

# Task Force “Bid Ladder”

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Approval of MoM 5/7/2016

# Approval of MoM 5/7/2016

Reactions were received from representatives of Teamwise, ORES, Febeliec & CREG:

- With respect to model B2, CREG proposes a track change:

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.

- With respect to model B2, ORES proposes an addition:

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.

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With respect to model B2, Febeliec proposes the following track changes:

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. 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 ~~may~~ represent a significant DSR 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 etcetera. 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.

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- With respect to ToE and financial compensation and opt-out, CREG proposes track changes:

A representative of CREG asks whether or not Elia is sure that activation controls will be possible in case of an opt-out. Upon a question of a representative of CREG, Elia confirms that also in case of an opt-out an activation control will 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.

- CREG also asked to further clarify a paragraph in the same section

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 ~~are 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.



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- With respect to Imbalance adjustment, Teamwise proposes track changes:

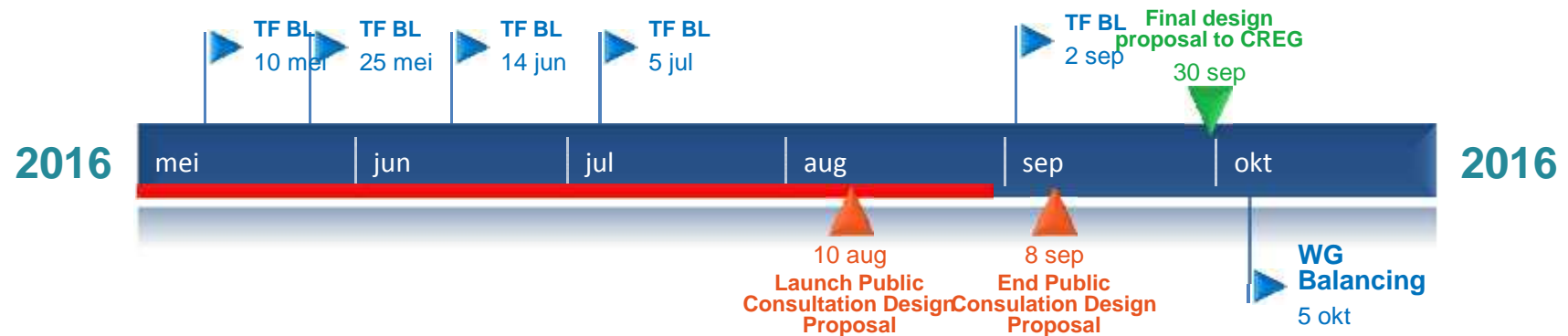
~~A representative of Teamwise remarks that a different treatment in imbalance adjustment could occur if one day CIPU units would be offered by BSPs rather than BRPs. Elia replies by stating that the right for reactive balancing lies with the BRP source and not with the BSP and that this is key for interpreting the proposed mechanism.~~

~~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 BRP source and not with the BSP and that this is key for interpreting the proposed mechanism.~~

# Public consultation: status



## Public consultation: status



- Public design note available online (in NL and FR): <http://www.elia.be/en/users-group/Public-Consultation/160810-TF-bid-ladder>
- Reactions (by e-mail to [usersgroup@elia.be](mailto:usersgroup@elia.be)) until 8 September 2016, 18h00.

# About the public design note

## Structure of the public design note

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## *Capita selecta: Market situations with no imbalance adjustment (but incentive correction) and no data exchange (i.e. opt-out)*

- The upcoming legal framework and the foreseen market model (cf. CREG study) will enable the application of a **default ToE-regime**.
  - Nevertheless, **several market parties have been arguing for not blocking** the application of the 'classical' incentive correction and no additional data exchange if the necessary bilateral agreements are in place, i.e. **arranging a ToE-regime amongst themselves**.
  - As stipulated by Elia in consultation document, the **activation control would apply in all cases** using the foreseen baseline (i.e. last QH prior to activation).
- From an Elia perspective:
- Foreseeing the option to do so allows more contractual freedom and could thereby facilitate the market.
  - The option of no imbalance adjustment (but incentive correction) and no data exchange requires less actions by Elia and is significantly less complex. In such cases there is less room for error and discussion when entering into operation (e.g. with respect to imbalance perimeters, data exchanges to several parties, etc.), no need for contract with the concerned supplier for data exchange with Elia.

## Capita selecta: Combining R3 non-CIPU & BidLadder?

**Combo** R3 & BidLadder implies allowing the activation of R3 non-Cipu and BidLadder at the same moment using one or more delivery points for both products

⇔ **Mutual exclusivity** between R3 and BidLadder implies that a delivery point can either participate in BidLadder either in R3, but not in both at the same time.

