

Expert Working Group “Bidladder” Minutes of Meeting – 25 May 2016

- FINAL VERSION -

Meeting date: 25 May 2016

Meeting Location: ELIA, Keizerslaan 20, 1000 Brussel

List of attendees

The following persons were present on 26 May 2016:

Boury Jonas	YUSO
Claes Peter	Febeliec
Debrigode Patricia	CREG
Demeyer Valentijn	Engie
Gheury Jacques	CREG
Harlem Steven	FEBEG
Latiers Arnaud	Actility
Libert Brice	CREG
Mortier Jo	Essent
Mouffe Ludovic	FOD
Pirard Nicky	Resa Tecteo
Schell Peter	Restore
Vandevenne Alain	Energy-Pool
Vandenbroucke Hans	ELIA, President
Buijs Patrik	ELIA, Secretary
Desmet Tom	ELIA
De Wilde Vanessa	ELIA
Hebb Bob	ELIA
Pouleyen Carolien	ELIA

Agenda

The following agenda was proposed:

- Approval of MoM 10/5
- Presentation CREG (P. Debrigode)
- Presentation ELIA
 - Transfer of Energy and the Pilot Bidladder (H. Vandenbroucke)
 - Introduction Technical Prequalification (B. Hebb)
- Wrap-up & next steps – 10 mins

Supporting documents

No remarks were received on the draft MoM. The draft MoM can be considered as final. They will be published online.

With respect to the question asked to FEBEG concerning the usefulness of a BRP-notification at the start of an activation (so called *1st notification*) in the context of counterbalancing, a representative of FEBEG mentioned that FEBEG will deliver its position public before the next Expert Working Group meeting.

Presentation CREG (P. Debrigode)

A representative of CREG briefly presented the main aspects of the Final CREG Study « *Etude sur les moyens à mettre en œuvre pour faciliter la participation de la flexibilité de la demande aux marchés de l'électricité en Belgique* ». The market model, principles, new roles and the path towards its implementation were discussed. For detailed aspects, the study is available on the CREG website.

A representative of FEBEG asked whether the model proposed by CREG is considered obligatory or whether market parties could work via a different approach if agreed upon? A representative CREG confirmed that the model is considered obligatory.

Representatives of several stakeholders asked CREG how they see the timing of the different actions outlined by CREG (E.g. amending the Electricity Law, the Royal Decrees,...)? A representative of CREG replied by stating that no concrete timing is put forward, but points out that CREG is committed to move forward and that the Cabinet of the Federal Minister of Energy has been informed.

A representative of Actility asks whether the FDM should be an independent party or whether the FSP could be FDM? It is also asked whether the FDM determines the baselines to be used. A representative of Actility stated that if multiple types of baseline methodologies are considered applicable to a certain access point, the baseline that is the best suited to represent its behavior should be selected based on statistical elements. The market party has more information on the consumption behavior, and therefore, it could potentially be more efficient to let him choose a baseline. Then, statistical tests should be conducted to verify its choice. A representative of CREG – supported by various other stakeholders – replies that the FDM should be an independent party. According to CREG, an evolution towards regulated baselines will take place. The FDM will apply the baselines. A representative of CREG suggests to “keep it simple”, to which the representative of Actility agreed.

A representative of FEBELIEC asks whether a grid user (e.g. an industrial consumer) can be its own FSP? A representative of CREG confirms this by pointing out that FSP is a role and that one party could have different roles.

A representative of YUSO asks whether it remains possible to offer so-called ‘implicit flexibility’, i.e. via the supply contract itself? A representative of CREG confirms that this remains possible. The model presented in the CREG study concerns those cases where a third party is involved and not those cases where a consumer’s flexibility is brought to the market via its own supplier and/or BRP. In this latter case, there is no need to act through the FDM.

A representative of Actility stated that in the future (e.g. over 10 years) multiple products/services could be offered from a single industrial site and that in such cases we should pay attention to the fact that choosing a baseline that can adequately represent this multi-site approach is a challenge. A representative of Energypool mentions in this context that already today some combinations of products are allowed (e.g. R1+ R3DP) and that for such combinations it is relevant to rely on adequate technical prequalification, which is a role of ELIA. ELIA adds that we are now at the stage of discussing a pilot Bidladder and that evolution may take place over the following years, including with respect to combining different products.

Transfer of Energy and the Pilot Bidladder (H. Vandenbroucke)

ELIA presents some findings from the final study by CREG, inter alii, the obligation for the FSP to associate with a BRP and that the transfer of energy does not apply in case of flexibility activated by customers having a so-called *energy block delivery contracts*.

