

## Public consultation on the T&C Outage Planning Agent, T&C Scheduling Agent, and the Rules for Coordination & Congestion Management

18 August 2023

### Executive summary

Centrica thanks Elia for the opportunity to provide comments to the consultation on the T&C Outage Planning Agent (OPA), the T&C Scheduling Agent (SA), the Rules for Coordination and Congestion Management, as well as the implementation timeline for iCAROS phase 2.

Key objectives of the iCAROS project include the efficient coordination and congestion management of system relevant assets, compliance with European legislation as well as the clear attribution of roles and responsibilities in the market.

To achieve these goals, Elia needs to remove barriers for new and smaller market participants and provide additional transparency on Return-to-Schedule and Freedom-of-Dispatch rules, as well as the choice of compensation mechanisms and potential impacts on balancing prices. In this sense, Centrica would like to share following comments:

- We kindly request Elia to provide clarification regarding the Return-to-Schedule and Freedom-of-Dispatch rules and assess the feasibility of shorter neutralization times.
- We encourage Elia to better describe the selection of compensation mechanisms, and to make operational choices and market outcomes publicly available.
- We invite Elia to revise its CRI Level publication timeline.
- We ask Elia to clarify the transition towards independent roles for the BRP and BSP, and to reverse the timeline of the separation of roles between BRP, OPA and SA.

### Centrica kindly requests Elia to provide clarification regarding the Return-to-Schedule and Freedom-of-Dispatch rules, and assess the feasibility of shorter neutralization times

Based on our current understanding of iCAROS phase 1, it appears that Elia has the authority to require Scheduling Agents (SA) to return to the last valid Daily Schedule if a real-time deviation is observed, leading to or worsening congestion. Additionally, penalties can be imposed for deviations that contribute to congestion, excluding non-coordinable DP<sub>SUS</sub>.

Our current understanding is that the SA has the flexibility to modify schedules until the neutralization time, which is set at 45 minutes before real time. This Freedom-of-Dispatch allows for schedule adjustments without requiring explicit approval from Elia, regardless of congestion risks. Currently, there are grid security concerns that prevent Elia from implementing a greater Freedom-of-Dispatch, which would entail a shorter neutralization time. Furthermore, the Freedom-of-Dispatch has certain limitations: it applies only in cases where there are no declared storm events, no redispatch activation in the opposite direction, and no existing May-not-Run or Must-Run agreements. To prevent potential



gaming, Elia has chosen to complement the Freedom-of-Dispatch concept with a cost-based redispatching mechanism.

To ensure a comprehensive understanding, we would greatly appreciate it if Elia could confirm our interpretation of the Return-to-Schedule and Freedom-of-Dispatch rules.

In addition, we would welcome additional clarity on whether there are any incentivizing mechanisms in place for the Return-to-Schedule requirement, beyond the penalties.

Finally, while recognizing the importance of grid security, we encourage Elia to continually assess the feasibility of shorter neutralization times in the future, as it could enhance market efficiency and responsiveness.

### **Centrica encourages Elia to better describe the selection of compensation mechanisms, and to make operational choices and market outcomes publicly available**

Section 6.2 of the explanatory document outlines various compensation mechanisms for redispatch bids. While the proposed mechanisms are clear, we seek further clarity regarding the criteria used by Elia to determine which of these mechanisms is selected.

Furthermore, it remains unclear what direct or indirect impact the chosen compensation mechanism will have on balancing prices, particularly in cases where reserved and/or non-reserved balancing bids are utilized for congestion management.

To promote transparency and ensure a comprehensive understanding, we strongly encourage Elia to better describe the selection process of available compensation mechanisms in the T&Cs. This should not only be driven by system security and cost optimisation, but also reflect potential impacts on competition.

Additionally, we recommend that the results of the compensation mechanism be made publicly available. By providing insight into the reasoning and outcomes of these choices, market participants can better align their strategies and operations.

### **Centrica invites Elia to revise its CRI Level publication timeline**

In the current practice, Elia releases the initial CRI Levels for Day D around 10pm D-1 and subsequently updates them throughout the day. However, we believe there is an opportunity for improvement.

