



EASE Reply to ENTSO–E Consultation on the Updated Input Data and Assumptions for the Cost–Benefit Analysis for Limited Energy Reservoirs

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INTRODUCTION

ENTSO-E has published its updated input data and assumptions for the Cost-Benefit Analysis (CBA) for the definition of a minimum activation time period (T_{min}) for Limited Energy Reservoirs (LER) in Continental Europe Synchronous Area. The update was requested by CE NRAs to consider recent developments in Frequency Containment Reserves costs and CE power system behaviour. The updated inputs will reflect the most recent frequency data, advancements in Limited Energy Reservoir (LER) technology, and changes in the CE power system. This will ensure a more accurate and up-to-date CBA, leading to a more effective T_{min} LER definition that can better maintain steady-state frequency during alert states.

EASE stands behind these objectives and believes that a s more accurate definition of T_{min} LER is essential for the efficient, reliable, and cost-effective operation of energy storage systems.



Reply from the European Association for Storage of Energy (EASE)

A. Chapter “Assumptions on input frequency data”

What is your opinion regarding the approach identified on the frequency data set?

EASE welcomes the improvement of reducing the proposed timeframe. Assigning a greater weight to the most recent periods could also be an optimal solution to ensure the current electricity system behaviour is adequately reflected.

The present assessment method for the deterministic data deviations (DFDs) and long-lasting extraordinary frequency deviations (LLEFDs) is not appropriate. Historical data used in the assessment should only consider the most recent developments. As such, new CBA simulations need to be run with and without the effect of determinist phenomena to assess the contribution of these phenomena to energy reservoir depletion and alert state time period requirements.

B. Chapter “Assumptions and data sources for outages”

What is your opinion regarding the approach identified on the outages data set?

EASE doesn't have any comments on the approach identified on the outages data set.

C. Chapter “Assumptions on FCR costs for LER and non-LER

What is your opinion regarding the analyses carried out on the costs (CAPEX + OPEX) of new LER installations for FCR provision?

EASE believes additional information should be given on how costs are determined. It is paramount to fully understand the hypotheses made regarding the characteristics of the units (% of the reserve allocated to FCR and FRR for each technology in each country, for coal, gas, co-generation, hydro, nuclear, etc.). As these data are very uncertain and hard to obtain, large sensitivities should be performed on the results – EASE stresses the need to exchange on the sensitivities to be conducted, with the objective to reach a consensual result.



Furthermore, there is no clear justification for the discount rate; 4% appears too low to compensate for the market exposure of private entities. It would be beneficial to compare the results of scenarios with different discount rates.

Additionally, the CAPEX assumptions for Li-Ion batteries primarily focus on a restricted range. Exploring a broader differentiation, particularly regarding "economies of scale" achievable by larger projects, could prove insightful.

Concerning existing LER, it should be taken into account that an increase in T_{min} would reduce FCR capacity available and consequently increase the volume of FCR required on other FCR providing units. This cost should be included in the CBA.

Finally, EASE proposes that opportunity costs for existing LER (costs related to other services – alternative to FCR – that can be provided by the LER), should be included in the analysis: an eventual increase of the T_{minLER} value could create a loss of remuneration opportunity for existing LER, making the business case of existing LER less sustainable. Further, the possibility of an increase of the T_{minLER} value could make new storage investments more risky and costly.

D. What is your opinion regarding the analyses carried out on the costs of non-LER resources?

As with LER resources, historical data might not reflect future market trends with an adequate level of accuracy. A sensitivity analysis is advised to account for the present limitations of predictive power.

EASE would like to express doubts about the need and relevance of extending the T_{minLER} , considering the lack of convincing justification provided so far. Envisaging a T_{min} for FCR providers with LER longer than 15 minutes represents an overspecification of FCR products, since FCR providing units shall be able to fully activate FCR until the activation of FRR, which should be fully activated within 15 minutes



About EASE

The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide. It supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.

For more information please visit www.ease-storage.eu

Disclaimer

This response was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.

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