

on the Network Code on Load-Frequency Control and Reserves (LFCR)

7 August 2013

On 1 July 2013, ACER invited stakeholders to express their views on the Network Code on Load-Frequency Control and reserves. VIK, representing energy intensive consumers of various industrial sectors in Germany, wants to underline the following issues related to the LFCR network code.

Significance of frequency quality for industrial energy consumers

A high level of security of supply is fundamental for the competitiveness of industries in Europe. Frequency quality and instruments for monitoring and controlling are major instruments for supporting an adequate level of security of supply. Therefore, VIK broadly supports the Network Code as a tool to harmonize rules and procedures on load-frequency control within Europe thus enhancing stability of the grid and security of supply. Nevertheless VIK wants to point out some aspects which are cause for concern:

FCR activation time

Article 45/6 specifies a minimum full activation time of 30 minutes for FCR. In Germany for example, FCR (primary control reserve) is activated no longer than 15 minutes per application cycle. As FCR procurement is more expensive compared to FRR and RR, prolonged activation periods may lead to higher costs for consumers. Moreover, a longer minimum activation period constitutes a more ambitious requirement for prospective Balancing Service Providers. This could lead to a reduction in the number of market players participating in the balancing markets as suppliers of balancing reserves, which hampers competition and is conducive to higher prices.

In order to leave room for adaption to national frequency dynamics, VIK proposes to specify the full activation period to be “not less than 15 minutes”. NRAs should be allowed to define longer activation periods on a national level, if required for purposes of frequency quality enhancement.

Real time monitoring

Several provisions of the network Code LFCR are provided for regulation of real time monitoring. In the view of VIK, such a high monitoring resolution may generally lead to enhanced costs for consumers. This applies to the monitoring time resolution for FCR of at least 10 seconds, specified in Art. 44/8. Art. 47/1e stipulates application of real time monitoring for each FRR Providing Unit and for each generating module or demand unit

larger than 1.5 MW being part of a FRR Providing Group. Such a high-resolution monitoring framework is currently not in place. Corresponding installations would require cost driving investments. These might lead to a reduced number of providers, who cannot comply with such demanding monitoring provisions, inevitably resulting in a loss of market liquidity. Monitoring for FRR is required mainly for controlling whether the activated reserves of a provider comply with their contractual obligations. This can be reliably achieved ex-post, without any real time monitoring approach. The same applies for the real time monitoring in relation with RR (Art. 49/1f). Consequently, VIK proposes to reduce real time monitoring obligations to the minimum required, at least in relation with FRR and RR.

Frequency quality parameters

Frequency quality parameters provided in Art. 19 must not lead to deterioration of currently applied frequency quality standards on national levels. Therefore, it should be ensured that these parameters comply with current practice.