

# Task Force “Bidladder”

## Minutes of Meeting – 5 July 2016

- FINAL VERSION -

Meeting date: 5 July 2016

Meeting Location: ELIA, Keizerslaan 20, 1000 Brussel

### List of attendees

The following persons were present on 14 June 2016:

Aertgeerts Arnaut	Actility
Debrigode Patricia	CREG
Demeyer Valentijn	Engie
Gheury Jacques	CREG
Halkin Didier	ORES
Harlem Steven	FEBEG
Lachi Simon	RESA
Leroy Xavier	EDF Luminus
Libert Brice	CREG
Loos Rob	Teamwise
Mortier Jo	Essent
Mouffe Ludovic	FOD
Schell Peter	Restore, BDRA
Van Bossuyt Michaël	Febeliec
Van den Kerckhove Olivier	EFET
Vandevenne Alain	Energypool
Verheggen Luc	Infrax
Vandenbroucke Hans	ELIA, President
Buijs Patrik	ELIA, Secretary
Desmet Tom	ELIA
De Wilde Vanessa	ELIA

### Agenda

The following agenda was proposed:

- Approval of MoM 16/6/2016
- Submetering & CDSO
- Flexible pool management
- Technical prequalification & Activation Control
- Market model Transfer of Energy
  - Model B2

- ToE & financial compensation: overview cases (updated)
- ToE & financial compensation: feedback FEBEG
- Imbalance adjustment
- Next steps

### ***Supporting documents***

A presentation of Elia and a presentation with feedback from FEBEG are available on the website of the Task Force BidLadder<sup>1</sup>: [http://www.elia.be/en/users-group/Working-Group\\_Balancing/Task-Force\\_BidLadder](http://www.elia.be/en/users-group/Working-Group_Balancing/Task-Force_BidLadder)

### ***Discussion***

#### ***Approval of MoM 16/4/2016***

The draft minutes of meeting of 16/4/2016 have been sent to all participants prior to the meeting. Two comments were received from FEBEG and 4 comments from CREG. The proposed amendments are approved and the minutes of meeting can be considered final and will be published on the website.

#### ***Submetering & CDSO***

During the previous meeting proposals were made by Elia with respect to submetering & CDSO delivery points. The opportunity for questions and feedback was announced for this meeting. No further questions or specific feedback was received.

#### ***Flexible pool management***

Elia first presented four principles regarding mutual exclusivity or the inverse combining R3-products and BidLadder. With respect to the first principle (1 FSP per deliver point) a representative of Febeliec states that this can work restrictive. This would be the case when it is impossible to install a submeter on a specific industrial process and the Grid User(as FSP) could offer for instance on BidLadder but would also participate via another FSP in R3. Elia acknowledges that in such specific situation this could be restrictive, but adds at least for the large majority this principle, combined with possibility of submetering, would work and facilitate the combination of products on a delivery point. For the cases mentioned by the representative of Febeliec, however, it could be needed to investigate further and seek alternative solutions.

Next, Elia explained which issues arise when the combination of R3 and BidLadder at a single delivery point should be made feasible as from the foreseen go-live date of the Pilot BidLadder. Different ToE regimes and R3 availability control are raised as main arguments, next to the fact that in terms of implementation impact this is considerable and a design freeze for the first release of BidLadder is required.

With respect to the participation of DSO delivery points, a representative of Restore asked the DSO representatives how and when the discussion will take place and by when it can be expected that DSO delivery points could be eligible for BidLadder participation. A representative of ORES replied that DSOs are working on it and aim to discuss with Elia and get back to the stakeholders after the summer. There is currently no target date for BidLadder participation of DSO delivery points. Upon a question of a representative of Essent, the representative of ORES stated the precise governance framework for the discussions is not yet fixed. At least a feedback towards the Task Force BidLadder will be foreseen.

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<sup>1</sup> Due to an overall re-organisation of the Users' Group the Expert Working Group BidLadder has become the Task Force BidLadder and will report to the Working Group Balancing (the former TF Balancing). Scope and way of working remain however unchanged.

