

## Expert Working Group of Nov 17th, 2014 – DRAFT Minutes of Meeting

### Present:

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Patricia Debrigode	CREG
Bart De Waele (BDW)	CREG
Thierry Van Craenenbroeck	VREG
Farid Fodilplacha	Brugel
Frederic Tounquet (FTO)	CWaPE
Lieven Degroote	Eandis
Frederik Demaret (FDE)	EDF Luminus
Steven Harlem	FEBEG
Bart Massin (BMA)	Electrabel
Seth Spoelders	Electrabel
Peter Schell (PSC)	Restore
Cedric De Jonghe (CDJ)	Actility
Bruno Gouverneur	Synergrid
Didier Halkin (DHA)	ORES
Amandine Leroux	Resa
Daphne Benzennou	Sibelga
Tom Desmet	ELIA
Vanessa De Wilde (VDW)	ELIA
Anna Tsiokanos	ELIA
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### Agenda

- Product design principles SDR from DSO-grid
- Submetering
- Baselining
- Prequalification
- Contract DSO- SDR DSO provider
- R3DP 2016
- STS R3DP
- Conclusion & Next steps

## 1. Product design principles SDR from DSO-grid

HVDB started with explaining the current shedding modalities applied within the ELIA-products: a “drop to” (or fix Shedding Limit currently applied to ICH and SDR TSO 14'-15') versus a “drop by” (of variable Shedding Limit currently applied to R3DP). ELIA asks the Expert WG members whether it makes a sense to develop both possibilities in DSO grid or if there is a unilateral preference for one of those options?

→ PSC (Restore) and CDJ (Actility) argue that definitely a “drop by” product is needed to deploy extra liquidity, a “drop to” product for DGO consumers is not a priority. Moreover, BMA (Electrabel) pleads for a simplification / reduction of the number of products and hence to retain only 1 option. BMA therefore supports the “drop by” product as it guarantees a certain volume, which is sought in the framework of system adequacy. Also DHA (Ores) states that a “drop by” product is likely more adapted for distribution customers.

HVDB explains that currently 2 ways are applied to deal with the impact on BRPs perimeter in case of demand side activation: either neutralization using the nomination at the TSO-level (cf ICH, SDR TSO 14'-15') either no correction (cf R3DP). ELIA proposes to introduce SDR DSO applying no correction of the BRP-perimeter as a pragmatic way forward given the absence of a model dealing with the transfer of energy, the capacity product nature of SDR DSO and the (informal) acceptance noticed by all stakeholders.

→ Expert WG members agree that this pragmatic way forward for SDR DSO is acceptable given the current situation. JGH (CREG) informs about the activation price for a SDR DSO. PSC states to be in favour of a pricing method that allows aggregators to quote a fixed capacity fee and an activation fee per MWh (this activation fee does not cover the energy cost seen the chosen transfer of energy solution but the other activation related costs which are quoted per hour for the contracted capacity - hence in MWh). CDJ adds to this that the fact that there is no correction of the perimeter does not mean that no activation remuneration can be offered to the flexibility service provider, on the contrary. PSC continues stating that the method to determine the merit order compared to SGR and the existing SDR product still need to be discussed. The above statements are only valid if a satisfactory solution is found to this remaining issue.

## 2. Submetering

HVDB highlights the benefits of applying submetering and refers to requests made during last Expert WG by both FEBEG and Aggregators. Moreover, Forbeg pleads for the facilitation of submetering in its report *“Aanpassing van het regelgevend kader voor het vraagbeheer”* as well as CREG repeats this request in their study *“De Belgische groothandelsmarkt bij stroomschaarste en stroomtekort”*. HVDB confirms that ELIA is currently investigating the introduction of submetering at the ELIA-grid as from the start of SDR 14'-15', but also for R3DP and ICH. Alongside this introduction, it is important to consider the use of submetering in terms of (minimum) activation control and potentially correction of BRP-perimeter. The product design has an impact on the use of submetering. ELIA puts forwards important principles to be adhered to when design a submetering framework: clear ownership and precision (certification of submeter), authenticity of transferred submeter data, liability in case of errors or fraud and clear hierarchy between head- and sub-meter.

DHA presents the DSO-position with respect to submetering. DSOs understand the potential need of sub-meter but state, that there is a need for a legal framework, and that whenever a sub meter is needed for a market process (i.e. resulting in a financial settlement between market parties whereby data are used in the settlement proces, i.e. allocation), the DSO (as neutral party) should

- Place, collect and validate sub-metering data
- Calculate flexibility data : cf. base-lining
- Facilitate the Settlement: sum of flexibility data per EAN
- Control of wipe out effect, correlation between head and sub-meter

JGH (CREG) replies that for SDR, from both TSO-grid and DSO-grid, submetering must be facilitated in winter 2015-2016, starting November 2015. Moreover, DSOs do not play a role in installing meters, reading nor validating of meter data as this is a purely commercial activity between 2 parties (ELIA and FSP acting on behalf of DGU) under the assumption of no correction of BRP-perimeter.