ELIA addressed the additional complexity due to these contracts as these are not known to ELIA unless the Grid User declares this to ELIA (without the possibility for ELIA to verify while respecting the principle 9 by CREG on confidentiality). Therefore ELIA asks the participants, especially FEBEG and FEBELIEC, to confirm the presence of such contracts and whether it is relevant to acknowledge this in the design of the ToE-solution in the pilot project.

ELIA continues to address the notion of regulated baselines (principles to be elaborated by in a Royal Decree, upon advice by CREG according to the study CREG). For the sake of clarity, it is confirmed that for the Bidladder pilot project ELIA will use the meter values of the quarterhour preceding the activation period.

The regulated role of FDM (to be assigned in a Royal Decree upon advice by CREG according to the study CREG) is addressed, in particular the aspects of calculation of the delivered flexibility (using the regulated baseline) and the metering data from head or (private*) submeters. ELIA confirms its initial position that the imbalance adjustment, performed by ELIA, is based on the requested volume in case of overdelivery.

*: at least at TSO-level

A representative of CREG disagrees with this asymmetric approach and proposes a symmetrical approach. CREG refers to the symmetric treatment performed towards generators. A representative of Restore supports the symmetric approach.

ELIA states that the treatment applied to generators (note: to the BRP responsible for following up the injection as signatory of the CIPU) is a different situation as the current imbalance correction is an incentive correction using the requested volume and as there is no 3rd party involved, and hence no ToE, no difference is to be made in case of over- or under delivery. The delta between requested and delivered is assigned to the BRP as an imbalance as the BRP is eligible to perform reactive balancing according to art 10.2 of the BRP-contract. Hence, he can opt to over/underdeliver. On the contrary, a BSP offering flexibility to ELIA is engaging to deliver the requested flexibility and is taking balancing responsibility on that requested volume and cannot opt to overdeliver and consequently perform reactive balancing. ELIA considers the right to overdeliver as a prerogative of the BRP responsible for the follow-up of the injection or offtake, not for a BSP nor its associated BRP. Moreover, this could lead to gaming whereby BSP offers low volume on the Bidladder (at pay-as-bid) and overdelivers (at pay-as-cleared).

Restore shares the concern by ELIA that BSPs should not actively partake to reactive balancing but calls for a *band* applied to the requested volume so that the minor overdeliveries within this *band* are attributed to the associated BRP of the BSP.

ELIA refers to an equivalent proposal made during previous Expert Working Group and confirms that this will be further looked upon. To that extent, representative of ELIA requests all parties to provide their comments on the approach for dealing with overdelivery in writing by next Expert WG of 14/6. A representative of FEBEG confirms this will be done.

A representative of Actility states that one should consider a settlement of activated flexibility at pay-as-cleared. ELIA confirms this is not the subject of this discussion. The representative of Actility added that performing the settlement of the theoretically activated volume in a pay-as-bid procedure while considering over/under activated volumes as pay-as-cleared is also in some sense asymmetric.

A representative of Actility asks how ELIA will calculate flexibility delivered by two or more delivery points behind a same access point. ELIA replies this will be done using submetering at delivery point level and using reference values to cap the delivered energy to the reference power per delivery point. The latter results from the technical prequalification and is provided by the BSP, in agreement with the concerned grid user (via grid user declaration).

A representative of CREG requests to remove the statement that compensation between Supplier and BSP is based on hourly DAM as this was the outcome of the study performed by the University of Liege, and not a conclusion confirmed by CREG (cf. Annex 2, Final Study CREG)

A representative of FEBEG reacts that the compensation price is indeed still under discussion, and compensation should reflect the supplier price in all timeframes.

ELIA elaborates on the need for a contract with the Supplier to arrange the modalities with respect to the delivery of the aggregated volumes of flexibility that have been activated. This contract does not deal with the terms and conditions of the financial compensation but ELIA prefers to be informed of such an arrangement being in place, whether it is a bilateral agreed contract or the standard contract (cf Final Study CREG).

A representative of CREG disagrees with the fact that ELIA must have knowledge of the existence of a contract as this would be in contradiction with principle 1. A representative of FEBELIEC supports the idea that the BSP must not be forced to sign any contract in order to trade its flexibility. However, representatives of both FEBEG and FEBELIEC do not object to ELIA knowing about the existence of a contract, as long as the details of the contract do not have to be shared. Additionally, a representative of FEBEG states that in any case the terms and conditions or modalities that are applicable in absence of a bilateral agreed contract must be detailed and agreed upon by the BRP/Supplier. A representative of CREG states that these modalities will be imposed via a model contract, as proposed in the amendment to the E-law in the Final Study by CREG.