Although several parties expressed their understanding with respect to the feasibility as from the very start of the Pilot BidLadder, there is a consensus that combining R3 and BidLadder should be made possible. A representative of Restore insists that combining both products should be possible from the start and that this is a critical design element from his perspective. He claims that it is not that difficult to design and implement. According to the representative of Restore not being able to combine BidLadder and R3 creates an *unlevel* playing field with free bids from CIPU-units and jeopardizes strongly the liquidity on the BidLadder platform. In his view, flexible pool management is not an adequate solution and would not add any volumes to the BidLadder. Instead, from his perspective intermediary, pragmatic approaches for combining R3 and BidLadder could be acceptable. Several other market parties do see value in flexible pool management as a temporary mechanism if combining R3 and BidLadder would not be possible from the start and do see some possibilities to transfer volumes to BidLadder, especially when they would (partially or) not selected for all offered volumes in the R3-auctions.

A representative of CREG argues that when there is one FSP per delivery point, rules could be determined to distribute available and/or activated volumes between different products. Elia confirms that this would indeed be the bottom line when allowing combining R3 and BidLadder at single delivery point. Related to this issue, a representative of EDF Luminus adds that all controls should go beyond the pool level and involve the delivery point level.

Elia understands the desirability of combining both products, also on the shorter term and if possible from the start. Elia states, however, that it should first be thoroughly studied how the different interactions between both products can be adequately managed, not only at principles level but also in far more detailed level in order to be applicable. Also, the implementation perspective and feasibility should not be underestimated.

### ***Technical prequalification & activation control***

Elia presented the principles and reasons for determining a proposal for technical prequalification and activation control. In essence, the focus lies on an *ex ante* test of the BSP in being capable of managing the entire operational process. Due to the characteristics of the product, an *ex ante* volume prequalification is deemed difficult and undesirable. However, an *ex post* activation control is proposed to ensure that overall the quality of the delivered product by the FSP is assured.

Upon a question for clarification from a representative of Restore, it was explained that the *ex ante* test is at the expense of the FSP, but that nevertheless the delivered volume will be added (in case of an upwards activation and vice versa for a downwards activation) to the perimeter of the BRPfsp and thereby a positive imbalance is created which is remunerated at positive imbalance price via the imbalance settlement with the BRPfsp.

### ***Market model Transfer of Energy***

- *Model B2*

Elia provided feedback with respect to the question asked during the previous meeting on the feasibility of the so-called market model B2.

Concerning the issue of guaranteeing confidentiality, a representative of Febeliec disagrees with Elia's view based on CREG's study that confidentiality is guaranteed in model A2.

With respect to some of the arguments raised by Elia based on the CREG study, a representative of CREG adds that principle 10 particularly aims DSO grid users (and not TSO grid users) and questions the impact of the extra costs/risks linked to the extra bank guarantees needed.

A representative of ORES indicates that the discussion of model B2 only concerns TSO grid users, not DSO grid users. This is confirmed by the audience.

In its argumentation Elia refers to the CREG study where it is mentioned that model B2 is not retained and that it could only become effective after an evaluation of the competitiveness of those cases that would be eligible for model B2. Such evaluation has so far not taken place. Elia adds that in the current scope of the Pilot Bidladder, which is aligned on the recommendations of the final study by CREG, implementing model B2 on top of the model A2/3 is not realistic by the foreseen go-live of the Pilot BidLadder. Nevertheless, Elia confirms that option B2 is already implemented (manually) for the ICH product, thus technically feasible. Nevertheless, its extension to other products for automatic business procedures would need additional work currently not included in the implementation planning targeting 1<sup>st</sup> July 2017.

A representative of Febeliec refers to the request of the CREG during the previous TF Bidladder to analyze model B2 within the framework of the Bidladder project, as progressive comprehension of this model has lead the CREG to investigate the potential merits of this model and thus analyze this model within the framework of this TF for those grid users connected to the transmission grid.

Elia mentions also that creating a model for a very limited number of potential cases, deviates from the overall approach to seek standardized solutions.

A representative of Febeliec strongly insists on the fact that for several of the Febeliec members model B2 is important and that, although limited in number, they represent a significant potential, as already proven by the participation of many of these grid users with significant volumes in other Elia products such as R1, R3DP, SDR et cetera. According the representative of Febeliec, the importance of model B2 for these cases is particularly driven by the fact that they do not operate in a competitive wholesale market segment which jeopardizes their opportunity to offer their flexibility as or via an FSP.

