

Febeliec answer to the Elia consultation on an analysis of the possibility to offer different types of balancing products and/or to combine the offer of balancing products (FCR/aFRR/mFRR) with the supply of energy in the DA/ID market through ToE on a same delivery point DPpg

Febeliec would like to thank Elia for this consultation on the Elia analysis of the possibility to offer different types of balancing products and/or to combine the offer of balancing products (FCR/aFRR/mFRR) with the supply of energy in the DA/ID market through ToE on a same delivery point DPpg.

Febeliec wants to stress with the utmost importance that it is necessary to develop both (in Elia terminology) the “contractual combo” (where a BSP can use the same delivery point to offer different products) and the “combo activation” (where the BSP uses the same delivery point to offer different products during the same validity period), as it is the only way to enable and thus unlock the full potential of demand side response by removing some of the most important remaining entry barriers. Indeed, if a BSP is not allowed to offer different products on the same delivery point, a potentially significant volume of flexibility will not be unlocked, as not all flexibility can reply to the sometimes stringent criteria of a single product and thus capacity remains unused. Moreover, even if different products can be offered on the same delivery point, but not during the same validity period, not only will a part of the flexible capacity remain unused but also will BSPs have to make an ex ante trade-off for which product they will offer for any given delivery period, which could even further reduce the efficiency and effectiveness. As such, Febeliec is adamant that both combos should be developed as soon as possible in order to ensure that the regulatory and product framework are in place to unlock as much as possible the full potential of flexibility in order to allow demand side response to attain its full potential and help in countering the many challenges in the short and longer term that the Belgian system is facing. Febeliec insists that by not developing both combos, Elia would maintain the current chicken-and-egg deadlock and status quo at the detriment of the overall system efficiency and costs. Febeliec wants to stress that the benchmark conducted by Elia clearly indicates that the neighbouring countries allow the contractual combo and even in some cases combo activations (which are also being used).

Febeliec understands that allowing for both combos entails further developments and reflections, a.o. on attribution of volumes, yet insists that these elements can be tackled, as can also be observed in the combos that have been implemented in other countries. Febeliec insists that all combos are enabled, as for example a combo activation of FCR and aFRR could bring much needed liquidity in these markets and avoid the ex ante choice on which product to offer for BSPs. The same applies for example also to the combo activation of aFRR and mFRR, which could also bring additional liquidity to these markets. Febeliec insists that at the very least for these combinations an implementation is done.

Also for the combo of balancing products and the supply of energy to day ahead and/or intraday markets, Febeliec insists that, even though Elia states that “*this combo may bring theoretical benefits, its effective usage and economic availability is highly uncertain*” (an analysis not supported by Febeliec), it is nevertheless important to develop this option as it has an intrinsic optionality value for consumers. While Febeliec could maybe not oppose the recommendation not to prioritize the implementation of this combo, it insists that the work on the conceptual and regulatory framework should be continued (if not the full operational roll-out of the combo).

In general, Febeliec also wants to insist that it could be advisable to look into new baselines and baseline methodologies to allow for combos. Febeliec insists that while it is important to ensure a proper delivery of a service, a too strict approach monitoring should not become in itself a barrier towards the development and enabling of demand side response, while solutions such as allocation order over different products could lead to pragmatic improvements.

Febeliec also insists that listing combo activations as allowed but with limitations (e.g. under the premise of a same BSP for the different products) does not fully reply to the overall question of unlocking the full potential of demand side response.

Febeliec represents industrial energy consumers in Belgium. It strives for competitive prices for electricity and natural gas for industrial activities in Belgium, and for an increased security of energy supply. Febeliec has as members 5 business associations (Chemistry and life sciences, Glass, pulp & paper and cardboard, Mining, Textiles and wood processing, Brick) and 39 companies (Air Liquide, Air Products, Aluminium Duffel, Aperam, ArcelorMittal, Arlanxeo Belgium, Aurubis Belgium, BASF Antwerpen, Bayer Agriculture, Beaulieu International Group, Borealis, Brussels Airport Company, Covestro, Dow Belgium, Etex, Evonik Antwerpen, Glaxosmithkline Biologicals, Google, Ineos, Infrabel, Inovyn Belgium, Janssen Pharmaceutica, Kaneka Belgium, Kronos, Lanxess, Nippon Gases Belgium, Nippon Shokubai Europe, NLMK Belgium, Nyrstar Belgium, Oleon, Pfizer, Proxiums, Sol, Solvay, Tessengerlo Group, Thy-Marcinelle, Total Petrochemicals & Refining, UCB Pharma, Umicore, Unilin, Vynova and Yara). Together they represent over 80% of industrial electricity and natural gas consumption in Belgium and some 230.000 industrial jobs.