

Minutes of meeting Balancing Taskforce 26/03/2015

List of participants:

Company/association	Name	Present	Excused
FOD Economie	Senne Gabriels		X
EDORA	Noémie Laumont		X
Belgian Offshore Platform	Lut Vande Velde		X
Belgian Offshore Platform	Antoons Eric		X
VBO-FEB	Olivier Van der Maren		X
GABE	Jean-Pierre Bécrot	X	
Febeliec	Peter Claes		X
FEBEG	Steven Harlem		X
Progress Energy	Wouter Verbeeck		X
EFET	Seth Spoelders	X	
FEBEG (eni)	Antoine Thoreau		X
FEBEG (eni)	Ludovic Platbrood		X
FEBEG (eni)	Pieter Verlinden		X
FEBEG (eni)	Florent Dalez	X	
FEBEG (E.ON)	Jimmy Tjoa		X
FEBEG E.ON	Herman Wyverkens	X	
Scholt Energy Control	Joël Nolten	X	
Scholt Energy Control	Walter van Alst	X	
Scholt Energy Control	Sander Gelsing	X	
PowerPulse	Taverniers Hans		X
FEBEG (Electrabel)	Bart Massin		X
FEBEG (Electrabel)	Seth Spoelders	X	
FEBEG (Electrabel)	Mathilde Catrycke	X	
FEBEG (EDF Luminus)	Frédéric Demaret		X
FEBEG (EDF Luminus)	Grégory Michiels	x	
FEBEG (EDF Luminus)	Bram De Wispelaere		X
E.ON Benelux	Herman Wyverkens	X	
E.ON Global Commodities	Emmanuelle Joubert	X	
RWE	Nic Niedermowwe	X	
RWE	Alice Barrs	X	
INEOS	Geert Meynkens		X
Nyrstar	Sven Verwimp		X
Infrabel	Walter Aertsens		X
BASF Antwerpen	Eric Verrydt	X	
Air Liquide	Raphaël Lhomme		X
ArcelorMittal Energy	Luis de Miguel		X
WOM	Ron Schuermans		X
Axpo Benelux	Dirk Verbruggen	X	X
BECI	Ward Gommeren	X	
ODE	Alice Detollenaere	X	

CREG	Jacques Gheury	X	
CREG	Brice Libert		X
CREG	Gilles Wilmart	X	X
Anode	Dieter Jong	X	
Lampiris	Bruno Vanderschueren		X
Lampiris	Pierre Lebas	X	
Next KraftWercke	Paul Kreutzkamp		X
Next KraftWercke	Jan De Decker		X
Inter-Régies	Marc Malbrancke		X
Entelios	Stefan Smets		X
REstore	Pieter-Jan Mermans	X	
REstore	Peter Schell	X	
REstore	Geert Ramault	X	
Powerhouse	Jasper van den Berg		X
Energypool	Arbeille Jacques		X
Actility	Cedric De Jonghe		X
Wom	Herman Marien	X	
Belpex	Rob Loos	X	
Synergrid	Bruno Gouverneur	X	
Infrac	Annick Dexters	X	
Ores	Didier Halkin	X	
Ores	David Vangulick		X
Sibelga	Daphne Benzennou	X	
Eandis	Luc Decoster		X
Eandis	Lieven Degroote	X	
Tecteo	Amandine Leroux	X	
ORSE	Jean-Claude Clandams	X	
Elia	Emeline Spire (ESP)	X	
Elia	Hans Vandembroucke (HVDB)	X	
Elia	Bob Hebb (BHE)	X	
Elia	Sophie Van Caloen (SVC)	X	

Minutes of meeting :

All agenda items were supported by presentations prepared by Elia or Synergrid for agenda items. These slides serve as background for these minutes and can be found infra and on the ELIA website under

http://www.elia.be/~media/files/Elia/users-group/20150326_TF-balancing_slides.pdf

1. Agenda for the balancing taskforce of 20/11/2014

- Approval of Minutes TF Balancing dd 25/04/2014
- Status Contracting 2015
- R3 2016
- Planning
- International Developments
- Enhancements Balancing Publications
- Solar Eclipse 20/3/2015

2. Validation of Meeting Minutes dd. 20/11/2014

There were comments received from GABE which have been included. The final minutes of the previous taskforce were published on the ELIA website http://publications.elia.be/upload/UG_upload/Y6EQ94HRFU.pdf

3. Status Contracting 2015

HVDB gives an overview of the final results from the R3 contracting R3 for 2015. As an appeal was filed against the selection resulting in a suspension of the tender results, R3 Prod prices and volumes were imposed by Royal Decree on 19/12/2014. ELIA contracted 60MW R3DP at avg 3,07€/MW per h. Also 261MW of ICH at avg 1,41€/MW per h was contracted for 2015. Prices and volumes are available on Elia's website.

