



# **EXPLANATORY NOTE RELATED TO THE PUBLIC CONSULTATION OF THE TERMS AND CONDITIONS FOR VOLTAGE SERVICE PROVIDERS (T&C VSP)**

12/11/2021

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## 1. Practical information

This note aims to contextualize the document to be submitted by ELIA as required by Article 234 of the Federal Grid Code.

At the end of the public consultation, all non-confidential comments will be made public on Elia's website, with an explanation of how Elia responded to these remarks or the reasons why they were not considered. Elia will respect the request for confidentiality and/or anonymity of respondents.

Comments concerning items outside the scope of the documents will not be considered by Elia.

The document submitted for consultation can be consulted on the Elia website.

The public consultation lasts one month. Reactions must be sent no later than Monday 13/12/2021 using the online form available on the Elia website.

Questions relative to the consultation can be sent to the following email address: [consultations@elia.be](mailto:consultations@elia.be).

## 2. Introduction

The first proposal of the “Terms and Conditions applicable to providers of voltage and reactive power control service (VSP’s) including the standard contract for the delivery of the voltage and reactive power control service (hereinafter referred to as the “T&C VSP’)” was approved by the CREG on May 28<sup>th</sup> 2020 in decision [\(B\)2080<sup>1</sup>](#) until the end of the year 2021. These T&C VSP translated the design evolution of the service for reactive power and voltage control that was first described in a [design note<sup>2</sup>](#) published in 2018.

In 2021, Elia introduced in concertation with market parties<sup>3</sup> a proposal to extend the validity of this first version of the T&C VSP until the end of the year 2022. This validity prolongation was approved by the CREG in April 29<sup>th</sup> 2021 (in decision [\(B\)2228<sup>4</sup>](#)) until the end of the year 2022.

The decision (B)2228 states that a new version of the T&C VSP is to be submitted to the CREG for the 31 December 2021 considering

1. The remarks included in the CREG decision (B)2080
  - Paragraphs: 10, 13, 25, 47, 55, 57, 59, 72, 82, 83, 95, 96, 100, 102, 121
2. The available return of experience from the delivery of the Service
3. The applicable legal framework at that moment

The document subject to consultation constitutes a proposal of review by ELIA regarding the T&C VSP following CREG’s decisions (B)2080 and (B)2228. The scope of this consultation is limited to the modifications related to the Specific Conditions of the T&C VSP. The General Conditions are part of a [separate consultation](#), as they also apply to other Terms and Conditions for different services.

As no adaptation of the relevant and applicable legislation has taken place since last revision of the T&C VSP (e.g. no adaptation of the Article 12 quinquies of the Law of 29 April 1999 on the organization of the electricity market), Elia’s proposal of adaptation of the T&C VSP is based on the two first points mentioned above.

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<sup>1</sup> The decision (B)2080 is available on the CREG’s website: <https://www.creg.be/fr/publications/decision-b2080>

<sup>2</sup> The design note is available on the website <https://www.elia.be/en/electricity-market-and-system/system-services/controlling-voltage>

<sup>3</sup> This proposal was submitted to public consultation: [https://www.elia.be/en/public-consultation/20210202\\_extend-the-validity-of-the-terms-and-conditions-applicable-to-providers](https://www.elia.be/en/public-consultation/20210202_extend-the-validity-of-the-terms-and-conditions-applicable-to-providers)

<sup>4</sup> The decision (B)2228 is available on the CREG’s website: <https://www.creg.be/fr/publications/decision-b2228>

This explanatory note gives a brief description of the main modifications brought by Elia to the T&C VSP and the reasons behind these changes.

### 3. Review of the Specific Conditions of the T&C VSP

The modifications to the T&C VSP are made on the basis of the following elements:

- The CREG’s decision points as mentioned in the introduction
- Some clarifications following market parties feedback and questions during the delivery of the service
- Some adaptation related to coherency, wording and structure of the contract based on Elia’s analysis and discussions with the CREG according to points 57 and 72 of the CREG decision (B)2080.

The section 3.1 presents the modifications made to the T&C VSP according to the above elements. Among these elements, all CREG’s decision points have not lead to a modification of the T&C VSP. For these specific points, an explanation is provided in section 3.2.

#### 3.1. Modifications made to the T&C VSP

The following table shows the reasons behind the modifications made to the T&C VSP in the order of appearance of the articles in the Specific Conditions of the VSP contract.