Therefore JGH is concerned that any refusal from DSO to allow commercial or private submetering in the DSO-grid may lead to a limitation offered volume. Therefore, JGH advocates ELIA to use private sub-meters (and data) to perform activation control of SDR from DSO-grid (as well as R3DP from DSO-grid).

FTO (CWAPE) adds that submetering is not a regulated activity and hence sees no reason to assign any responsibility to the DSO in this context.

FEBEG pleads for submetering as a pure commercial activity without DSO-involvements. FDE (EDF-Luminus) explains that the value of flexibility can only be metered at the headmeter. Submetering can only be used for availability control.

Finally, PSC advocates for a timely and cost effective solution. He highlights this point based on the example of private submeters. They should be used (assuming adequate accuracy) for the purpose of activation. It does not make sense to impose the installation of a sub-meter from the DSO. He claims that if submeters are solely used for activation and availability control, and not for correction of the perimeter, then there should be no issue. This does not mean that in case the correction of the perimeter is introduced this in itself changes the above arguments regarding sub-metering, only that if and when this is the case the impacted BRP must agree on the choices made by Elia and the FSP.

### 3. Baseline

VDW explains the different phases when dealing with baseline: determination of a baseline in the start phase, the use of a baseline in the activation control, the ex post verification of the accuracy of the used baseline and finally the review and validation of a (new) baseline. VDW stress the need for clear roles and responsibilities during these phases.

HVDB clarifies the strict planning with respect to the validation of one or more baselines in the context of SDR from DSO: as the baseline is part of the product design (that shall be presented to the market participants in parallel with the consultation of the procedure for constitution of the strategic reserves from 25/12/2014 till 16/1/2015, it is necessary to align with the stakeholders prior to 25/12. **Therefore, between 17/11 and 10/12 all remarks on proposed baseline are collected and all stakeholders are invited to propose alternatives, if any.** Hence a discussion and alignment on one or more baselines is aimed for during the Expert WG of 10/12, followed by a validation in the Task Force iSR on 19/12.

In order to facilitate the discussion on an applicable baseline, Aggregators present a pragmatic way forward using the so-called X-Y methodology. A detailed description can be found on the following link: <https://www.pjm.com/~media/markets-ops/dsr/pjm-analysis-of-dr-baseline-methods-full-report.ashx> as well as in the Restore slides on the ELIA website in the Expert WG of Nov 17<sup>th</sup>. Basically, aggregators propose the baseline should be based on

- 4 of 5 of the last weekdays if the event is on a weekday
- 2 out of 3 of the last week-end days if the event is on a week-end;
- for every settlement period to be baselined the lowest consumption is discarded, i.e. one uses the high 4 of 5 and high 2 of 3, respectively.
- Any days on which an Economic Trigger or Technical Trigger has occurred, should be excluded;
- The resulting profile is then adjusted based on the consumption in the 3 hours preceding the notification on the event day.
- The activated volume is the difference between the baseline and the actual consumption for the duration of the event (ramps are not included).

PSC continues with clarifying Aggregators' view on the roles and responsibilities following the activation of a (sub)metered flexibility. Basically, the proposed role of the aggregator is to

- Receive head-metering from DSO or TSO
- Receive sub-metering from sub-metering provider (consumer or other)
- Calculate baseline based on approved methodology
- Calculate activated energy based on difference between baseline and actual (sub)-metered consumption
- Send data to TSO for balancing services settlement & netmanagement purposes
- Send data to DSO\* for information & net management purposes

DHA (Synergrid) states that the baseline calculation should be neutral and based on neutral data (i.e. DSO-meter data) and agrees with a pragmatic approach at least at the beginning.

BMA agrees that a 'one size fits all'- approach is not possible and therefore supports the proposed single baseline to start with.

BDW (CREG) states that Emergency gensets and CHP are not considered as SDR within the legal context of SR and hence subject to the modalities of SGR. Aggregators have a different view regarding this issue. It is agreed that during next TF iSR on 3/12 this issue shall be clarified.

#### **4. Prequalification (DHA)**

Synergrid presents the concept of a DSO document (name to be found) describing client installation. This document will be an extract of the connection contract aimed at helping the DGU to understand the content of his connection contract and to inform the DGU on what flexibility he can offer to a FSP (and what not). This document is provided to the DGU and is a prerequisite for the DGU to be included in a FSP pool in the framework of a NFS submitted by a FSP to the DSO.

