

## Expert Working Group 24/10/2013

**Present:** J. Gheury (CREG) – B. Libert (CREG) - S. Harlem (FEBEG) - B. Massin (Electrabel) - F. Demaret (EDF-Luminus) - P-J. Mermans (Restore) - M. Hajjam (Actility) - A. Tsiokanos (ELIA) - T. Desmet (ELIA) - M. Cornet (ELIA) - P. Ottoy (ELIA) - H. Vandenbroucke (ELIA)

**Excused :** B. Gouverneur (Synergrid) - J. Matthys (Eandis) – A. Leroux (Tecteo) – D. Benzennou (Sibelga) – H.Boons (Ores) – P.Claes (Febeliec) – H.Marien(WOM) – A.Thoreaux (ENI)

### **Agenda:**

- Introduction (A.Tsiokanos) - 15'
- Lessons learned R3 DP - DSOs (B. Gouverneur) – 15'
- General insight about received offers for R3DP 2014 + lessons learned on operational procedure Elia (P.Ottoy) - 15'
- Evaluation R3DP - BRPs (S.Harlem - FEBEG) – 15'
- Feedback R3DP - Aggregators (P-J.Mermans - ReStore) – 15'

### **Minutes of Meeting**

#### **Introduction**

Agenda point “Lessons Learned by DSOs” cannot be presented due to last minute cancellation of presence of DSOs.

ELIA thanks all stakeholders for their dedicated contribution to the successful launch of the R3 DP product for 2014. ELIA clarifies scope of this meeting is about collecting stakeholder’s feedback over the model/design of the product itself as well as on the operational procedure of tendering in order to use these “lessons learned” for further work within the next sessions of the Expert WG. ELIA proposes to organize the future work in 2014 in the form of “yards” taking into account already received remarks + discussions of previous WG sessions and the feedbacks of the WG session of 24/10. Elia will make a proposal of topic(s) per “yard” by the end of 2013/early 2014. Meanwhile ELIA will analyze the use (activation) of R3DP during Jan – Feb 2014 and prepare a report for the Expert WG (and TF Balancing) by end of Feb 2014. This report will provide first conclusions and lessons learned and will be in time before an eventual tendering for 2015.

Febeg asks how the discussions within ATRIAS are linked with the foreseen discussions in the next sessions of the Expert WG.

ELIA states that the goals and deadlines of both platforms are close but different: ATRIAS seems to cover a wider type of flexibility and foresees to deliver recommendations by the end of 2013, while

the Experts WG concentrates on balancing (and in particular tertiary reserve) and how to implement it concretely.

Moreover during 2014 the discussions in Experts WG (in these yards ) aim to provide solutions for an enduring product design, thereby facilitating the concerns raised by the stakeholders through experience feedback . As ATRIAS aims to finish its report in Jan 2014, there is no concurrent discussion between the current ATRIAS Flex working groups and the Expert WG yards foreseen in 2014.

However, if discussions within one platform can deliver valuable input towards the other , it is clear that this will feed into the this other platform.

In any case, any balancing product design must be discussed and consulted with the stakeholders within the Expert WG and at the TF Balancing as both platforms act as consultation platform for Elia on the introduction or amendment on any balancing product and related changes to balancing rules.

### **General insight about received offers for R3DP 2014 + lessons learned on operational procedure Elia**

ELIA shortly presents some results from the selection process. It is acknowledged that timing of prequalification, tendering and selection was very tight for all stakeholders. To that extent, ELIA proposes to reassess the timing of tendering of R3DP and to perform this concurrently with R3 Production (in April-May). Non-selected R3DP offers will be eligible to participate to the ICH tendering & selection following the R3 Production and R3DP selection.

EDF is in favour of this concurrent tendering (advantage of equal market conditions) but proposes to put the tendering more to the end of the year to reduce the time risk (time between offer and delivery date). CREG remarks that pushing prequalification process more till end of year will most likely reduce the prequalification risk. ELIA remarks that complete cycle of tendering and selection of reserves (incl. R3 production) is subject to annual tendering process and timing which foresees a reporting to Minister and CREG by beginning of July.