Section	Reason of the modification
II.1	The reference to the BRP is not needed anymore in the contract making the definition of the term “BRP” and “BRP contract” unnecessary (refer also to the change made to the article II.3.7 that is described below)
	The VSP contract has been aligned with the new terminology according to new SA and OPA contracts. The references to CIPU contract have been replaced in the entire contract
	The definition of “Compensator Mode” has been adapted in order to detail the situations of Technical Unit injecting and offtaking active power and in order to clarify the link with the minimum active power threshold.
	The definition of “Injection Mode” has been added to clarify the distinction between compensator mode and injection mode in the contract
	The definition of “Service Measurement Point” has been modified as the definition starts by the generic words “a point within <u>an</u> electric grid” which can be the Grid User’s grid
	The definition of Federal Grid Code and RfG have been added as they were missing in the contract
	The definition of “Offtake” has been removed as it is not necessary in the contract. Indeed, the contract always refers to an injection or an offtake of active power in the text.
	The definition of “Reactive Power Requested” or “Qreq” has replaced the two definitions of “Reactive Power Required for Remuneration” or “Qreq_rem” and “Reactive Power Required for Delivery Control ” or “Qreq_control” as one term is

	sufficient in the contract to refer to the volume of reactive power that needs to be provided by the VSP and that is remunerated.
<b>II.2.6</b>	The last part of the article has been adapted: the incorrect reference to article II,3,3 k) has been removed and the consequence of non-compliance with the condition mentioned in the article has been clarified.
<b>II.3.3 a)</b>	It has been clarified that the technical requirements from the legislation apply to technical units independently on the participation to the service.  A table has been added to indicate the relevant articles of the legislation to which the technical units have to be compliant in terms of voltage and reactive power control capabilities.
<b>II.3.3 b)</b>	It has been clarified that the compliance with this condition relates to the Technical Unit and not to the VSP. The condition for the end of the suspension has been added to the article.
<b>II.3.3 k)</b>	This article has been simplified and made more general to indicate the non-compliance compared to the entire article II.3.3
<b>II.3.4 a)</b>	The box in this article has been removed as all information contained in this box is covered in details in the Annex 13 and article II.3.2 and II.3.12. The article has been adapted to improve the readability.
<b>II.3.4 b)</b>	According to point 82 of the CREG decision (B)2080, the formulation of the last bullet has been adapted to clarify that the communication of this active power measurements is not to be performed by the VSP but that all technical units behind the same service measurement point need to be equipped with real-time active power measurements to make an aggregation possible. These data are necessary for Elia to know which technical units are above their minimum active power threshold in real-time and so are available to provide the service.
<b>II.3.7</b>	According to point 83 of the CREG decision (B)2080, the necessity to have a BRP contract is considered as redundant and is removed from the article.
<b>II.3.10</b>	A new article has been added following questions received from market parties concerning the determination of the technical control band in Injection mode and compensator mode. A similar condition was already mentioned in the bidding instructions of the last tender for the procurement of the voltage and reactive power service. The objective of this condition is to avoid some “jumps” in the provision of reactive power when a technical unit switches from the injection mode to the compensator mode. These jumps of reactive power could indeed represent a risk for the grid stability.
<b>II.3.11</b>	This new article contains the modalities that are described in the second paragraph of the existing article II.8.4 concerning the need of a bilateral agreement between the VSP and the Access Contract Holder (ACH). These modalities are indeed part of the conditions for participation of technical units to the service and thus belong to the Article II.3 of the VSP contract. The article was also clarified by making a better reference to the concerned access tariffs and by precisising the consequence of the absence of such an agreement on the provision of the service.



