

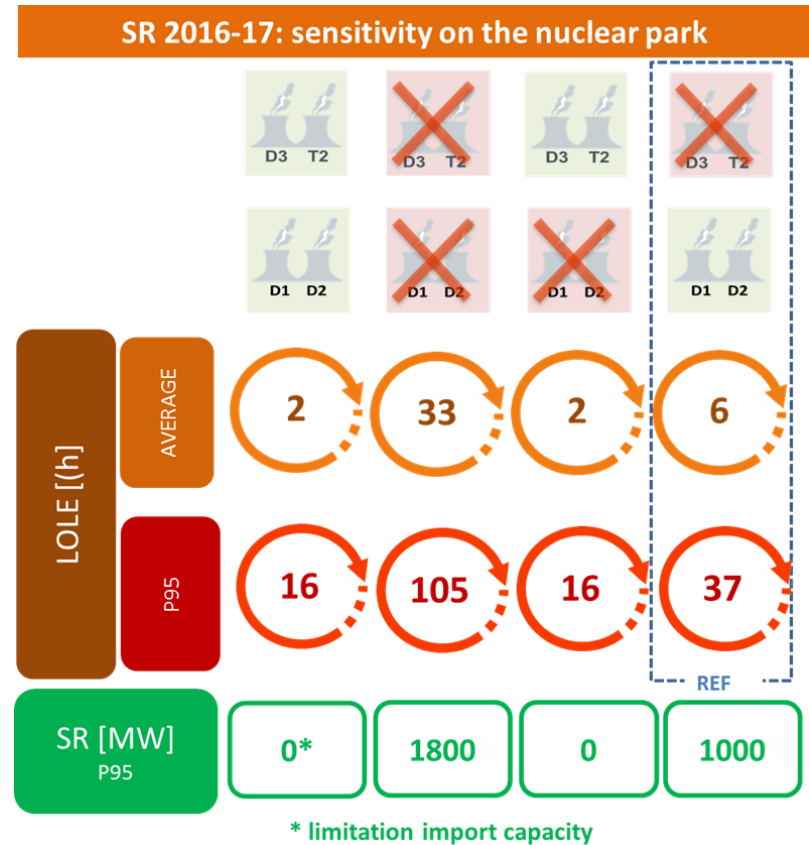
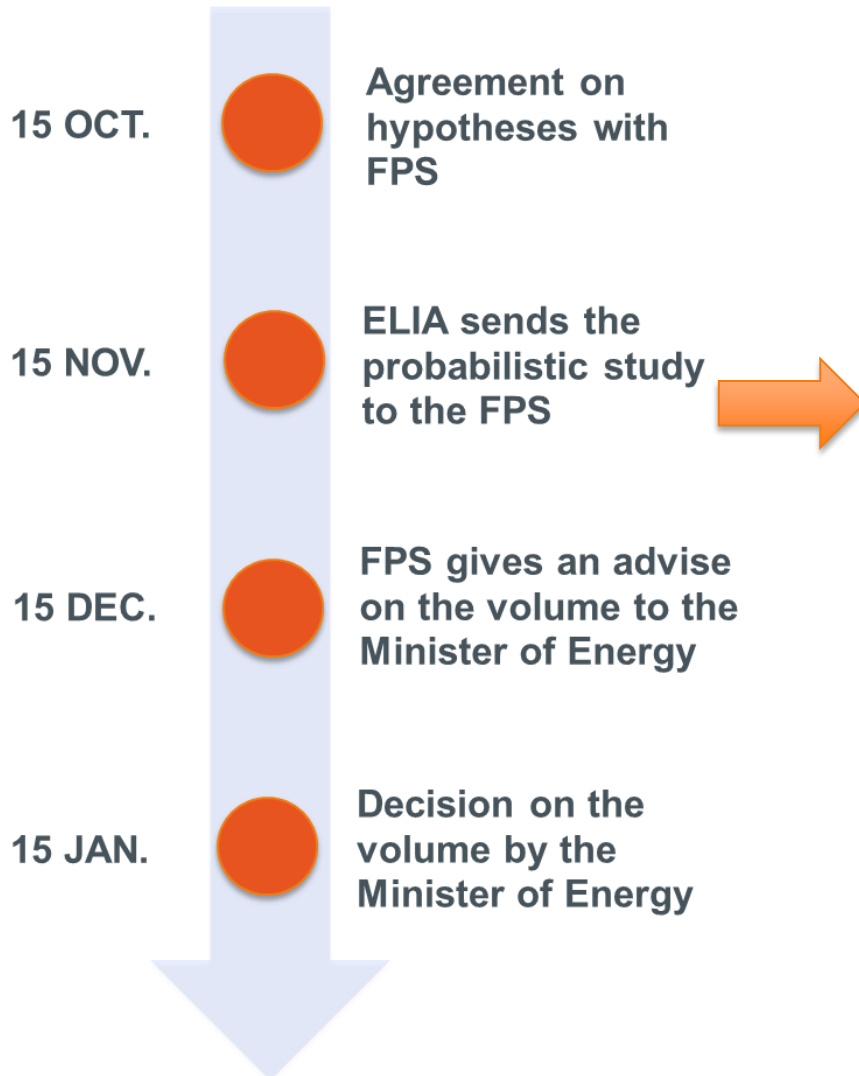
Task Force Strategic Reserves Implementation

