



E-CONTROL

Electricity Market Code

Chapter 8

Special Balance Group for Calculating Grid Losses

Version 3.0

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1. Establishing a special balance group for grid losses

DSOs must establish a dedicated balance group for the purpose of determining grid losses. Regarding the criteria for balance groups, it is sufficient if this group fulfils those criteria that are relevant for this purpose.

When establishing a special balance group for grid losses, the following rules apply:

- There is no formal licensing procedure for balance responsible parties (BRPs) of balance groups for grid losses. However, there must be a contract under private law with the responsible clearing and settlement agent (CSA) which contains the parties' rights and obligations. The system operator (SO) that establishes the balance group must also comply with the provisions of the implementing legislation.
- If the applicable provincial implementing legislation does not provide otherwise, system operators which operate both transmission and distribution lines may establish joint special balance groups for both types of systems or form separate ones.
- The special balance group's BRP must draw up a losses schedule.
- If the applicable provincial legislation does not provide otherwise, several system operators may form a joint special balance group.
- Should several system operators form a joint special balance group, such balance group's BRP shall inform the clearing and settlement agent of the participating system operators.
- The special balance groups cannot contain metering points of consumers.
- The system operator must nominate a member of its staff as contact for this balance group.

2. Determining system losses; scheduling

For the purpose of drawing up losses schedules, each system operator must forecast the losses to be expected in its system. These account for a percentage of the total energy supplied through each system and must be calculated in line with the following principles:

- The default percentage to be used follows either the approach from the Haubrich/Swoboda study *Grundlagen für Systemnutzungs-/Tarif-/regelungen im Bereich der öffentlichen Elektrizitätsnetze* (Principles for rules on system charges and tariffs in public electricity networks, June 1998) or the value used to calculate the charges for grid losses according to the *Systemnutzungstarifverordnung* (System Charges Ordinance).
- Should the data available to the system operator from own calculations be more accurate, these can be used for scheduling.
- Should the system operator have precise data from meter reading, these shall be used for scheduling.

The BRP of the special balance group for grid losses, i.e. the SO, must verify the accuracy of the forecasting method for system losses each year and, if necessary, adjust it.

The electricity needed to cover grid losses is procured from trading balance groups or at power exchanges in a transparent, non-discriminatory and market-based way. The SO can choose between:

- Individual procurement; or
- Joint procurement by way of the dedicated losses procurement balance groups established by a system operator.

2.1 Individual procurement

Under the individual procurement option, the SO must submit a losses schedule (like an internal schedule) to the clearing and settlement agent in advance. It can also submit this losses schedule to the CSA together with the other aggregate meter readings after a one-time notification of the CSA to this effect. The corresponding schedule of the supplying balance group is sent in advance.

2.2 Joint procurement

Under the joint procurement option, the SO must still keep a balance group for grid losses and send a losses schedule to the CSA, as described in section 2.1. In addition, it must conclude a contract regarding the procurement and organisational handling of electricity to cover grid losses with the BRP of the losses procurement BG.

The electricity needed to cover grid losses is procured jointly for all participating SOs by way of losses procurement BGs in all control areas. Based on the longer and short-term forecasts of the participating SOs, the BRPs of the losses procurement BGs organise a market-based and non-discriminatory procurement procedure of the energy needed, as well as the sale of excess energy not needed and the financial settlement with all participating SOs. For the purpose of such financial settlement between the SOs and the BRPs of the losses procurement BGs, bilateral contracts under civil law regarding the procurement and organisational handling of grid losses must be concluded.

The BRP establishes separate losses procurement BGs in each control area. These losses procurement BGs pass the jointly procured energy on to the special balance groups for grid losses of the participating SOs in accordance with schedules based on the latter's forecasts. Where schedules between losses procurement BGs and trading BGs are concerned, the former take precedence (no receiving party rule). However, this is not the case where schedules with power exchanges are concerned.

Normally, the actual grid losses do not exactly match the SOs' forecasts, i.e. there are imbalances in the participating SOs' losses BGs. In the 1st and 2nd clearings, the CSA offsets the schedules of the losses BGs of the participating SOs against those of the losses procurement BGs to ensure that imbalances only arise at the latter (cumulated), not at the former. The SOs' losses BGs remain in balance.