Upon request from the Minister, ELIA contracted additional R3DP and ICH volumes for Winter 2014-2015 (Nov-Dec 2015 and Jan-Mar 2015).

Also a brief overview was given on the main evolutions to the STAR-platform (enabling Short Term Auction of Reserves) as well as the auction results for 2015.

4. R3 2016

SVC presented first the methodology to determine the necessary volumes for 2016. She started with Frequency Containment Reserves (R1) and explained that for 2016 the expected R1-volume is ca. 85MW. This is based on a split amongst TSO by ratio of the net generation using a 3000MW incident as total volume needed within the Regional Group of Continental Europe.

J-P. Bécrot requested if a revision of this 3000MW is under consideration as nowadays large offshore wind mill parks are emerging, sometimes with capacities larger than 3000MW.

SVC replied that this is under investigation at ENTSO-E level but for 2016, the existing methodology is still applicable.

SVC continued with explaining the FRR dimensioning methodology, using both a deterministic and a probabilistic method whereby the needed volume is equal to the maximum volume resulting of both methods. SVC highlighted the 3 steps within the probabilistic dimensioning method and explained the improvement for 2016 taking into account offshore storm behaviour. As the loss of offshore production due to a storm front could be very high, this will be simulated similar to an outage of a production unit. And as more data and knowledge on offshore behaviour in storm events will be available in the future, this method could evolve in the future.

The improvement applied in 2016 has an impact on the calculation of the part of the R3 that is not socialized, the so-called Rn-1: for the calculation of the so called "System Standard" (used for deriving the needed FRR to be contracted), the nuclear units will now be capped to the installed capacity of all offshore windparks (883MW as high common mode factor between installed offshore windparks in the NorthSea). Formerly, this value was 500MW (typical size of a large CCGT-unit).

The 1st step is calculating the system needs. The "System Global" needs (i.e. total reserves needed by ELIA : FRR+Rn-1) equal 1203MW in 2016 (1240MW in 2015 – improvement due to better BRP-balancing resulting in lower system imbalances). The

improved method results in a "System Standard" need of 1031MW (897MW in 2015) and a Rn-1 of 172MW (343MW in 2015).

The 2nd step determines the needed aFRR (aka "R2") as opposed to mFRR (aka "R3"). Looking at expected system imbalance variability between quarter hours for 2016 and based on historical observed ACE-quality, ELIA identified an R2 deficit probability of ~24% as being sufficient to provide a good ACE-quality. This results in an aFRR volume for 2016 of 140MW (same as in 2015).

The 3rd step determines the needed mFRR (R3) looking at the various products in the R3 product set, each having its specific characteristics. The total R3 needs for 2016 are 770MW (increase of 110MW versus 2015). All R3 products will be put in competition but the following volume constraints apply, ensuring a secure operation of the network:

- Min 300MW of R3 Production
- Min 470MW of R3 Production and R3DP (and hence a max of 300MW ICH)

A. Barrs asks if R3DP needs to be 100% available. SVC confirms, adding that however there are limitations on the number, duration and continuity of activations.

P. Schell asks how the remarks and discussion on these volume constraints will be organized. ESP replies that the current TF Balancing is aimed at collecting maximum feedback from stakeholders. In any case, these volume constraints will be included in the Dossier Volumes 2016, which will be submitted by mid-April to CREG for approval (expected by mid-June), taking into account a public consultation organised by CREG.

D. Jong asks how a similar situation as in 2015, leading to a suspension due to an appeal, can be avoided by establishing transparent bidding instructions. ESP replies that ELIA is currently investigating these bidding instructions and will closely discuss these with CREG as it concerns as well a market monitoring issue. D. Jong requests to have a publication of these bidding instructions prior to the public consultation on the short-term vs. long-term volume mix, organised by CREG. P. Schell supports this request.

J-P. Bécrot adds that ICH is a product as reliable as R3DP and with a faster reaction time and hence very valuable to ELIA for managing incidents and congestions. He asks for a workshop with ICH-stakeholders to discuss these evolutions.

P. Schell supports this request as any future evolutions to the ICH-product need to be aligned with stakeholders, especially in the context of the upcoming Network Code on Balancing, aiming at shortening sourcing cycles and standardization. ESP replies that this can indeed be discussed in a dedicated workshop with ICH and Aggregators.

P-J. Mermans adds that situations arise where a volume lock-out effect occurs by applying current product design and contract, diminishing the pooling advantage. He will provide an example to ELIA.

A. Barrs adds that little evidence is provided with respect to the split between the R3 yearly and monthly volumes, scenarios underpinning the decision would be welcomed. Compared to initial message provided in previous TF Balancing, this is only a small step towards ST sourcing.

P-J. Mermans adds that although 100% STS is ending way forward, in absence of any bidding instructions, current step is favourable to avoid any replication of last years situation resulting in a legal appeal.