*Note:* **Flexible pool management** is a solution to enable an easier switch of delivery points between R3 and BidLadder when mutual exclusivity applies.

→ As several stakeholders have put this idea forward, explicit feedback requested in public consultation.

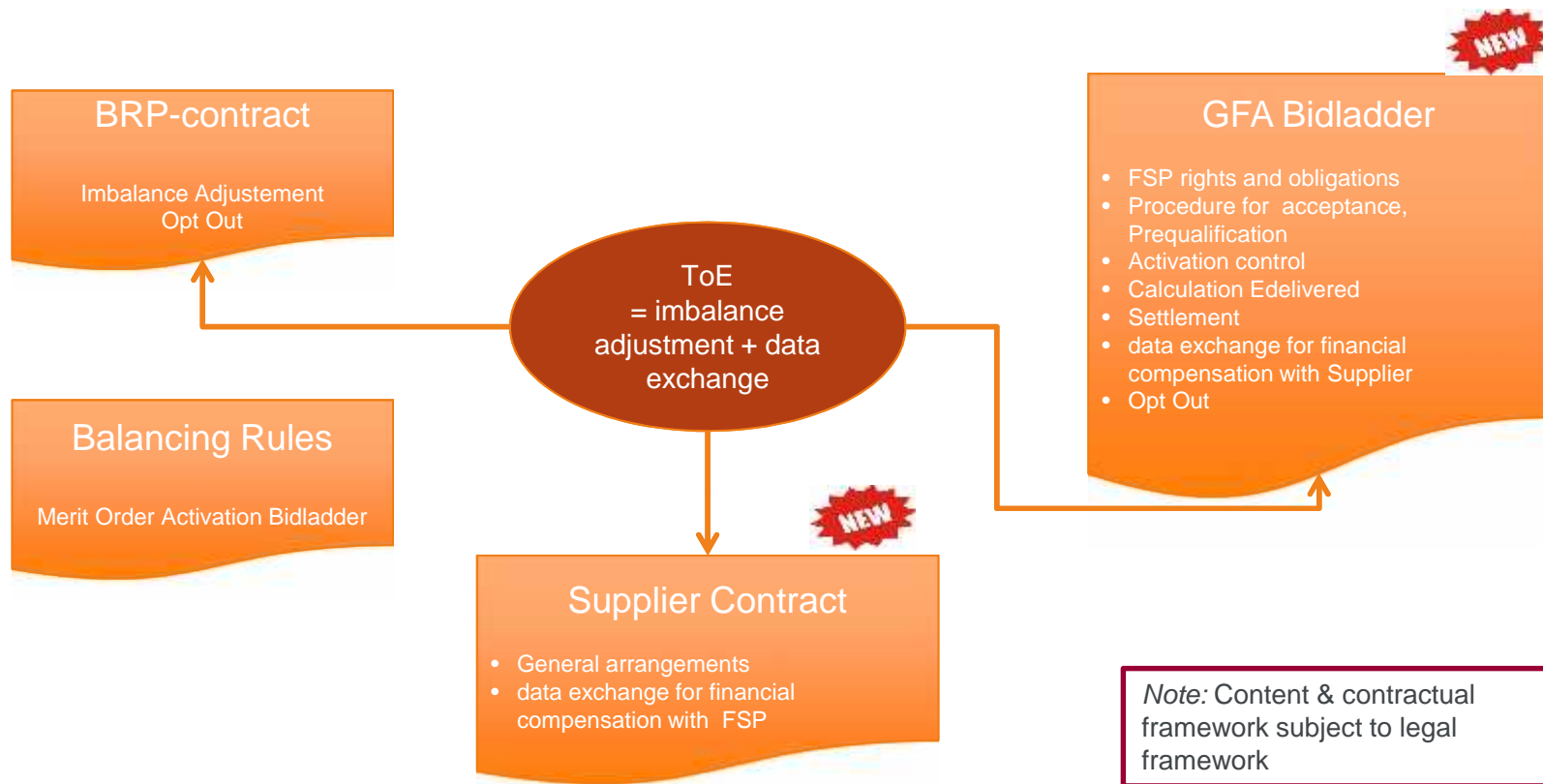
### **Main questions/impacts of allowing a Combo R3&BL:**

*(Preliminary analysis, further analysis ongoing)*

- Availability controls R3 (avoiding double selling)
- Penalty structures
- Activation controls R3 and BidLadder
- Contract management and pool definitions & requirements
- Downstream integration and cross-product information streams
- Combining with other design aspects: ToE/activation prices R3, DSO participation, etc.

