

## **FORTUM'S COMMENTS ON "REAL TIME FLEXIBILITY MARKETS - DEVELOPMENT OF FINGRID'S VISION ON THE DESIGN OF A FINNISH FLEXIBILITY MARKET" PAPER**

Fortum appreciates that Fingrid is working on developing a vision for real time flexibility market and also consulting stakeholders on this topic.

Fortum is a true regional energy company with presence in electricity production and/or consumption in all Nordic and Baltic bidding zones. Our regional presence allows us to witness every day the value that the regional resource optimization creates to our societies in increased welfare. We strongly believe that a stronger regional co-operation is beneficial and necessary for all our societies alike. Fortum sees that we need more harmonizing in the region in order to further improve the market and make the already good power market even better. Also when it comes to real time flexibility market, we consider that target should be to have a regional vision in the long-run instead of different national visions and approaches.

### **1 COMMENTS ON THE REAL TIME FLEXIBILITY MARKETS**

#### **1.1 General comments**

Fortum considers that the paper gives a good overview on the real time flexibility markets in general, different market design options and improvement areas in the current system. We can also support the recommendations and proposed development ideas. However, we have some concerns related to the lack of consistency between the recommendations in the paper and the messages coming from the NBM program.

#### **1.2 Simplicity**

We would like to highlight the need to simplify the market set-up. The target should be to have less markets and products instead of having more of them. Complicated markets (i.e. several different markets and products) are likely to lead to inefficient use of assets and endanger full utilization of flexibility potential. Thus we welcome the idea to integrate flexibility market to an existing market. We consider that integrating flexibility market to intraday market would be a better option compared to the integration to mFRR market. This is due to lower entry barriers to the ID market compared to the mFRR market.

#### **1.3 Transparency**

We consider that one of the main issues in the Nordic market is poor transparency close to real time / in real time. The importance of real-time data (e.g. imbalances, balancing activations and prices) cannot be highlighted too much.

The paper indicates that the requirements in EB GL and REMIT are not ambitious enough if this information shall provide efficient and effective incentives for self-balancing. However, today Nordic TSOs do not even fulfil the minimum requirements of the legislation.

#### **1.4 Intraday gate closure time**

The target should be to have intraday gate closure time as close to real time as possible. We consider that the 0-min GCT pilot in Finland has been a very welcome step that was taken, and hope that trading until the start of the operational hour (or 15 minute ISP in the future) would be allowed also after the pilot phase. We also hope that Fingrid will promote 0-minute GCT to other TSOs in the region.

#### **1.5 Self-balancing**

The paper recommends stimulating self-balancing. Fortum also supports this, we see that self-balancing should not be limited, it should rather be supported if the aim is to have all flexibility potential available for system balancing. However, in NBM program Nordic TSOs have communicated that it is important also in the future single balance – single price model that BRPs stick to their production plans. We wonder how does this all fit together (i.e. Fingrid's vision to increase self-balancing and NBM communication to stick to the production plans)? We consider that production and consumption should be treated equally, and the requirements should be similar for both.

#### **1.6 Balancing markets**

We would also like to highlight the need to have aFRR energy activation market as soon as possible. This is needed to ensure efficient aFRR based balancing and to ensure that all flexibility can be utilized also in the aFRR market. We have concerns related to the current NBM roadmap which indicates that Nordic TSOs would delay joining PICASSO and not join as soon as possible.

We also consider that marginal pricing should be applied in all markets.

#### **1.7 Locational information**

We consider that geo-tags should not be mandatory for all controllable generation or demand, only for those parties who participate in the flexibility market. Mandatory geo-tags could reduce the utilization of flexibility potential if portfolio bidding would not be possible anymore. In any case, we consider that the aim should be to define as large congestion areas as possible and allow portfolio bidding within areas.