

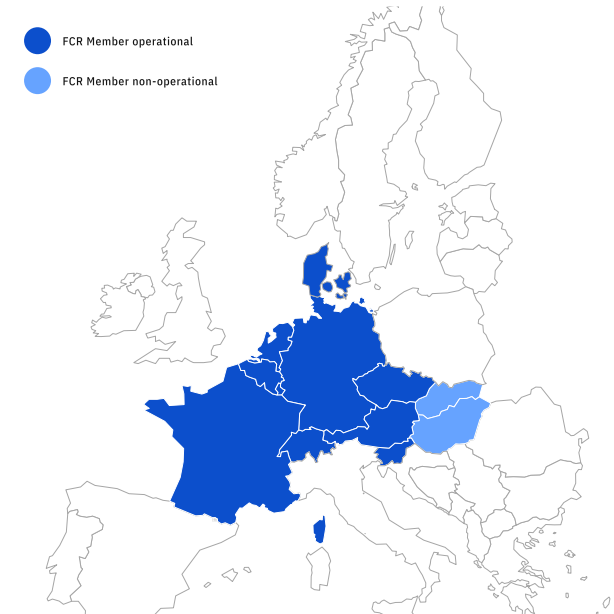


## Calculation of the benefit of the FCR cooperation

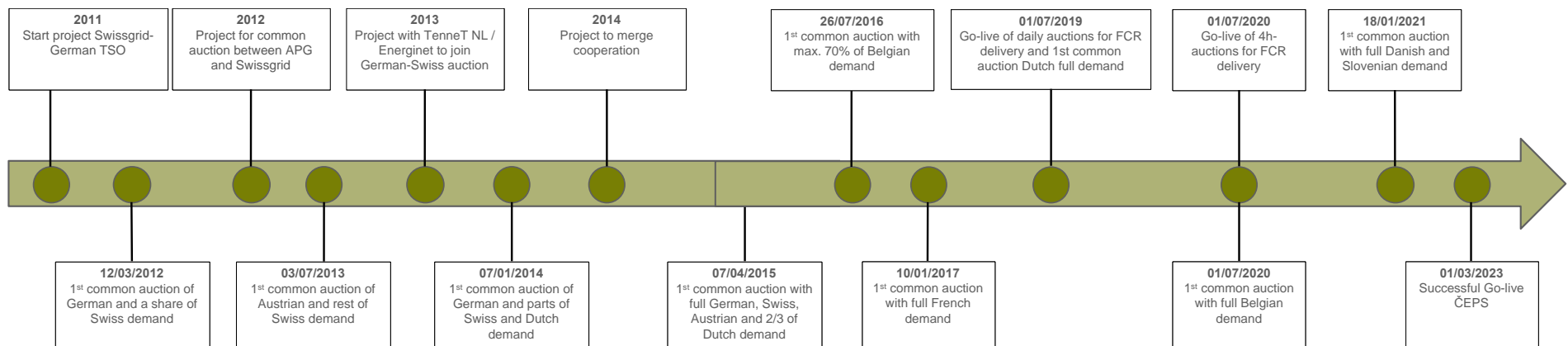
### The FCR Cooperation

- In accordance with the objectives of the EB regulation, the FCR cooperation, a voluntary common market for procurement and exchange of FCR capacities, currently involves 12 TSOs from 9 countries.
- The common demand of 1.5 GW for 2024 is procured in a common auction, which is almost half of the Continental Europe demand of FCR.
- The latest accessions include ČEPS in 2023. SEPS and MAVIR are observing members.

The aim of today is to present the outcomes of the simulation of benefits generated by the FCR Cooperation