<b>II.5.3</b>	The other technical requirements encountered at such time are completed with two examples.
<b>II.6.2</b>	<p>The reference to DSO metering data has been removed from the article and the footnote is modified accordingly.</p> <p>This modification has been made pursuant to point 95 of CREG decision (B)2080. The metering data from the DSO will not be used as a basis for settlement as the service measurement point cannot be defined behind the interconnection point pursuant modalities described in the Annex 13 of the contract.</p>
<b>II.7.1 b and II.7.2 b</b>	The boxes are deleted as the information contained in these boxes is already covered in article II.3.4
<b>II.7.2 a &amp; b</b>	It is precised that the delivery control of the manual control service type apply for both controlling and non-controlling technical units
<b>II.8.5</b>	The article has been reformulated to take into account fact that the costs related to an increase of the PPAD tariff due to an activation are not directly borne by the VSP but by the ACH. Note that those costs can still be included in the VSP offer.
<b>Annex 2.A</b>	<p>The structure of the annex has been improved and some numerical examples have been added in section 2.A.1 and 2.A.2 to better explain the way the reactive power requested is computed for both controlling and non-controlling technical units</p> <p>A paragraph has been add to clarify the daily initialization of the reactive power requested to avoid the propagation of errors following discussion with market parties during the execution of the contract in 2021.</p>
<b>Annex 2B</b>	This section has been added to clarify the way the price for the remuneration is determined based on the price structure in annex 12
<b>Annex 3 and Annex 4</b>	The structure and the way the information is presented are improved by first presenting theoretical content before going through the examples (there is no change of content)
<b>Annex 6</b>	<p>The band to apply penalties are better precised by adding “included” in the three last bullet points and correcting the percentages</p> <p>This modification has been made for clarity following question from market parties raised for the contractual period 2021</p>
<b>Annex 7</b>	The terms of the formula have been better explained and an example has been added according to point 121 of the CREG decision (B)2080 requesting to clarify the formula.
<b>Annex 8</b>	Following questions raised by market parties for the contractual period 2021 on the way setpoint need to be considered, this annex has been totally reviewed to clarify and better explain the procedure to follow for both controlling and non-controlling technical Units (without any change in the content of the procedure)
<b>Annex 10</b>	The non real-time operations contact contact has been deleted as th Key Account Manager is the contact for non real-time activities



<b>Annex 11</b>	According to point 47 of the CREG decision (B)2080, the last paragraph has been modified to precise the conditions of termination of the contract for a grid user which is obliged to provide the service.
<b>Annex 12A</b>	The notion of “Group” has been deleted and replaced by the direct reference to “Injection Mode” and “Compensator Mode” to clarify and simplify the wording used in the contract.
<b>Annex 12 B</b>	This new annex “Applicable Prices” has been added to allow indicating the applicable prices to deliver the Service in the contract

In addition to these modifications, and according to points 57 and 72 of the CREG decision (B)2080 as mentioned above, some wording and readability improvements have been made in the contract such as the addition of missing capital letters for defined terms and the reference to the correct specific terminology . In particular, the wording and/or the structure of the following articles have also been improved in that sense.

<b>Articles</b>	<b>Modifications</b>
<b>In the entire contract</b>	The wording has been aligned concerning the production and absorption of reactive power i.e. the words “production” and “absorption” of reactive power are always the terms used in the contract.
<b>II.3.3 c</b>	It has been clarified that the communication test is executed for each technical unit and the reference for the specifications of the communication channel has been improved by referring to articles II.5.4 and II.5.5
<b>II.3.3 d and e</b>	The structure of the article has been improved and simplified by merging both existing articles II.3.3 d and II.3.3 e)
<b>II.3.4</b>	The article has been split for a better readability and to improve the structure of this article. Articles II.3.5, II.3.6 and II.3.7 have been created from the last bullet points of existing article II.3.4
<b>II.3.9</b>	It has been precised that the condition applies for the provision of the technical control band and that it concerns the production or absorption of reactive power
<b>II.3.12 c)</b>	The wording has been improved to make a reference to the more generic term of “Service Measurement Point” as the service is delivered at the service measurement point
<b>II.3.12</b>	The wording has been improved to use the specific terminology of the contract (“Technical Control Band”)
<b>II.4.1 and II.5.1</b>	Some precisions have been provided to these articles to state that the service is to be delivered when the technical unit is injecting or offtaking active power above or equal to the minimum active power threshold
<b>II.5.2 and II.5.4</b>	The wording has been improved by referring to a “manual activation”

<b>II.5.9</b>	This condition is clarified to avoid confusion and better expressed that this is part of the service as well
<b>II.6.4 and II.6.5</b>	The formulation of the article is improved and the reference to annex 8 is replaced by a more correct reference to article II.5.4 that precises the way to exchange message with Elia
<b>II.7.1 c and II.7.2 c</b>	The words "for delivery" are added This addition intends to clarify that the monthly activation control is made for each technical unit for the delivery of the service in M-2
<b>II.8.1</b>	The reference to annex the new annex 12 B is precised (see point X below)
<b>II.9.1</b>	The words « as these are described » are replaced by “according to” for clarification
<b>Annex 2A</b>	The definition of “Q initial” has been slightly changed by replacing the word “exceeded” by “started to exceed”
	In the example, for the qh2, the word “Revolt” is removed
<b>Annex 3</b>	In the penultimate paragraph the words “can apply” are replaced by "applies" to clarify that is not a possibility
	In the paragraph following the table of the example, the word « samples » is removed
	This wording improvement has been made to precise that the qh themselves are considered as failed ( and there is no link with the sample)
<b>Annex 12</b>	The title is modified in “Remuneration for Activation” instead of “Price Structure”

