

## **Febeliec answer to the Elia consultations on the proposals for implementation plans for aFRR and mFRR and separated procurement of FCR and aFRR**

Febeliec would like to thank Elia for the consultations on the proposals for implementation plans for aFRR and mFRR and separated procurement of FCR and aFRR. As there are many parallels and interactions between the two consultations at hand and both have the same deadlines, Febeliec has opted to provide one single answer to both consultations.

As general comments to both consultations at hand, Febeliec would like to refer to all the previous comments it has made during workshops, bi- and multilateral meetings and previous consultations on the design of FCR, aFRR and mFRR and which have not all been taken into account by Elia. Even though Febeliec will in this document treat only the relevant topics in reaction to the proposed texts by Elia, this should not be taken as an explicit nor implicit acceptance of the proposals from Elia insofar they diverge from the preferred solutions by Febeliec.

With respect to the proposed timelines by Elia in the consultations at hand, Febeliec takes note from the fact that for the regulatory approval process six months have been taken into account by Elia. Febeliec has also taken note from the comments from the regulator on this topic during the workshop related to the topics of the consultations at hand. Febeliec can understand that the decisions to be taken cover a wide range of elements and should be thoroughly analyzed, both technically and legally. Febeliec can furthermore also understand that there is still uncertainty on the potential interaction with the Member State, as described in the EBGL and other European texts, and that the possibility for the Member State, however to be defined on the Belgian level, to provide an opinion can also prolong the decision process. However, Febeliec strongly wants to urge the relevant regulator(s), government(s) and/or administration(s), as well as the transmission system operator to be as swift as possible to take the necessary steps to adapt the balancing products and framework and reduce the total decision time to the minimum possible. For Febeliec it would be a major concern if very lengthy and heavy decision processes would lead to a slowdown or even full stop of needed adaptations to the balancing market, as this could become detrimental to its development and thus drive up the total system cost, to the disadvantage of all consumers and their energy bills.

Febeliec for both consultations will trust the transmission system operator in its analysis on the practical feasibility and implementation of the proposed modifications as it does not have access to the required input to provide its own in-depth vision on this topic, but nevertheless wants to encourage Elia to be as forward as possible to push the envelope of development, in order to avoid falling to a very slow pace of (needed) adaptations to the balancing market.

With respect to the consultation on the aFRR implementation plan and the communication solution with the private device and gateway, Febeliec is pleased to see that Elia has taken a pragmatic approach to this topic, but just wants to add that coordination (p12) will have to be done with all DSOs, including the CDSOs.

On the implementation of Transfer of Energy for aFRR, Febeliec would like Elia to specify how expensive such implementation would be, in order to be able to provide its opinion, as it is clearly a chicken-and-egg issue here, where no new players requiring ToE will offer their services as long as no solution is at hand, while Elia seems reticent to implement such solution as long as there are no interested parties. Febeliec wants to point out that in the aFRR non-CIPU study the use of water pumps for aFRR was also analyzed, which would require ToE in a roll-out towards the normal aFRR market. In case a CBA would lead to an unjustified cost for the implementation of ToE for aFRR, Febeliec would ask the transmission system operator as well as the regulator to foresee a regular follow-up of the potential in the market and the possibility of new entrants

and the added value they could bring. As discussed during the last TF Balancing prior to the end of this consultation, febeliec could live with the compromise of postponing the introduction of ToE for aFRR at this point, with an analysis in 2019 of the feasibility and opportunity to implement it. As long as it has not been implemented, a year evaluation process should be maintained. Febeliec has also taken note of the alternative solution presented during that same TF Balancing and approves of it as a pragmatic approach to solve the issue for certain market players. However, Febeliec strongly wants to point out that this is not a solution for all market players and thus cannot replace the eventual implementation of ToE for aFRR. Febeliec also asks Elia to see whether this solution can also be implemented for all other ancillary service products as well as Strategic Reserve.

On the implementation plan for mFRR, Febeliec strongly and explicitly wants to iterate its position that it does not agree with the proposed abolition of the R3Flex product. Febeliec can understand that the needs of Elia with respect to mFRR balancing can evolve and as such can, provided that Elia can provide sufficient analysis and proof of such modified needs, accept the proposed modifications of R3Flex towards and R3Flex+ product. However, before the abolition of R3Flex+, Febeliec wants an in-depth and concise CBA showing that with the combination of R3Std and R3Flex+ Elia would not be able to cover its needs, as it is clear that R3Std is a more expensive product and such move would thus lead to an increased total system cost. Unless Elia can prove the opposite, Febeliec strongly opposes such move and stresses that the only criterion should be for Elia to fulfill its obligations at the least societal costs. Febeliec is however pleased to see that Elia has currently foreseen a transition phase, during which Elia can conduct the aforementioned CBA. Febeliec urges Elia and CREG to maintain this transition period until conclusive results have been provided from the aforementioned CBA. Febeliec clearly sees support from other stakeholders for this move, but questions their motifs as they tend to make money from the provision of these services and thus have an opportunistic reflex to move towards higher value and thus more expensive products, which also have the benefit for them of being more complex and thus limiting competition (e.g. from individual industrial consumers). Febeliec thus strongly urges Elia as well as CREG to keep this element in mind, unless the costs of the reservation of balancing capacity would be charged to the BRPs instead of the grid users, in which case the aforementioned opportunistic reflex would greatly diminish.