### 10 years of FCR Cooperation milestones

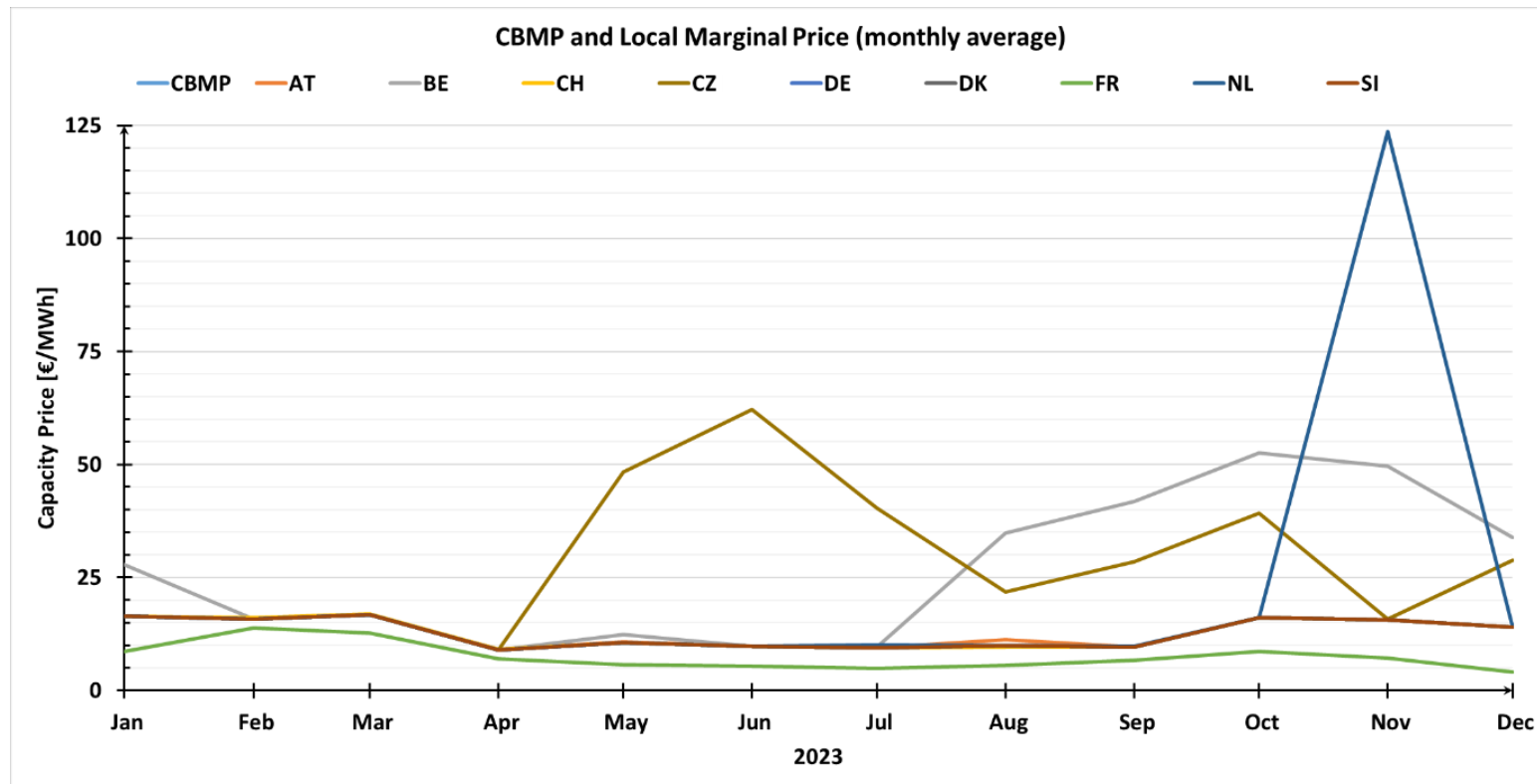




## Price developments

### FCR prices in 2023

- The figure below shows the monthly prices for each country of the FCR cooperation for 2023.
- Prices in most countries are at the Cross-border Marginal Price (or very close), with exception of Czechia, Belgium, and the Netherlands (in November). The average CBMP in 2023 was €12,79/MW/h
- In the case of France, situations with price convergence were also comparably low for 2023, as France often hits its export limit. This results in a price lower than the CBMP.

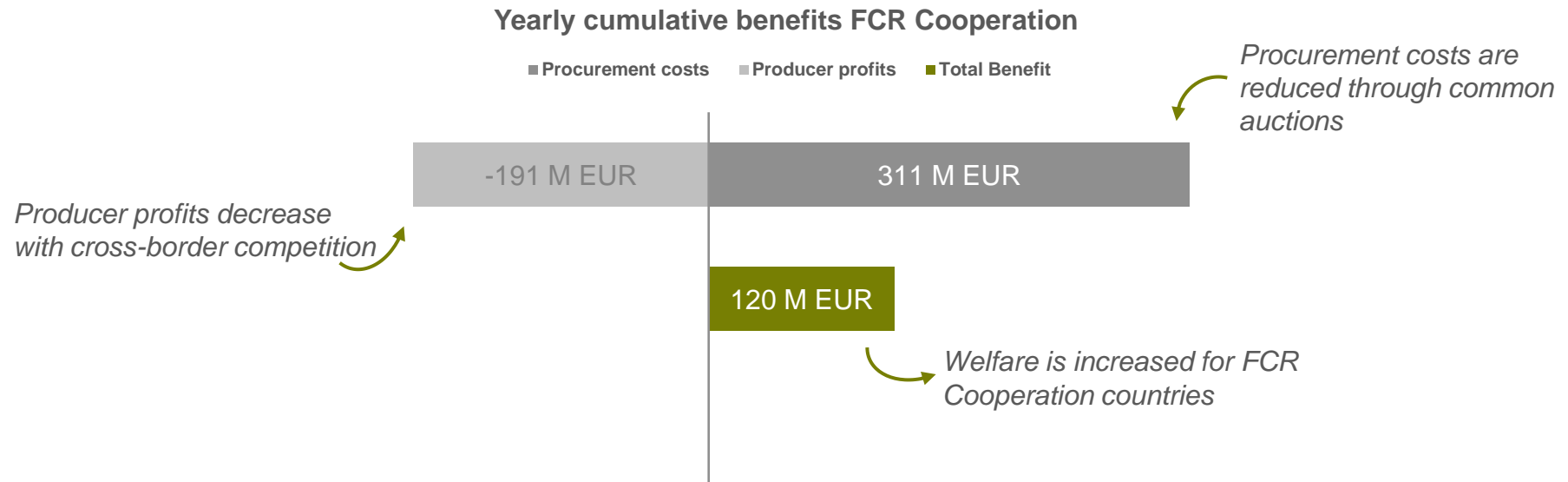




## Calculation of the benefit of the FCR cooperation

### Calculation of benefits 2023

- The benefits of the FCR Cooperation are evaluated based on a comparison between two situations:
  - Case A: each country procures its FCR demand separately.
  - Case B: joint procurement of FCR (while taking into account core share and export limits of each country). This is the current situation.
- The simulation of Case A is based on submitted bids and compared to real auction outcomes (Case B). This provides an estimate of the impact of common auctions on procurement costs and producer profits, and therefore the welfare generated.



- *Note: the simulation of benefits assumes unchanged bidding strategies from BSPs (i.e., the same Merit Order Lists are assumed for both Case A and Case B).*



## Conclusions and questions

### Conclusion

- In its ten-year existence, the FCR Cooperation has created significant welfare improvements. The estimated welfare benefit in 2023 is 120 M Euro.

### Questions?