

Subject: FEBEG comments on ELIA's public consultation on the voltage service and reactive power control
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FEBEG thanks ELIA for having the opportunity to react to the *public consultation on the voltage service and reactive power control review and recommendations for design optimisations*¹.

Overall, FEBEG welcomes the initiative to improve the design of the voltage and reactive power control service (MVAR service) and facilitate the participation of non-mandatory units. FEBEG is convinced that a market-based procurement – which is also pushed by EU legislation and becomes more and more common in EU countries as shown by the EU benchmark – leads ultimately to the lowest cost for society.

The inputs and suggestions of FEBEG are not confidential.

Detailed comments

1. Activation control

FEBEG can agree with the proposed changes in the activation control, under condition of the review of the penalty system as mentioned in the next paragraph.

For the sake of clarity, we understand that the 'resets' of Q_{initial} and V_{initial} foreseen in the current VSP Contract will not change.

2. Penalty system

The creation of one type of activation control for both the manual and automatic service, that will be applied on a continuous basis, requires indeed a review of the penalty scheme. FEBEG insists that this new system should globally not increase the current level of penalties: it should not frighten potential new entrants but only encourage VSPs to deliver the best possible service based on the technical capabilities and limitations of their assets. In this view it is important to consider that the delivery (production or absorption) of reactive power at the injection point is impacted by several factors, i.e. the precision of the regulation (and of the metering equipment), changes in active power production (and related reactive power absorption by the step-up transformer), local consumers.

¹ https://www.elia.be/en/public-consultation/20230927_public-consultation-on-the-voltage-service-and-reactive-power-control

FEBEG underlines that the current tolerance band (7.5% of Q_{tech_max}) is a minimum.

FEBEG welcomes Proposal 2 which is based on the discrepancy volumes and incentivizes the VSP to deliver the requested volume as closely as possible.

However FEBEG considers absolutely necessary to deduct the tolerance margin from the discrepancy, instead of applying the penalty only on the failed Qh.

Note that the Study report states “incentivizes the market party to deliver as much reactive power as possible” while under the current (and proposed) penalty system, over-delivery is penalised in the same way as under-delivery. It is not logical, FEBEG asks that over-delivery should be less penalized than under-delivery, as the VPS is only remunerated for the requested volume (e.g. penalty factor in case of over-delivery should not exceed 0,5).

In case Proposal 1 (based on the number of quarter-hours failed) would however be selected, we request that the formula proposed in the workshop of 28/06/2023, deducting a tolerance from the $\%Q_{failed}$, is maintained.

3.Communication between Elia and the Market Parties

New communication protocol: FEBEG regrets that the current communication protocol (ReVolt) cannot be maintained for market parties at their request. FEBEG requests that if a new protocol is imposed, sufficient time, assistance and testing possibilities are foreseen for the market parties to implement it. The implementation plan should also be agreed upon with the market parties.

4.Indication of the need for the MVAR service

FEBEG requests to respect the confidentiality of technical data of assets on the map giving an indication of the amount of obligated assets and their approximated size related their reactive power capabilities: it should be presented in such manner that technical data of individual assets can in no way be deduced.

The categorisation of the MVAR needs in 1/No or low needs, 2/Medium needs and 3/High needs is very relative. Concrete figures or ranges would be useful, also showing the rate of utilisation: is it a continuous need or more concentrated on peak moments? More detailed information is important, especially to attract non-mandatory units to deliver the services.

For concrete projects, FEBEG asks that Elia can give more accurate estimations of the local needs.

5. Price setting for the MVAR service

As a general comment, FEBEG pleads for shorter lead times between the tender and the allocation of the contract in order to keep the risks (and so the total costs) as low as possible.

FEBEG considers the possibility of a price formula to be an interesting option, updating the price for the delivery year on the basis of a price index in December. However, we also ask to keep also the possibility of fixed prices as in the current design. The market party should be free to choose between these 2 options.

FEBEG assents with Elia that a “fixed” price formula per technology is not opportune, for the reasons given in the report (complexity to determine a correct formula, local constraints,...). FEBEG therefore strongly advises against such an approach.

6. Participation of non-active power related assets

The option to declare partial un-availabilities should also be open for other technologies which can deliver the MVAR Service independently of their active production (e.g. when there is no gap between the injection mode and the compensator mode). This will avoid that they face penalties during their maintenance or outages, or alternatively that they offer only part of their reactive power capabilities to Elia.

7. Compensator mode

FEBEG has no remark.

8. Change in the application of the MVAR tariffs

FEBEG agrees that the change in the MVAR tariff improves the situation for sites with both injection and consumption which participates to the MVAR Service. However the correction of the MVARh deliveries at the access point on the basis of the activations requested by Elia remain necessary, as foreseen in the tariff proposal.

9. Furthering the technology neutrality of the T&Cs

No remark

10. Participation of non-mandatory units

FEBEG welcomes all initiatives to facilitate the participation of non-mandatory units, and wants to underline the importance of two fundamental principles of a voluntary participation:

- Even after a first or multiple participation(s) to the MVAR Service, any further participation remains on a voluntary basis;
- In case the prices proposed by the market actor in the MVAR tender would be deemed not reasonable by CREG, the delivery of the service at other prices cannot be imposed. The participant is free to accept the maximum price considered as reasonable by CREG, or remove its bid.

FEBEG welcomes the possibility to recover investment costs required to comply with the communication standards imposed by Elia. These costs should be recovered through an upfront payment or a fixed monthly fee, independently of the activation requests. FEBEG considers that this should also apply for mandatory units, as the communication standards are imposed by Elia and – as proposed in this study – may change over time.