ESP concluded that indeed this is different than what ELIA envisaged last year but based on the feedback provided by stakeholders last year and taking into account the

lessons learned in R1 & R2 (where one transition year was introduced prior to sourcing 100% on short term), the current proposal is a good step in the desired transition to 100% short term in the future.

P. Schell questions if an activation price for R3DP is envisaged as this causes a competition issue with R3 Production, now that full competition is organized between these products. This is surely linked to the transfer of energy (ToE)-debate which should be addressed and resolved as soon as possible.

HVDB notes that this topic is also increasingly being discussed at EU level and that we should make sure that any long-term solution for Belgium is future-proof.

ESP indicates that the transfer of energy issue raises a number of sub-questions: is it desirable to have one single model applicable for all products or can differentiate between product with a low energy component (as R3DP) and pure energy products? Moreover, access to energy markets to non-BRPs and allowing energy transfers between non-BRP is would be a fundamental market design change, the implications of which need to be carefully assessed. The discussions in ATRIAS flexibility platform last year, that have proven to be helpful in the debate, did indeed end up in positions between market parties which were incompatible. Finally, ESP questions about the format of such discussions; depending on the models contemplated, main parties/pieces of regulation impacted could vary; should ATRIAS Flex works be restarted? "

D. Jong adds that the TF Balancing is the best platform to host these discussions. P. Schell supports this point of view as ELIA has the responsibility for the balancing products and we should start with a concrete case, i.e. R3DP and evolve from this case to other products and markets.

J-P. Bécret requests if Bidladder project will be continued this year. ESP replies that expectations for the Bidladder project have changed from a new platform for BRPs into a question whether and how also non-BRPs can bid in. This requires a solution on the ToE-discussion. Moreover, in the framework of European standardization and discussion with neighbouring TSO on standard products, ELIA needs to take these evolutions into account as well.

ESP concludes the "transfer of energy" discussion by observing that there is indeed a need to start a structured discussion on this topic in the coming months; Elia will investigate the adequate process for addressing this question, so as to have chance of reaching a result. Elia will also liaise with DSOs for that matter.

HVDB explains the planning for the annual tendering of R3 products. Important milestones are:

- 17/7: Deadline for candidature
- 31/7: signature General Framework Agreement for R3Production and R3DP
- 16/9: Deadline offer submission
- 3/11: Communication of awarded offers
- 17/11: final awarded offers (after standstill period)

CREG will approve both Dossier Volumes and Balancing Rules. ELIA plans to submit the Dossier Volume by mid-April and Balancing Rules by end of April.

J-P. Bécret asks if a General Framework Agreement is also applicable for ICH. HVDB replies that at first instance, only the monthly sourced products as R3DP and R3 production will sign a GFA. ICH will remain on yearly basis and hence current contract will be kept.

D. Jong asks if the preliminary results from the yearly auction can be published prior to CREG approval. J. Gheury states that the Law does not foresee that and a change would be required to accommodate this.

5. International Developments

BHE starts with describing the status on the Network Code (NC) Balancing. He explains that ACER has redrafted significantly the NC and will send their qualified opinion to EC early May. BHE details the relevant points for Belgium such as the existence of specific balancing capacity products, the link between a CoBA for aFRR and CoBA for netting.

BHE continues explaining the early implementation projects on the Network Code and more specific the development of the standard products and the status on the Methodology for the Cost Benefit Analysis.

B. Gouverneur asks if this methodology is only applicable to the NC Balancing. BHE confirms.

6. Enhancements Balancing Publications

HVDB explains the results of the survey which was held last December on the required priority for enhancements in balancing publications. The most priority from stakeholders is to be addressed to the Minute Publication of the NRV (containing a split between R2, iGCC and R3-values). HVDB also states that ID Wind Forecasting is currently being tested and should be available on the website by summer.

HVDB presents an additional publication on the solar forecast, i.e. solar forecast aggregated per DSO. This is the result of a close cooperation between DSO and ELIA whereby it was identified that the Synthetic Production Profile, developed by DSO, is closely correlated to the residu factor. The latter is important for BRPs in managing their balancing portfolio. The publication will hence facilitate a better forecasting for BRPs of their position in distribution grid. This publication is foreseen by end of April.

7. Solar Eclipse – March 20th 2015

SVC explains shortly the impact of the solar eclipse on 20/3/2015. A PV reduction in output between 300-400MW was noticed in Belgium. BRPs adequately anticipated and reacted on this event. But due to the significantly lower infeed (than predicted in day ahead), most BRPs were short. However ELIA had sufficient balancing means available to compensate for the residual system imbalance. At European level, the impact was successfully managed by TSO thanks to close preparation and cooperation.

D. Jong asks what the speed of the eclipse was compared to a normal morning.

ESP replies that the eclipse was 4 times faster.

8. Next steps

ESP concludes the meeting and invites stakeholders to comment the draft MoM. Next TF Balancing is scheduled in in week of April 20th, 2015 (to be confirmed)