PSC asks for transparency with respect to the assumptions taken by the DSOs while prequalifying access points at the DSO-grid as being eligible to partake in a SDR or R3DP-products. . Prequalification should be product specific: the analysis performed on grid situations during an activation of SDR will include different scenarios compared to the scenarios during an R3DP activation. If a potential congestion risk could arise in case of activation of an EAN, PSC proposes to set up a mechanism informing the respective FSP not to use this EAN rather than excluding completely this EAN from the pool during the prequalification. Moreover PSC questions what actions will be taken by DSOs if the NFS reveals a risk for the DSO, especially in terms of the existing connection contract. Shall this result in a modified connection contract and potentially result in a compensation for the grid user as his rights have been restricted? How does this NFS comply with the potential outcome of the ON/OFF sensibilisation campaign where the result is possible the same to the DSO despite the absence of any NFS?

#### **5. Contract DSO - SDR provider (DHA)**

DSOs foresee a unique/generic contract for the ELIA products, for instance R3DP & SDR. The EANs used by a FSP in the framework of a ELIA- contract shall be included and updated accordingly. A contract proposal shall be submitted for market consultation and approval by regulators in the beginning of 2015 with as deadline the contract signature for SDR 2015/16 prior to 1/11/2015. REMARK: ELIA believes that an approval of the contract is necessary prior to the launch of the call for tender (<15/4/2015)

#### **6. R3DP 2016 (HVDB)**

During previous Expert WG of 14/10 stakeholders called for stability, i.e. prolongation of existing R3DP 2015 product design while maintaining 100MW volume cap. JGH (CREG) questions Febeg and ELIA for a technical motivation why an increase of the current volume cap to 150MW should not be considered.

BMA replies that the so-called “equivalence” between one MW R3DP and one MW R3Prod should then be investigated, referring to the analogy applied in the SDR versus SGR, where a degressive equivalence is applicable once a threshold is attained.

CDJ has shown interest in the cost impact of the 100 MW limitation on the total cost of contracting R3.

Moreover, FEBEG requires transparent and non-discriminatory rules for “partial activation” given the current applied “All Or Nothing”-activation policy for 50MW.

## 7. STS R3DP (HVDB)

During previous Expert WG of 14/10, ELIA expressed its desire to transit to monthly sourcing as from 1/1/2016 for R3DP (and R3Prod as these products are sourced concurrently). A transition to STS from 1/1/2016 will also favor load to participate to the SDR tendering combined with the possibility to partake monthly to the R3DP tendering for those months outside of the SDR period (from Apr till Oct). As such, 7 months of extra R3DP contracting are possible opposed to an annual R3DP sourcing.

→ ELIA therefore considers the transition to monthly sourcing of SDR as valuable and, given the concerns raised during last Expert WG with respect to Bidladder, ELIA will come back with next steps on Bidladder as from Q2 2015 within the Task Force Balancing.

## 8. Conclusions

HVDB closes this Expert WG session with some concluding remarks and actions for stakeholders.

→ ELIA understands the clear preference from the stakeholders for a “drop by” product for SDR from DSO-grid.

→ ELIA will introduce a SDR from DSO-grid product applying no correction of BRP-perimeter in case of activation

→ According to CREG, Emergency gensets and CHP are not considered as SDR within the legal context of SR and hence subject to the modalities of SGR. Aggregators have a different view regarding this issue. **It is agreed that during next TF iSR on 3/12 this issue shall be clarified.**

→ Submetering is not a regulated activity according to CREG, CWAPE, FEBEG and Aggregators. CREG advocates ELIA to use private submeters (and data) to perform activation control of SDR from DSO-grid (as well as R3DP from DSO-grid). However, DSOs have a divergent opinion and claim that DSOs (as neutral party) should play an active (regulated) role whenever submetering is used in a market process.

→ Aggregators have made a proposal for a unique baseline using X-Y methodology. Given that the baseline is part of the product design (that shall be presented to the market participants in parallel with the consultation of the procedure for constitution of the strategic reserves from 25/12/2014 till 16/1/2015, it is necessary to align with the stakeholders prior to 25/12. **Therefore, between 17/11 and 10/12 all remarks on proposed baseline are collected and all stakeholders are invited to propose alternatives, if any.** Hence a discussion and alignment on one or more baselines is aimed for during the Expert WG of 10/12, followed by a validation in the Task Force iSR on 19/12.

→ ELIA proposes a prolongation of existing R3DP 2015 product design. However, **CREG questions for a technical motivation why an increase of the current volume cap to 150MW should be discarded.** FEBEG calls for an investigation of the equivalence between R3DP and R3Prod and well as transparency with respect to activation policy for R3DP in 2015.

→ **ELIA envisages, subject to CREG approval and related consultation, to transit to monthly sourcing for R3DP (and R3Prod) as from 1/1/2016.**