## Capita selecta: contractual framework

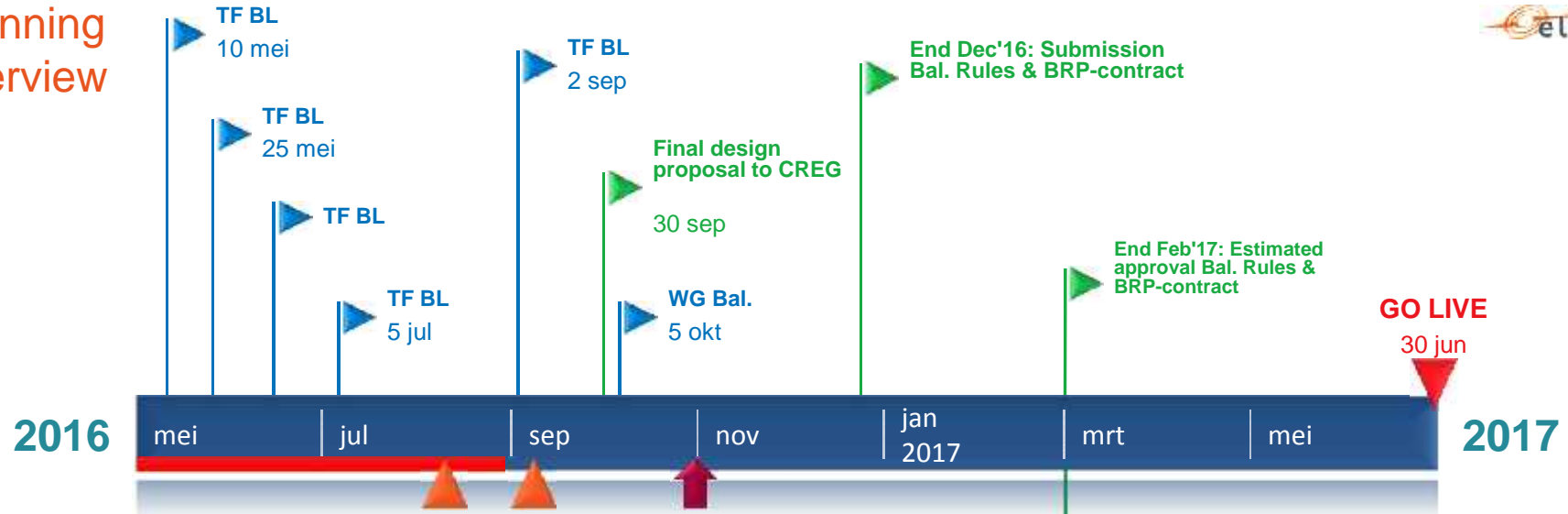
Introducing new GFA Bidladder + Supplier Contract with amendments to BRP-contract and Balancing Rules



# Next steps

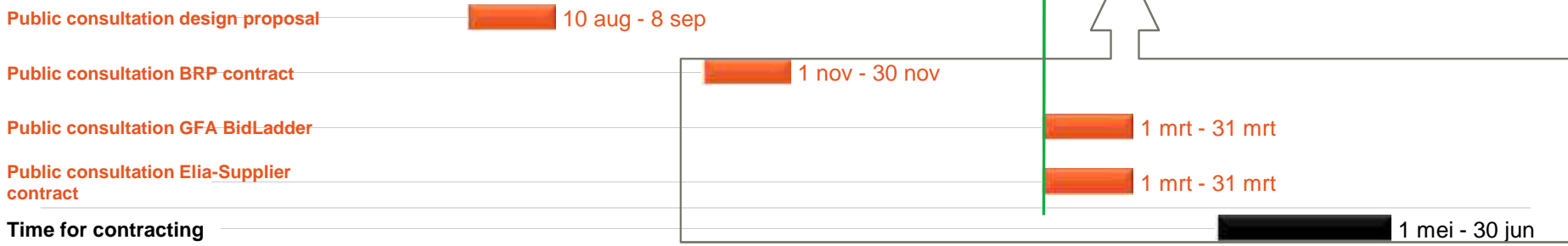


# Planning overview



10 aug Launch public consultation design proposal  
 8 sep End public consultation design proposal  
 31 okt Evaluation status legal framework

• Indicative timings  
 • Content subject to legal framework



Questions?