

**CONSULTATION REPORT**

# **Public consultation on the aFRR activation method**

**21 December 2022**

**NON-CONFIDENTIAL VERSION**



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## 1. Introduction

Between 20 October 2022 and 20 November 2022, Elia organized a public consultation on the study on the aFRR activation method<sup>1</sup>.

Elia received 4 non-confidential answers to the public consultation from the following parties:

- BSTOR
- Centrica Business Solutions, hereafter “CBS”
- Febeg
- Febeliec

In addition, Elia received 1 confidential answer to the public consultation.

This consultation report contains the overview of the non-confidential feedback from the stakeholders, and the answers of Elia thereon. For the full responses of the stakeholders Elia refers to the individual feedback responses.

The feedback received from the stakeholders lead to one modification of the report, namely the confirmation that the distinction between the FAT<sub>energy bid</sub> in the activation and deactivation phase will be possible.

All relevant, non-confidential information on this consultation is available on the consultation webpage. Elia has submitted the final report together with the confidential and non-confidential consultation feedback and the consultation report to the CREG.

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<sup>1</sup> Consultation webpage: [https://www.elia.be/en/public-consultation/20221020\\_public-consultation-on-the-study-on-afrr-activation-method](https://www.elia.be/en/public-consultation/20221020_public-consultation-on-the-study-on-afrr-activation-method)

## 2. BSTOR

BSTOR souhaite apporter son soutien à la proposition d'Elia, tant sur le fait d'offrir l'opportunité aux BSP de réagir plus rapidement au signal aFRR que le FAT, que sur la méthodologie proposée pour définir le volume éligible à rémunération additionnelle correspondante, que pour le plan d'implémentation proposé. BSTOR souhaite remercier Elia pour la qualité de l'étude et le pragmatisme des solutions proposées.

[Elia thanks BSTOR for the feedback provided.](#)

## 3. CBS

**CBS welcomes Elia's proposal to allow for asymmetric ramps, as this opens the door for EMS optimization and overall higher efficiency.**

CBS confirms to Elia that allowing for BSPs to deliver asymmetric ramps in the cases proposed in the consultation document will effectively bring meaningful benefits, in particular with regards to certain EMS strategies that will contribute to reduce overall costs a LER in aFRR. CBS therefore supports the proposal of Elia.

[Elia thanks CBS for the feedback provided. The asymmetric ramps are indeed meant to improve the EMS of assets with LER, while respecting the minimum Full Activation Time.](#)

**CBS takes note of Elia's argument regarding the impact of faster aFRR activation on DFDs and points out that considering faster FCR incentives could also be a way to act efficiently on DFDs.**

In its report Elia highlights that a faster aFRR delivery could have a positive impact on DFDs. Elia points out a collective advantage of such an enhanced aFRR delivery, reducing the amount of FCR activated and potentially required. CBS supports this statement, and underlines that a faster FCR delivery could equally play a beneficial role in mitigating DFDs, as also highlighted in Elia's 2020 report on DFDs. Centrica therefore kindly asks Elia to further investigate this option at the ENTSO-E level, following the discussions that were initiated in 2020.

[Elia takes note of the point raised by CBS and refers to its answer on the public consultation on Elia's study on DFDs in 2020.](#)

## 4. FEBEG

Overall FEBEG welcomes the alternative approach proposed by ELIA for following reasons:

- The proposed solution is pragmatic and combines the advantages of both approaches (the control target and the control request based on ramping)
  - In contrast to the “activation methods based on control target”, no changes will be required in the principles of settlement, based on requested aFRR and tolerance band. The current T&C aFRR can remain largely unchanged.
  - Only those parties with the ambition to use this option need to make changes to their IT infrastructure.
- The proposal can have a positive impact on the regulation quality.
- Proposal does offer the possibility for more advanced BESS's EMS.
- Proposal does allow BSP's with faster ramping assets to better valorise their asset.

Referring to the possibility of having a separate FAT for the activation and deactivation phase as mentioned in section 4.1, FEBEG is not against this additional option as there are multiple cases where this could be interesting. However FEBEG would like to ensure good comprehension and confirmation on the following:

- The “FAT<sub>energy bid</sub>” will never be considered as selection criterion for the bids in the aFRR auctions
- The “control target” approach will not aggravate the jumps in the activation signals followed by assets which do not have the technical capability to react faster (CCGT's). In fact, the fast regulation of the grid, thanks to fast reaction from assets (FAT<7,5min), could probably lead to jumps of aFRR signal which is followed by a CCGT during the quarter of hour before the latter reaches the control target.