### 3.2. Additional considerations and answers to CREG’s remarks that have not lead to modifications of the T&C VSP

As stated in the above section, Elia has adapted the T&C VSP following the CREG decision (B)2080 points 47,57,72, 82, 83, 95 and 121. In this section Elia provides the requested answers to CREG’s other points of the decision (B)2080 and/or justifies why those do not lead to modifications to the T&C VSP:

- Points 25, 47 and 55 are related to the General Conditions. Elia refers to the specific review of these General Conditions for the follow-up of the modifications related to these points
- Point 10: in her decision, the CREG asks Elia to write a note describing how SOGL articles are practically implemented by Elia and their possible impacts on the T&C VSP. Elia is currently writing a document containing information about the voltage and reactive power management by Elia and discussing it with the CREG. This document will be published at a reasonable timing to be agreed between the CREG and Elia as stated in point 16 of CREG’s decision (B)2228.

- Point 13: the CREG asks Elia to analyze if the participation mechanism for CDS/DS users cannot be more aligned on the article 234 of the Federal Grid Code i.e. with the DSO/CDSO having a role of coordinator and not necessarily assuming the role of the VSP. According to the answers of Distribution System Operators during the last public consultation<sup>5</sup> about the T&C VSP, Elia understands that the DSOs confirm their preference for the current approach concerning the participation of technical units connected to distribution grids i.e. the DSO will take over the VSP role vis-à-vis Elia. The DSO's do not see reason to change the current principle except in case of legal framework changes. Elia thinks that the current principle can be maintained as far as there is no relevance experience feedback and/or any change of the regional legal framework. Elia will monitor and assess with the DSO's any further evolution of the legal framework
- Point 59: in her decision, the CREG asks Elia to analyse the necessity of a minimum volume to provide the service fixed at 1MVAR (at least for the voluntary participation) and other means to facilitate the participation to the service for new market parties. Currently, Elia has not received any indications that this value of 1 MVAR is a barrier for the participation to the service for market parties. Therefore Elia proposes to keep this minimum threshold unchanged for this version of the T&C VSP.
- Point 96: the CREG asks Elia to inform her about discussions with Belgian Offshore Platform on the possibilities to communicate information related to active or reactive power reduction (turbine maintenance...). Elia reminds that the restriction in the reactive power control capability is not frequent so that an automatization of the communication process is not necessarily justified. After a few months of experience of the participation of offshore wind parks to the service, Elia has not received any indications that the current process is not adequate. Elia keeps this point in mind and will consider it if the experience shows that an improvement is necessary.
- Point 100: the CREG asks Elia to inform her about any issues/additional complexity created by interactions between the grid user and the asset owner (in case they are different parties) and related obligations for the delivery of the service. Elia is analyzing this problematic in the context of the phase 2 of iCAROS project and has some possible way forward to solve the issue that will be discussed in the context of iCAROS. If some issues arrive in the context of the service for the voltage and reactive power control, Elia will of course inform the CREG.
- Point 102: The CREG mentions that the level of penalty could be insufficient for mandatory participants that are not able to provide the service for technical, operational or other reasons. The CREG asks Elia to clarify this point in the T&C VSP. Elia is not in favor to remove the cap on the penalty (which is currently capped to the remuneration of the service) as this could discourage VSP candidates to participate to the service and then increase the risk that a grid user cannot find any VSP to provide the service with its technical unit(s). For market parties that have an obligation to participate but that do not sign the contract (and consequently are not compliant with their obligation), the possible application of a penalty should not be part of the VSP contract but should instead be integrated in the applicable legislation (such as the Federal Grid Code).

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<sup>5</sup> Available on the consultation page on Elia website: [https://www.elia.be/en/public-consultation/20210202\\_extend-the-validity-of-the-terms-and-conditions-applicable-to-providers](https://www.elia.be/en/public-consultation/20210202_extend-the-validity-of-the-terms-and-conditions-applicable-to-providers)