A representative of BDRA refers to an earlier BDRA position paper on Transfer of Energy where the opinion is expressed that both models A and B could work, but that model A is more easily implemented. The representative of Restore adds that anyhow a solution is needed, preferably model A (incl. A3) and, if needed, model B2 could be opted for.

Upon a question of a CREG representative on the practical feasibility of model B2, Elia states that from an implementation point of view there are significant differences between models A2/3 and model B2.

Upon a question of a representative of Essent, Elia confirms that option B2 is only possible in case the grid user would be its own access holder.

- *ToE & financial compensation: overview cases (updated)*

With respect to the different possible cases, Elia presents an updated overview. A total of 8 different cases is imaginable, but in their treatment it boils down to two groups: with and without ToE (i.e. imbalance adjustment and data exchange to supplier-FSP).

Several parties, including FEBEG and Teamwise, are in favor of having the opportunity of an 'opt-out' when all concerned parties reach a bilateral agreement. This would imply applying an incentive correction (to the BRPfsp) rather than an imbalance adjustment combined with a data exchange by the FDM to the concerned parties.

A representative of CREG questions the need of such opt-out option as in his view it adds complexity without creating extra added value. The foreseen mechanism with imbalance adjustment does not prevent the

concerned parties to arrange their financial compensation based on an agreed price, an agreed baseline different than the one used by the FDM and to settle any remaining imbalances via a Hub-deal. With respect to this last item Elia mentions that the timings of the closing of the Hub and receiving the information on the applied imbalance adjustment by Elia may not be 100% compatible to facilitate a precise settlement in the described case as metering information is only validated by Elia later than the hub closing time and small differences can therefore not be excluded. To the extent the FSP delivers correct information to Elia upon activation, the difference could however be limited.

A representative of CREG asks whether or not Elia is sure that activation controls will be possible in case of an opt-out. Elia confirms that also in case of an opt-out an activation control should be performed by Elia along the same terms and conditions as for cases where no opt-out would be in place. It is agreed that Elia will check for each market and configuration whether an activation control will be possible in case of an opt-out.

Upon a question of a representative of EDF Luminus, Elia clarifies that an opt-out would have to apply on all delivery points taking part in a bid. Bids with both delivery points without opt-out and with opt-out are not possible.

A representative of Restore mentions that in his view the opt-out is rather a design detail, in particular because Elia/FDM should anyhow make calculations for the activation control.

A representative of Essent mentions that from his point of view it is necessary to develop a mechanism as model A2/3, but that the option should be provided to opt-out. In his view, opting-out and having a full bilateral agreement would be the most logical market behavior.

- *ToE & financial compensation: feedback FEBEG*

A representative of FEBEG present briefly two slides outlining the FEBEG view on the debated issues, incl. stressing that flexibility products and services should be able to innovate, their view on the development of a regulated model and the need to being able to opt-out, aspects important to the FDM implementation and the services delivered by the FDM.

### ***Imbalance adjustment***

Elia presented in more detail the approach to be followed for imbalance adjustment in case of applying ToE. In particular the determination of the over/underdelivered volume, the link with the reference power (Pref) declared in the Grid User Declaration and the calculation of delivered energy at the level of the delivery point are explained.

Upon a question of a representative of EDF Luminus, it is explained that limiting the delivered energy to the declared reference power per delivery point is necessary, but insufficient for determining and further allocating the overdelivered volume. It is possible 'overdeliver' even while remaining within the range determined by the declared reference power per delivery point.

*A representative of Teamwise remarks that a discriminatory treatment in imbalance adjustment will occur between different types of parties for the same service (a request to activate a given volume of flex via e.g. the bid ladder), due to the different treatment of over/under-delivery. Elia replies by stating that the right for reactive balancing lies with the BRPsource and not with the BSP and that this is key for interpreting the proposed mechanism.*

## *Next steps*

Elia announces that a public consultation will be held from 29/7 until 8/9 on a “Design proposal for the pilot project BidLadder”.

The following sessions take place on the following dates:

- 2 September 2016 (10h00-12h00), ELIA Emperor

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