ELIA concludes that this discussion is not to be organized in the Expert WG but a separate discussion, piloted by the CREG on the contractual framework between Supplier and BSP for the financial compensation. Participants agree and CREG will take the initiative thereto.

A representative of Restore asks who will perform the imbalance adjustment. ELIA replies that this is the unique competence of ELIA in its role as TSO.

A representative of FEBEG asks how market parties can be guaranteed that the DSOs are competent to perform the role of FDM in a qualitative way in the DSO-grid. A representative of FEBEG acknowledges the competence of ELIA to perform this role at TSO-level. A DSO representative replies that this is still under discussion with regional regulators.

A representative of Restore adds that it does not see the difference with current practice in R3DP where DSOs also provide data for the settlement of this service. ELIA replies that a significant difference with R3DP and Bidladder is the aspect of imbalance adjustment and the necessity to ensure correctness of these imbalances as these are impacting the balancing perimeter of the BRP. The possible large volumes annex frequent activations must be supported by a robust and efficient process by the FDM to guarantee a correct imbalance adjustment by ELIA. The latter is supported by a representative of FEBEG.

ELIA adds that in the current scope of the Bidladder pilot project the participation of DSO delivery points is not included. This is subject to an ongoing discussion between DSOs and ELIA.

A representative of CREG asks if there is also an ex ante communication towards the BRP in case of activation. ELIA confirms this issue has been addressed in the previous Expert WG (so-called 1st notification and 2nd

notification) and that feedback from FEBEG on a request by Aggregators on the usefulness of this 1st notification is still pending. This feedback will be provided prior to next Expert WG of 14/6.

Introduction Technical Prequalification (B. Hebb)

ELIA presented an introduction to the Technical Prequalification required in the context of Bidladder.

A representative of Restore suggests to differentiate the Rref for upwards and downwards activations. ELIA confirms that this is useful and foreseen.

A representative of Essent stresses the relevance of Rref, also at individual level, for accepting bids on the Bidladder platform. ELIA confirms that – in line with the presentation given during the Expert Working Group meeting of 10/5 – such checks based on individual Rref-values are to be foreseen.

A representative of Restore links the debate on how to deal with overdelivery to potential reasons for suspension or exclusion of the Bidladder contract and suggests to look for such contractual solutions rather than opting for an asymmetric approach for under/overdelivery. ELIA replies that in general penalties and/or risk of suspension/exclusion is to be foreseen in the contract in order to guarantee an overall high quality of data and accurate behaviour, as discussed also in the Expert Working Group meeting of 10/5.

A representative of Restore underlines that mutual exclusivity between Bidladder and other products limits the actual potential of flexibility to be actually. ELIA answers that combining multiple products in practice is not so evident. It touches on several issues, such as: baselines to be applied, prequalification, availability control mechanisms, etc. Therefore, in a Pilot stage ELIA is not inclined to allow all combinations of products. However, ELIA believes that with a “dynamic pool management” a lot of value can be created, already in the Pilot stage. The issue will be further discussed in the next Expert Working Group meeting.

Wrap-up and next steps

ELIA summarizes the elements discussed during the meeting and gives an insight in a (non-exhaustive) list of topics requiring further discussion. Questions raised during this meeting will also be pick-up in the following meetings.

A representative of Essent raises three questions linked to the presentation given by ELIA on 10/5:

- How can bids to the Bidladder be made? Will this be as for CIPU free bids today? ELIA explains that a dedicated Bidding Platform is to be foreseen. On the longer run (but not in the Pilot) also other products should be able to offer via this platform.
- Which place will the Bidladder-bids take in the overall activation merit order? ELIA explains that they will be part of a common merit order with the free bids from CIPU. ELIA also refers to the Federal Grid Code which stipulates that first all free bids have to be activated prior to activating contracted reserves.
- How will transparency on volumes and prices be guaranteed for Bidladder volumes? Will this be kept up to date during intraday? ELIA replies that in general the same transparency is foreseen as today and suggests providing more info during a next session.

All stakeholders are invited to provide feedback on the elements discussed either in writing in between expert working group sessions or via a presentation during a next session.

The following sessions take place on the following dates:

- 14 June 2016 (10h-12h), ELIA Emperor
- 5 July 2016 (10h-12h), ELIA Emperor

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