By recognizing that the data required for establishing these initial CRI Levels is accessible much earlier during D-1 (e.g., DAH outcomes, BRP nominations, SA schedules, etc.), a shift in the publication timeline can provide significant operational advantages.

To improve adaptability for market participants, we advocate for the advancement of the initial CRI Level publication to 6pm D-1. An additional update at 10pm D-1, contingent on Elia's discretion, could offer opportunities to further fine-tune the CRI Levels.

## **Centrica asks Elia to clarify the transition towards independent roles for the BRP and BSP, and to reverse the timeline of the separation of roles between BRP, OPA and SA**

We support Elia's efforts to establish revised roles and responsibilities for ancillary services provision. This initiative will facilitate the participation of new technologies, lower barriers to entry, and foster a more efficient and diverse energy landscape, in line with European legislation.

Presently, the Belgian energy market still faces persistent barriers to market entry, as underscored by ACER's market monitoring report (cf. table below). One notable example is the requirement for a BSP to become BRP to utilize CIPU units in the balancing reserves. Elia has acknowledged the need for role separation, a key objective of the iCAROS project since 2017<sup>1</sup>. Nevertheless, a definite timeline for implementation remains absent.

It is important to acknowledge the necessity to delve further into complexities and risk mitigation measures, such as the timely and precise exchange of information on activations and volume allocation. We also understand the fact that such separation necessitates further regulatory amendments to the T&Cs and could occur with different speeds for aFRR and mFRR. Nonetheless, the ambiguity surrounding the timeline is concerning. For example, the recently consulted T&C mFRR implies a continuation of the unified BSP and BRP roles even beyond 2026-2027<sup>2</sup>.

If the separation of roles is not implemented soon, market barriers for new and smaller BSPs will persist. These market participants will be unable to enter the market with CIPU units unless they become BRPs. With the implementation of iCAROS phase 2, the obligation to become BRP might even extend to assets  $\geq 1\text{MW}$ .

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<sup>1</sup> **iCAROS design note, Dec. 2017**: “[...] In the future the BSP offering flexibility on an asset subject to a ‘CIPU like’ contract (replacement via the iCAROS project) will no longer have to be the same party as the BRP of the Grid User. [...] In the future the provision of balancing services will be transferred completely (for CIPU and non-CIPU units) to a single contractual framework for the Balancing Service Provider (BSP) due to the implementation of the European Guideline on Electricity Balancing and to a new operational framework due to the implementation of a new design of the coordination of relevant assets”.

**T&C FCR, May 2020**: “The evolution to a complete independency of the roles [i.e. BRP and BSP] is subject to the iCAROS implementation”.

<sup>2</sup> **Proposal for amendment T&C BSP mFRR**: “During the transition period in which the party that is appointed as BRPsource takes the role of Outage Planning Agent and Scheduling Agent for the concerned Delivery Point DPSU, in compliance with article 243 of the Code of Conduct, the same party undertakes the role of the BSP and the BRPsource. After the transition period the BSP and BRPsource should remain the same party.”

To overcome these barriers, we kindly ask Elia to clarify the 2026/27 roadmap towards independent roles for the BRP and BSP, both for aFRR and mFRR.

Finally, we express a clear preference to initiate the split between the SA and BRP roles in Q1 2026, followed by the separation of the OPA and BRP roles in Q2 2027.

Table ii: Overview of barriers to new entrants and small actors per Member State – 2020

Barriers to entry and participation for new entrants and small actors																												
Restrictive requirements in prequalification and/or the design of products for balancing	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Lack of a proper legal framework to enable new entrants and small players	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Restrictive requirements to participate in capacity mechanisms and interruptibility schemes	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Limited competitive pressure in the retail market	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
End-user price interventions	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Limited incentive to contract dynamic retail prices	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Insufficient information provided by system operators	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK

High (0-0.2)
Moderate (0.2-0.4)
Light (0.4-0.6)
Not restrictive (>0.6)
NA
NAP