Restore remarks that although the prequalification is said to be at connection point level and by BSP, the prequalification was more at the individual EAN-level.

ELIA states that during the prequalification process at the DSOs, some connection related issues were revealed thereby demonstrating the relevance of a technical compliancy check. CREG proposes to decouple this technical compliance check (which can be done at any instance) from the prequalification check from a pooled activation perspective. The latter has to be performed at a particular instance. Once prequalified, all later requested EANs for prequalification shall be subject to the “first come first serve” -principle. All participants welcome this suggestion.

Moreover ELIA asks if it would be helpful to include, if feasible, a time-based constrained prequalification (“conditional green”) thereby limiting the activation of an EAN during specific time constraints rather than rejecting completely the requested EAN due to a single event of trespassing the grid security conditions . All participants welcome this idea.

ELIA proposes to approach a next prequalification process in a sequential modus for what concerns the DSO access points: first an prequalification by the DSO, followed by a prequalification by ELIA of the DSO-prequalified access points and finally a joint synthesis to conclude the process. This will increase the efficiency of the process by avoiding redundant prequalification checks.

Finally, ELIA suggests to apply harmonized criteria during the prequalification process. Ideally, these criteria are embedded in the DSO-BSP contract and applied in a uniform manner thereby reducing any (risk of) confusion in the interpretation of the coloured status.

### **Evaluation R3DP – BRPs**

Febeg confirms the constructive discussions between stakeholders despite very short timings. However, Febeg refers to the lack of a clear legal framework prior and during the tendering as well as the lack of coherent use and interpretation of (acceptance/rejection) criteria during the prequalification. Moreover, Febeg advocates for more transparency on congested zones.

Febeg sees a risk for discrimination in the necessity of a prequalification for an EAN willing to offer balancing services to the TSO through a BSP-pool, versus (the absence of needed prequalification for) for an EAN helping its BRP to optimize its position through a specific supply contract. Finally Febeg questions if same criteria are applied to load and generation for acceptance/rejection.

Febeg recognizes the fact that the risk on the grid security that might be caused by flexibility has to be estimated and mitigated and that the current prequalification could be useful in order to gain in experience, but suggests that, at least for the long term, the prequalification process could be replaced by a technical compliancy check of the access point and mechanisms of - close to - real time congestion management.

Febeg proposes to integrate the seasonality of certain industrial customer processes in the assessment of the prequalification (cf discussion on time based constrained prequalification above).

Febeg refers to some clauses in the DSO-BSP contract which are still subject for further discussion with DSOs and regional regulators.

Febeg advocates for more transparent, interactive and closer-to-real-time communication / information in order to limit the impact of (activation of) flexibility in their portfolio. Electrabel makes the difference between

- 1) information needed by the supplier for the forecasting of the consumption profile of each customer: This information could be provided ex ante or ex post (after activation) and give some insight on the EAN itself such as: the fact that this EAN participates to a flexible product, the # of MW per activation, the # of activations /year, the impact of an activations on the profile (rebound effect...) Electrabel advocates for transparent information on what type (technical characteristics) of flexibility products are contracted within their portfolio. Note: Febeg does not ask the name of the BSP linked to the EAN.
- 2) Information needed by the BRP for the real time management of its perimeter position, as he is the final responsible for it. This info should give an accurate insight of what happens to its perimeter (aside other indicators such as temperature, wind forecasting ...) in order to allow him to optimize the readjustment (avoid counter-reaction; mitigate rebound effect...). This information may be aggregated per BRP and must not include any link with EANs or

BSPs. Electrabel confirms that some customers have a rebound effect and some have not, and for those who have a rebound effect, this can be beneficiary to the BRP/supplier, but also neutral in in some cases negative.

Also the current reference curve (base line) using last 15' load/generation level is questioned and Electrabel suggests creating different baselines in function of type of load/generation.

