

Press Release

Successful Go-Live of German Balancing Energy Market

Flexibility in the procurement of balancing energy has been increased in Germany by decoupling it from the procurement of balancing capacity. On November 2nd, the balancing energy market has gone live with first delivery on November 3rd. The balancing energy market enables transmission system operators (TSOs) to access additional balancing bids, increasing social welfare.

November 6, 2020. Bayreuth, Berlin, Dortmund, Stuttgart. The four German TSOs 50Hertz, Amprion, TenneT and TransnetBW announced: “By introducing the balancing energy market in Germany, we have made a large step on our way to the common balancing energy market in Europe.” Since November 2nd, 11 pm. balancing energy auctions are executed every four hours. Implementing a common balancing energy market in Europe is one goal of the guideline on electricity balancing (GL EB). In this guideline, European Commission has established rules for balancing which are adopted subsequently.

Balancing is a fundamental tool for stable operation of the power system. In daily operation, transmission system operators activate balancing reserves to balance the amount of electricity production and demand. This ensures that feed-in and withdrawal are balanced in the grid at any point in time.

More bids providing more flexibility

Key feature is the separate procurement of balancing capacity and balancing energy. Until now, both services have been procured day-ahead in a joint auction as six four-hour products. Now, balancing energy bids can be offered until one hour before begin of a four-hour product. All prequalified balancing service providers can participate in the balancing energy market, even if they have not participated in the balancing capacity market.

This change allows providers to change bid volumes and energy prices close to real-time. Thus, providing balancing services becomes more attractive for providers of flexibility as they can react on other marketing opportunities (such as the intraday market for schedules energy) on short notice on. Flexibility of storages or renewable energy sources also benefits from the new market design as the current state of charge or short-term forecast can be instantly used for portfolio optimization and balancing energy bids.

Fostering competition by introducing the balancing energy market will increase social welfare as the offered volume for balancing energy increases. Moreover, transmission system operators only pay the actual activated energy at the balancing energy market. Balancing service providers awarded at the balancing capacity market are remunerated for ensuring the availability of balancing energy to be activated, if requested.



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