Complementary, FEBEG cannot commit on when this option could actually be used.

Elia thanks Febeg for the feedback provided.

Elia confirms that it's not the intention to use the “FAT<sub>energy bid</sub>” as a selection criteria in the aFRR auctions. In the proposal made by Elia, there is no information / commitment on the “FAT<sub>energy bid</sub>” provided by the BSP in the aFRR capacity auctions, as this is an optional bid characteristic of the aFRR energy bids.

Elia does not expect an impact of faster activation of some aFRR energy bids on the amount of jumps. The activation of aFRR as expected by the aFRR controller does not impact the volume of aFRR that will be selected by the aFRR controller. In other words, assuming BSPs are delivering exactly the aFRR Requested, if the global control target is 50MW and that the faster activation of some aFRR bids lead to an increase of aFRR Requested from 30MW to 40MW, this will not impact the global control target of the next time steps. Hence, it will not impact the aFRR Requested signal of the BSPs which did not specify a shorter “FAT<sub>energy bid</sub>”.

## 5. FEBELIEC

Febeliec would like to thank Elia for this consultation on the aFRR activation method. Febeliec will provide some more detailed comments below, but as a general remark, Febeliec wonders what the added value is for consumers. The document clearly indicates the added value for BSPs who are able to react with a full activation time (FAT) of less than 7,5 minutes, as they would (as also clearly indicated in the quantitative examples) earn more revenue. However, benefits for consumers that would compensate for the increased costs (as higher revenues for BSPs are equal to higher costs for consumers via the grid tariffs and/or the imbalance tariff) seem almost non-existent. At best, there could be an implicit improvement in the ACE of Elia. However, as the ACE of Elia is currently already well within the required range, there would not be any additional value for consumers. As a result, Febeliec has the impression that Elia is goldplating, at the expense of consumers, its ancillary services and unnecessarily increasing the overall costs to enable BSPs with capabilities beyond the product requirements to earn an additional revenue, at the expense of consumers, for these unnecessary (from a system perspective) capabilities (because if these capabilities were to be required, these should have been included in the product specifications or an additional product should have been designed).

On the proposals of Elia, and taking into account the above where Febeliec does not see an additional value to compensate for the additional costs, Febeliec follows most of the reasoning of Elia to discard option 1 and 2 for the remuneration and has the same reservation as Elia vis-à-vis option 3, which is indeed not optimal but nevertheless better than both other options. Under the same premise, Febeliec also considers option 3 for activation control superior to both other options, also including the element on the situation where aFRR supplied is below the minimum requirement at the moment the control target crosses the minimum requirement (figure 9).

Concerning penalties, Febeliec wonders how these would be applied under the proposal of Elia, as it is essential that penalties provide the correct (dis)incentives to avoid perverse effects. The same applies for activation of multiple bids, where the rules are still missing which should avoid over-remuneration as well as incentives for perverse bids which would only maximize BSP remuneration without providing additional capabilities and services to the grid (or even worse, counteract those).

In conclusion, Febeliec remains with questions on certain elements of the proposed solution of Elia, which is not perfect but the best option amongst those provided. Nevertheless, and essential, Febeliec does not see at this moment any additional added value for consumers from the proposal which would warrant the related increase in costs..

Elia thanks Febeliec for the feedback provided and for the in-depth analysis of the different options.

Elia is of the opinion that it can't be the objective to artificially delay the reaction of units which are capable of reacting faster.

Regarding the penalties, Elia agrees that the design of the penalties needs to ensure the avoidance of perverse effects. Elia believes this is the case in the proposal, the existing design being unaffected:

- A tolerance band is computed around the calculated aFRR Requested, exactly as it is currently done, but around an aFRR Requested signal which is more reactive.
- The permitted deviation is unaffected (calculation according to annex 13.B of the T&C BSP aFRR).

Elia acknowledges that the direct impact of the design modification proposed benefits to the BSPs and to Elia's regulation quality. However, the positive consequences are expected to eventually benefit to the end consumer by increasing liquidity and prices on the aFRR product. For example, the additional possibilities to manage the state of charge of DPs with Limited Energy Reservoir allow those to be able to offer more volumes (thanks to the possibility given to demonstrate compliancy of the Energy Management Strategy in a statistic way) and to rely less on back-up assets.