



# Think global, act local!

How locality sneaks its way into the energy system

09. September 2024

# Different directions-> Why locality matters!

## European level

### Step back to move faster

- Bidding zone review
- (70%-rule)

## National level in Germany

### Get out of misery

- Grid expansion
- Redispatch 2.0 (3.0)
- Utilization instead of curtailment

## Regulatory level (grid fees)

### Standardization over regions

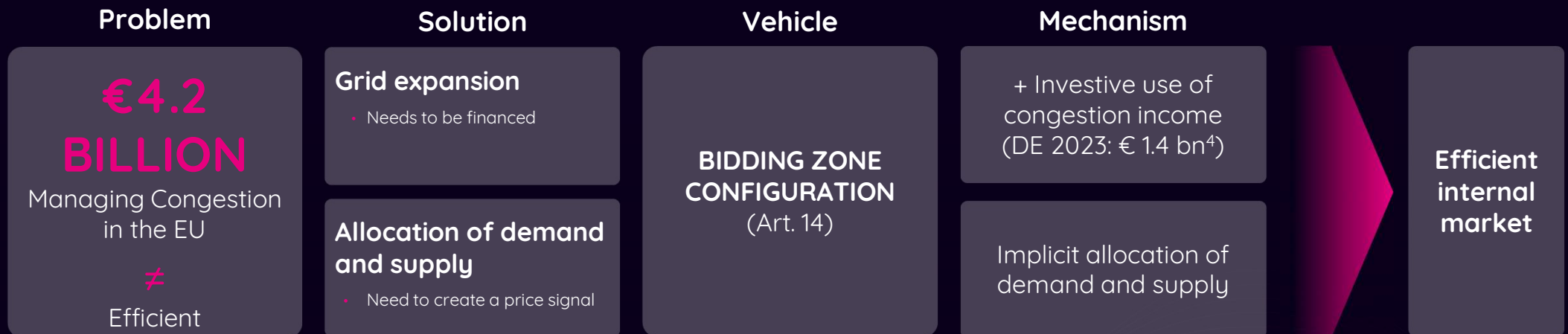
- Harmonization TSO grid fees  
-> Stepwise 2019 - 2023
- Distribution of additional costs in grids with high RES<sup>1</sup>  
→ Sept. 2024

For storage: not relevant till  
2029

# The sword of Damocles: bidding zone review

## Why?

Today: bidding zone borders along national borders -> Aim: bidding zones, that lead to long-term reduction of congestion



<sup>1</sup> Studienanalyse zur Stromversorgungssicherheit in Deutschland (bundestag.de)

<sup>2</sup> Bruttostromverbrauch in Deutschland bis 2023 | Statista

<sup>3</sup> A-EW\_264\_KNStrom2035\_WEB.pdf (agora-energieleende.de)

<sup>4</sup> Report on congestion revenues 2023 (bundesnetzagentur.de)

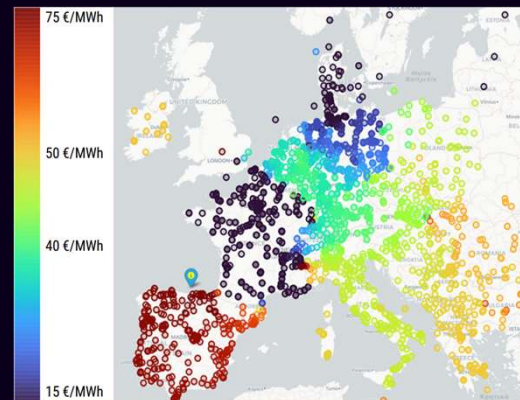
# The sword of Damocles: bidding zone review

How?

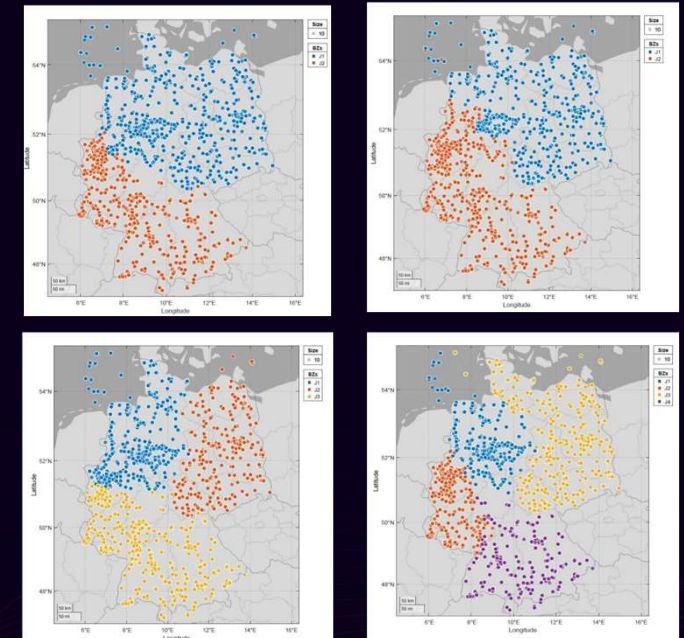
Bidding zones today



Average nodal prices in a congested week – see report<sup>1</sup>



ACER Decision<sup>2</sup>



- Alternative proposals for NL, FR, IT, Nordics
- Additional fall back solutions
- No bidding zone mergers!

