

Statnett SF

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Sympower welcomes the opportunity to contribute with insights to the proposed amendments to guidelines for the exercise of system responsibility. Here are our concerns, comments, and questions:

FCR providers (FCR) vs BSPs (aFRR, mFRR)

According to the approved BSP TCMs in Norway, BSPs (providers of mFRR and aFRR) can, after the implementation of approved TCMs, have direct access to FRR markets without the requirement of being the BRP of the assets. Considering that Statnett does not classify FCR providers as BSPs (differing from the approach taken by other Nordic TSOs), separate conditions (under the system responsibility guideline) apply to FCR providers. In the previous revision of FCR conditions, the possibility for indirect market participation by FCR providers (allowing FCR providers to be able to have access to the FCR market) was removed, limiting FCR market access exclusively to BRPs.

Given the critical role of both FRR and FCR in ensuring system security, we question the rationale behind the differing market participation requirements for these services. While FRR providers can directly access the market through the BSP role, FCR providers are subject to stricter participation rules, restricting FCR market's participation only to BRPs of the assets. This discrepancy could have the following negative consequences:



- **Limited market participation:** Restricting FCR provision to BRPs (smaller group of actors) reduces market competition, potentially leading to higher prices and decreased liquidity.
- **Hindered asset optimization and efficiency:** Such differing requirements prevent assets from optimally and cohesively participating in both FCR and FRR markets through a single market participant. Unlike the FRR market, where BSPs can directly participate, the FCR market requires involvement of the asset's BRP, creating inefficiencies when the BSP and BRP are different entities. If a BSP aims to utilise the same asset for both FRR and FCR provision, the FCR participation requirement mandates becoming a BRP. This imposes an additional regulatory burden on BSPs, particularly hindering the entry of smaller market participants.

Regulatory Framework for Independent Aggregators in Nordic FCR Markets

Additionally, we request clarifications from Statnett regarding the possibility of a regulatory framework allowing independent aggregators direct access to FCR markets. Specifically, we inquire about the potential timeline for implementing such a framework in Norway. Given the minimal impact of FCR-D on Balance Responsible Parties and the successful implementation of independent aggregator models in Finland and Denmark, we strongly advocate for Statnett to adopt a similar approach by enabling direct market access for independent aggregators in the FCR-D market, aligning with Nordic harmonisation goals.

Reguleringsobjekt vs Providing Entity

According to the Nordic technical requirements [document](#), FCR requirements and pre-qualification are applied to the FCR unit or group as a whole.

Here are some reference text from nordic technical requirement [document](#):

" FCR can be provided using an aggregated group of resources forming a reserve providing entity. The reserve providing entity as a whole must always provide a response that meets the technical requirements, while the individual resources on their own do not necessarily have to.

To participate in the FCR markets, it is necessary for FCR providing units and FCR providing groups, jointly referred to as FCR providing entities, to be prequalified. The prequalification process ensures that FCR providers have the ability to deliver the specified product required by the TSO and that all necessary technical requirements are fulfilled."



As we understand from the technical support [document](#) recently published by Statnett, the FCR units and groups consist of one or more "reguleringsobjekt". Throughout the document 'Vilkår - tilbud, aksept, aktivering, rapportering og avregning i marked for FCR til Statnett,' there is a recurring emphasis on the individual 'reguleringsobjekt' level. Specifically, it is repeatedly stated that each 'reguleringsobjekt' must adhere to the Nordic technical requirements for FCR and undergo a pre-qualification process.

We propose replacing 'reguleringsobjekt' with 'FCR providing entity,' as defined in the Nordic technical requirements document. This term encompasses both FCR units (which can be a single 'reguleringsobjekt') and FCR groups.

In conclusion, we underscore the significance of stakeholder engagement and emphasise the necessity of considering diverse perspectives to ensure the effective functioning of the energy market. By addressing stakeholders concerns, Statnett can facilitate efficiency, sound competition, and sustainability within the sector, paving the way for a robust and prosperous energy landscape.

We appreciate the opportunity to contribute to this consultation process and remain eager to engage in further dialogue.

Yours sincerely,

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