POSITION

Subject:	FEBEG comments on ELIA's Public consultation on the System Imbalance forecast and evaluation of its publication
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FEBEG thanks ELIA for having the opportunity to react ELIA's Public consultation on the System Imbalance forecast and evaluation of its publication[1].
The reaction of FEBEG is not confidential.

FEBEG's answers to the raised questions

Q1: The analysis resulted in the selection of the linear regression model. Can you support this choice? Please motivate your answer.

Yes. The linear regression model appears (i) to provide the best results, (ii) has the advantage to be simple and (iii) can be easily reproduced by stakeholders (at the condition that the data is available). Indeed, simplicity and transparency are very important overall principles for FEBEG, we plead for Elia to adhere to these principles as much as possible, not only on this topic, but in all instances as the energy market is already very complex.
What we would have welcomed in the model assessment, is a test on some experienced erratic SI movements. Movement that could not be explained by any grid or generation outages (or storms event …).

Q2: Do you see other elements which could increase the performance of the model?

It seems that the most important (read the most correlated to the SI) variables have been identified. Therefore, we don't see other variables that would improve in a significant way the performance of the model. However, this does not mean that further investigations should not be performed (notably the nomination as proposed in the consultation document). Indeed, the changing market situation will probably have a non-negligible impact on the performance of the model and it will therefore be important that the model follows an evolutive process (incl. the variables).
Particularly in the context of MARI and PICASSO, it might be relevant to investigate the correlation of non-BE related variables with the Belgian SI.
If not yet taken into account it could be helpful to recalibrate the model very frequently in order to help it adjust to a changing environment.

[1] https://www.elia.be/en/public-consultation/20210831_public-consultation-on-the-system-imbalance-forecast-and-evaluation-of-its-publication

Q3: Do you agree with the proposed publication horizon and publication format?

Yes. Will there be an update more frequently than every 15'? More generally, what will the update rate of the forecast be?

Q4: Would you prefer the publication of the exact forecasted value or categorical predictions for Qh+1 and Qh+2?

It seems to us that more info can be taken from a publication in the form of a range and a confidence level, compared to a single value. It leaves more interpretation open also to the market parties, which is a positive effect.

Q5: Do you believe the publication of the SI forecast is relevant? Please motivate your answer.

The consultation document has shown that the Qh+0 forecast has a relatively good quality compared to those for Qh+1 and Qh+2. However, given the short notice linked to the Qh+0 forecast, BRPs will, in practice, not have the time to act upon it (e.g. update of BAL energy bids or even "proactive reactive" balancing).
Moreover, the forecast quality of Qh+1 and Qh+2 does not seem sufficient to us for acting upon it without taking a considerable risk as BRP.
In conclusion, we think that the publication could provide some interesting information, but it is not a silver bullet.

Q6: Should Elia withhold the publication if a certain quality level cannot be reached? What do you believe is the right threshold (e.g. RMSE < 100 MW)?

We have no strong opinion if sufficient information is disclosed concerning the confidence level of the forecast.

Q7: Elia sees no strong concerns for the publication of the SI forecast, do you agree with this evaluation.

We neither have reservation on the publication of such forecast.

Q8: Would you see an impact on the market as result of the publication, and which one?

As explained, the use of the Qh+0 forecast is uncertain and will probably depend on the lead time for acting on it. Therefore, the impact on the market will also be limited.
Regarding the Qh+1 and Qh+2 forecasts, the issue is the lower confidence level. BRPs, if they do, will anyway be very prudent with these forecasts.

There could be a risk that there would be an “over reliance” on the forecast publications. The market will also learn with time how to take this information into account without such “over reliance”. The information may also prove to be of interest to the TSO in the decision making process on the activation of NRV means.

Q9: Do you recognize the dependency between the publication of the SI forecast and other changes to the balancing timeframe? Do you see others?

Yes. We also want to emphasize that the model used past data. Those data should be used when the balancing ecosystem is stable. Any change (such as the accession to MARI or PICASSO, the removal of DA obligation), that has a significant impact on the variables chosen to train the model should be duly considered.

Q10: Elia believes the start of the publication should not overlap with other major changes, do you agree?

The Go-live of the publication of SI forecast should be linked to the relative stability of the BAL ecosystem. If not, the quality of the forecast will probably not be sufficient, and the evaluation of the impact of the introduction will be impossible if other changes happen in parallel.