<sup>1</sup>ENTSO-E Report on the Locational Marginal Pricing Study of the Bidding Zone Review Process ([eepublicdownloads.blob.core.windows.net](https://publications.blob.core.windows.net))

<sup>2</sup>ACER Decision 11-2022 on alternative BZ configurations – Annex I - rectified.pdf ([europa.eu](https://europa.eu))

# The sword of Damocles: bidding zone review

**CEP Article 14:** The configuration of bidding zones [...] shall [...] maximize **economic efficiency** and [...] cross-zonal trading opportunities

## Economic efficiency and other criteria

### Network security

1. Operational security
2. Security of supply
3. Uncertainty in cross-zonal capacity calculation

### Energy transition

20. Short-term effects on carbon emissions
21. Short-term effects on RES integration
22. Long-term effects on low-carbon investments

### Market efficiency

4. Economic efficiency
5. Firmness costs
6. Market liquidity & transaction costs
7. Market concentration & market power
8. Effective competition
9. Price signals for building infrastructure
10. Accuracy & robustness of price signals
11. Transition costs
12. Infrastructure costs
13. Market outcomes in comparison to corrective measures
14. Adverse effects of internal transactions on other BZs
15. Impact on operation and efficiency of balancing

### Stability & robustness of BZs

16. Stability & robustness of price signals over time
17. Consistency across capacity calculation time frames
- 18. Assignment of generation and load units to BZs**
- 19. Location and frequency of congestion, market and grid**

(CACM Art. 33)



# The sword of Damocles: bidding zone review

## Timeline

ENTSO-E  
Report

End 2024

Member state  
decision

6 months later

- In core, it is a political decision!
- Not static -> can be triggered again

Action plan

Affected member states  
decision / EU-COM

Non-compliance

Compliance

Split

No split

Report including 70%-rule  
yearly

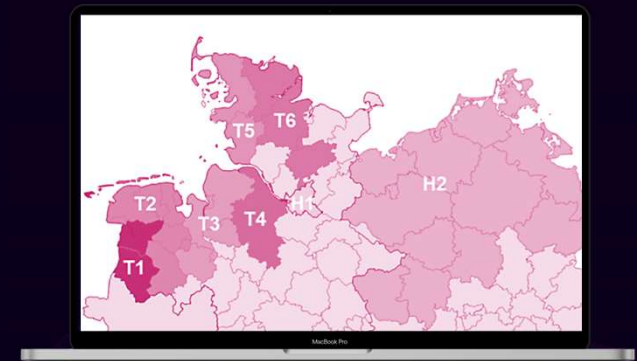
# \$13k: Utilization instead of curtailment

(Nutzen statt Abregeln = NsA)

2023: 10 TWh Wind Curtailment 2023 (4% of RES)



Instead Curtailing ->  
TENDER the energy below  
DA price for ADDITIONAL  
consumption  
(\$13k EnWG)



# §13k: Utilization instead of curtailment

## Process

### Additionality

#### Regulator: Bundesnetzagentur

- Different criteria for:
  - Replacement of heat
  - Electrolyzers
  - **Storage**
- Storage is always “additional” if:
  - “stand-alone”
  - No marketing a month before PQ AND in participation months
  - No discharging during NsA-hrs (+buffer)
  - No balancing energy during NsA-hrs

### Tender

#### TSOs

- Monthly participation
- Daily tender (allocation) D-1: 7 a.m. gate closure -10 a.m. allocation
- If awarded:
  - Purchase volume by yourself (OTC, Exchange, ...)
  - Get the bonus based on 13k-price (refund + compensation)

**Refund**  
= DA- 13k-price,  
- if 13k-price > DA, else „0“

**13k-price**  
Q4 2024: 40,35€/MWh  
Max of refund: 542 €/MWh

**Compensation**  
not relevant for storage (Grid fees, levies, power tax, (max. 142€)

PQ

Running

Go-Live allocation mechanism

Oct 24

Go-Live market based tender

Oct 26



# Let's have a chat!



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