Restore remarks that a potential conflict of interest can arise in case any information at EAN-level is shared. Restore also confirms that it is technically possible (cf pilot project Restore with ELIA for flexibility from DSO customers) to inform each concerned BRP on the exact amount of flexibility activated in their portfolio. ELIA and CREG subscribe to the argument of conflict of interest and consider the management of the rebound effect as the responsibility of the supplier in his primary supply contract with his customer. In any case, the customer (and no other party) decides on the occurrence of the rebound effect and hence the customer should inform his supplier accordingly. To that extent, the primary supply contract can stipulate the modalities for accurate information exchange and the supplier can, upon assessment of the (cost) impact of customer participating to a R3DP product, adjust the terms & conditions (price) accordingly. FEBEG points out that this is a difficult message as there's political pressure to reduce end consumer prices.

Finally, ELIA asks to what extent the BRPs are monitoring in real time the load pattern (variations) of their large(r) customers. EDF and Electrabel confirm that, subject to the relative size of the customers and their impact on the size (volatility) of the BRP portfolio, this real time monitoring is effectively performed though installed TM.

Moreover, BRPs explain that their forecasting tools are recording all variations of a profile of their customer in order to improve their forecasting. Having a view on whether a decrease/increase in the profile is part of a natural load behaviour or induced by a exogenous activation as part of a flexibility contract is necessary

To that extent, Febeg questions if the pending developments at ATRIAS can improve the exchange of information flows.

Febeg refers to the ARP-contract amendment on article 11.1.2 and the limited duration of the products R3DP in the Balancing Rules, approved by CREG. Febeg request similar limitation of duration to be included in the ARP-contract. CREG confirms that the ARP contract will accommodate this limited duration of the article 11.1.2 and that in any case ELIA has the obligation to align its relevant contracts with decisions resulting from the approval of the Balancing Rules.

Febeg suggests as further evolutions to implement a secondary market for R3DP and can agree to continue the pilot project and to investigate resolution of listed issues in order to implement an enduring solution.

### **Feedback R3DP - Aggregators**

Aggregators stress the important momentum created with industrial customers due to the launch of the R3 DP product. Aggregators recommend to keep the current contractual model for 2015 and recognize the efforts made by all stakeholders to "make it happen", despite the overall extreme

short timeline (especially occurring during summer) – eg. very difficult to get necessary administrative conditions fulfilled such as signatures from customers). Aside the too short timings for contracting with customers and the 4 days (incl. weekend) between reception of prequalification results and submission of offer, also the implementation time between tender result and Jan 1<sup>st</sup> 2014 (2 months) is too tight.

Aggregators state that prequalification criteria were not always clear nor consistent. Moreover, the 6-month conditional prequalification (cf DSO-BSP contract) poses a risk to aggregators. Aggregators see significant room for improvement to the DSO-BSP contract (cap of 2M€, insurance). The ELIA-BSP contract needs clarification on the definition of exclusivity.

Aggregators propose to delete the 50MW volume cap on the R3 DP product and no predefined split cap between R3DP and R3Production to allow for full competition. Aggregators strive for a settlement of activation of R3DP. These discussion should be continued as part of a “yard” within the Expert WG or in the TF Balancing. Moreover aggregators advocate introducing gross metering (allowing filtering out the intermittent generation) and submetering (allowing isolating the potential impact of a polluting industrial non-forecastable and non-controllable process on your flexible process).

From a transparency perspective, aggregators request publication of zones indicating acceptance level of prequalification.

Finally aggregators suggest to accommodate submitting flexible power (per season, month) and performing portfolio swaps with a reduced (1month) lead time.

### **Next steps**

ELIA will reflect internally on the lessons learned by various stakeholders.

ELIA will suggest by the end of 2013/beginning of 2014 “yards” for building further on the lessons learned. These will be either presented during a next Expert WG to be scheduled in this period, either by e-mail.