Users' Group
10/12/2015

Task Force Strategic Reserves Implementation

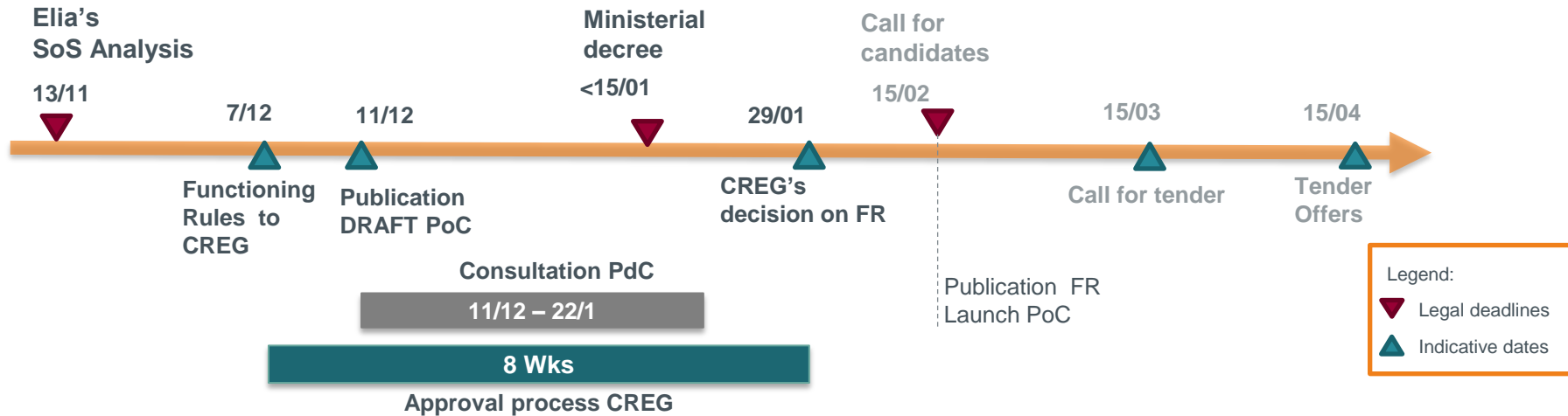
1. Results of the ELIA volume assessment report for winter 2016-2017
2. Where are we in the process
3. Final design of the proposal of Functioning Rules

Exercise is made every year in November: process defined by law



Where are we in the process ?

What are the next steps ?



- Task Forces iSR n° 2 and 3 took place on 8/10 and 2/12 2015. During those Elia provided:
 - Detailed explanations on the methodology of the Volume analysis (8/10)
 - Proposal of design evolutions for the winter 2016/17 (8/10 and 2/12)
 - Presentation of the results of the Volume analysis sent to the Minister (2/12)
- Next steps, in anticipation of an **eventual** Ministerial instruction to constitute additional SR :
 - Submission of Functioning Rules Proposal to CREG
 - Start of Public consultation on Procedure of Constitution

Overview of main changes for 2016/17

1. Tender Design

- Selection of offers: anticipate Ministerial Decree of 15/1
- Certification SDR:
 - more correlated with needs while being transparent and stable
 - takes into account reaction towards price spikes
- Certification SGR clarified in order to avoid errors in offered capacity

2. Product design

- New segment SDR : DSO submetering
- Adapt requirements on activations (ex: max # activation hours) for SGR and SDR
- Light penalties for tests at SR provider's initiative as incentive to correctly follow program
- Adapt cases of administrative penalty if SDR candidate is not ready before 1/11/2015

3. Transparency Improvements of Publications: (as from end 2015)

- Adaptations of web site in order to facilitate the follow up of an activation(& prices) by market participants.
- Publications of information's relative to the outcome of the tenders (weighted average prices)

Back up slides

SDR Certification – expansion to include reaction towards high Belpex prices

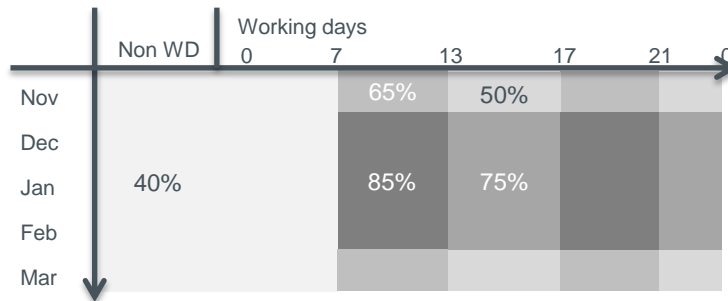
Goal of certification = certify SDR for which the **consumption profile fits with Elia needs for SR.**



Verify consumption at moments of higher activation probability

METHOD

Availability rate thresholds:



Verify consumption reaction to high Belpex prices

Identify days with high prices (Belpex prices \geq 150€/MWh from 1/11/2013-29/2/2016 \rightarrow 5 days)



Determine Baseline via X of Y method for every day with adjustment “uncapped symmetric additive” based on 3 hours before first $h \geq$ 150€/MWh



Average % reduction between baseline and consumption during hours with high prices, if $>$ 20 % = R %

RESULT

Max Rref -----> $(\text{Max Rref} + \text{SL/UMsdr}) * (1 - R \%) - \text{SL/UMsdr}$

SDR Certification – expansion to include reaction towards high Belpex prices

Wrap-up : rationale

- No penalty in case of unavailability of SDR suppliers in order to avoid incitation to consume and to therefore contribute to adequacy issues
- Nevertheless SDR should be constituted by new flexibility (on the top of the one already in the market) and by capacity with a high probability of availability during periods of structural shortage
- ⇒ **Goal of certification** = certify and valorize SDR capacity with a consumption profile correlated to the needs.
 - ⇒ Step one (as from 2014): certify, based on historical data, the capacity that will be available during typical periods with high probability of activation (ex: evening peaks)
 - ⇒ Step two (as from 2015): adapt the certified capacity in step one according to the reaction towards price spikes