject to change

Achievements to Date

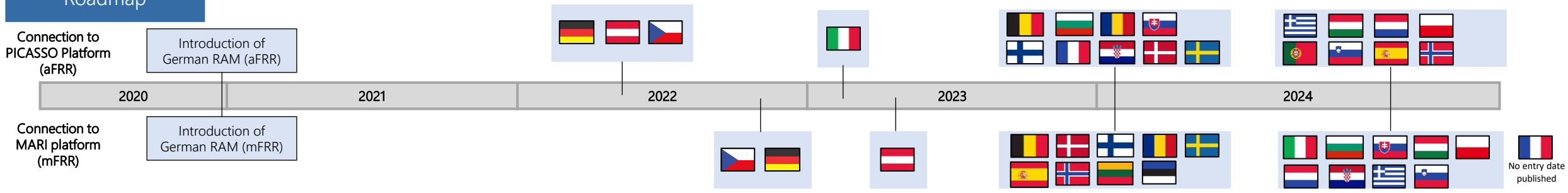
After three countries were connected to PICASSO in 2022, significant price reductions in the balancing energy market could be observed.

In the 3rd and 4th quarters of 2022, a total welfare profit of €375 million was achieved, according to the German TSOs (not including the additional satisfaction of demand through more supply).

Great welfare gain, especially for small control areas, which gain access to a much larger market via PICASSO.

MARI has facilitated an exchange of around 300 MWh between the Czech Republic and Germany until January 2023. Further exchanges are expected as more nations join.

Roadmap



GCT-Gate Closure Time; aFRR-automatic Frequency Restoration Reserve; mFRR-manual Frequency Restoration Reserve; RLM-Balancing Capacity Market; RAM-Balancing Energy Market; Sources: Regelleistung.net; TSO Web Conference (2023): *Update on Balancing Platforms;* Accession roadmap of PICASSO and MARI (April 2023)