



The day-ahead hub: a platform at the centre of ARPs' activities

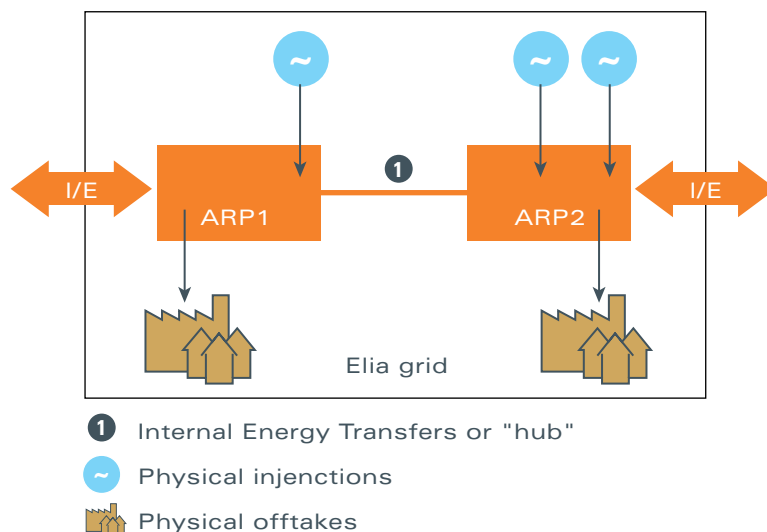
In order to ensure balance within its control area, Elia relies on the provisions set out in the contracts it signs with the ARPs. They stipulate that every ARP has to always maintain the quarter-hourly balance of the offtakes and injections in its perimeter. The ARP meets the balance objective via various operations.

In a liberalized market, the energy injected at a given moment can be intended for a customer in another ARP's perimeter. Hence it should be possible to exchange energy with another ARP. These energy exchanges are made on the Elia Hub, an electronic platform for exchanges amongst ARPs. Exchange nominations have to be submitted to Elia on a day-ahead basis (day D-1). The platform is provided to the market players free of charge.

I. The day-ahead hub: principles

Any market player that assumes the role of ARP has to maintain the quarter-hourly balance (see sheet "The balancing mechanism") between the offtakes and injections in its perimeter. Quarter-hourly balance is needed in both real time and in the forecast phase represented by the nominations. There are different types of offtakes and injections depending on whether:

- the ARP is responsible for physical offtake at an access point (in the Elia grid or Distribution System Operators' grids (DSOs' grids);
- the ARP is responsible for physical injection at an access point (in the Elia grid or DSOs' grids);
- the ARP is exchanging energy with another ARP in the Elia control area;
- the ARP is importing or exporting energy across the border with France or The Netherlands.



One of the possibilities for an ARP is thus that he can make energy transfers with another ARP in the Elia control area. Such transfers take place on a day-ahead basis (day D-1) via the Elia Hub, an electronic platform, free of charge, that is used for exchanges between ARPs. This platform enables ARPs to perform transactions without having to be physically present in Belgium. The exchanges are carried out on a quarter-hourly basis, with an accuracy of 0.1 MW.

I.1. Nominations submitted subject to conditions

To be able to exchange energy between two ARP's via the day-ahead Hub, two ARPs have to submit a nomination to Elia via the E Nominations application. The day-ahead Hub nomination that is submitted to Elia specifies the volumes of the energy exchange only, leaving the ARPs to arrange amongst themselves how the transfer will be carried out (type of operation, financial details, etc.).

The nominations have to meet a number of conditions (see also sheet "Nominations: principles and methods"):

- they must be submitted by no later than 2 p.m. on day D-1. Moreover, after this deadline no further modifications can be made to a validated and consistent nomination;
- they must give the name of the ARP submitting the nomination and the ARP which is counterparty to the exchange as well as the exchange program, on a quarter-hourly basis;
- the two ARPs taking part in the transaction must submit consistent nominations.

I.2. Inconsistencies under control

The values submitted by the two ARPs taking part in a transaction must be the same. However, it may be that, during the process, only one of them submits its nomination or there is a discrepancy between their respective nominations. This is known as an "inconsistency".

The E-Nominations platform is based on the principle of double nomination (see sheet E-nominations). This enables the ARPs to detect these inconsistencies in real time. The nomination status check in the "E-Nomination" tool enables the ARP to find out how each of its transactions is progressing. This makes it easy to identify transactions where a correction needs to be submitted or where the ARP that is counterparty to the transaction needs to be contacted.

Furthermore, whilst no further modifications can be made to a consistent nomination after 2 p.m. on day D-1, an ARP may correct any accidental inconsistencies in a nomination up to 2:30 p.m. on that day. After 2:30 p.m., any inconsistency that has not been corrected will create an imbalance. In such a case Elia can, depending on the situation:

- accept the nomination and charge the concerned ARP with the tariff for external inconsistency. If the counterparty has not made a nomination, the ARP that has made a nomination is charged the full amount by Elia. If the inconsistency is the result of a divergence between the two ARPs' respective nominations, each of them pays 50% of this rate. If the counterparty is the power exchange Belpex, the ARP is charged the full amount by Elia in all cases (see ARP contract);
- refuse the nomination.

After acceptance by Elia, no further changes can be made to a transaction.

I. 3.Diversity of Day-Ahead HUB

The ARPs operating on the day-ahead hub use it to perform various types of energy exchange operations.

They can, for example:

- make purchases or sales (i.e. bilateral trading contracts);
- distribute volumes of energy amongst various subsidiaries in a single group of companies – for example, a company's trading subsidiary can purchase energy for the whole group (in Belgium and abroad) and then distribute the acquired volumes amongst the group's subsidiaries;
- act as a relay in European energy transit (France-Belgium-The Netherlands);
- share with another ARP the energy taken off the grid by an industrial customer or injected into the grid by a production unit. They do this without having to sign a specific access contract with Elia relating to the access to the network (mandatory for direct off-takes and/or injections).
- submit nominations for energy purchases or sales on the Belgian power exchange (Belpex)

Moreover a market player wanting to set up in Belgium can assume the role of ARP more easily:

- it can be active as an ARP without physically being present in Belgium;
- it can also sell the energy from a production unit without having to take direct responsibility for supplying customers, or sell energy to customers without having its own production units;
- it can limit its activities to occasional energy sales and purchases within the Belgian area on the day-ahead hub (limited risk in terms of real-time balance).

II. Legal and contractual basis

Any ARP (i.e. any party that has concluded an ARP contract with Elia) can exchange energy with any other ARP on the day-ahead Hub without the need for an additional contract.

The day-ahead hub in 5 key points

- Elia provides the ARPs with a electronic platform (HUB), free of charge, allowing them to transfer energy amongst themselves on day ahead (D-1).
- To carry out such energy transfers, the two ARPs taking part in the transaction have to submit nominations. The values of the two nominations must be the same. Nominations are defined on a quarter-hourly basis with an accuracy of 0.1 MW.
- The double-nomination system enables ARPs, via the E Nominations service, to identify and correct any inconsistencies between the two nominations submitted for a single transaction. If the inconsistency is not corrected in the stipulated time-frame, Elia can refuse the nomination or invoice the ARP, taking as its basis the rate for an external inconsistency.
- Various energy transfers on the day-ahead hub are possible: purchases or sales between two ARPs, distribution of energy amongst subsidiaries of a single group, purchases or sales on Belpex,.
- The day-ahead hub enables a market player to become an ARP more easily and makes a significant contribution to the efficient operation of the liberalized market.