

## Minutes of meeting Balancing Taskforce 29/01/2016

### List of participants:

Company/association	Name	Present	Excused
Economie Fgov	Claude Adams		X
Energypool	Jacques Arbeille	X	
Rwe	Alice Barrs	X	
Edf Luminus	Halida Benaïche	X	
Yuso	Jonas Boury	X	
Electrabel	Mathilde Catrycke	X	
Febeliec	Peter Claes		X
Actility	Cedric De Jonghe	X	
Engie	Bernard Debroux	X	
Edf Luminus	Bram De Wispelaere	X	
FOD Economie	Senne Gabriels	X	
Edora	Frank Gerard	X	
CREG	Jacques Gheury	X	
Synergrid	Bruno Gouverneur	X	
Febeg	Steven Harlem	X	
Anode	Dieter Jong	X	
Next-Kraftwerke	Paul Kreutzkamp	X	
Lampiris	Pierre Lebas	X	
Economie Fgov	Ludovic Mouffe	X	
Yuso	Bart Pycke	X	
Restore	Geert Ramault	X	
Restore	Peter Schell	X	
Rwe	Ekatarina Sereda	X	
Eandis	Joris Soens	X	
Febeliec	Michaël Van Bossuyt	X	
Lampiris	Nicolas Vandamme	X	
Energy-Pool	Alain Vandevenne	X	
Basf	Eric Verrydt	X	
CREG	Gilles Wilmart	X	
Elia	Bob Hebb	X	
Elia	James Matthys-Donnadieu	X	
Elia	Alexandre Pitsaer	X	
Elia	Sofie Van den waeyenberg	X	
Elia	Matthias Masschelin	X	
Elia	Thibaut Gérard	X	
Elia	Pieter-Jan Marsboom	X	

## **Minutes of meeting :**

All agenda items were supported by presentations prepared by Elia. These slides serve as background for these minutes and can be found infra and on the ELIA website under <http://www.elia.be/en/users-group/ad-hoc-taskforce-balancing/Agenda-ad-hoc-werkgroep-balancing>

### **- Agenda for the balancing taskforce of 29/01/2016**

- New organization Market Development
- R1 XB
- R1 Road map
- XB Balancing info
  - Feedback Explore
  - Status NC on Electricity Balancing & Early implementation
- Transparency & Publications Balancing info
  - Balancing info
  - Billable margin
  - Transparency Auction R1/R2
- Black Start
- Future evolution R3
- Planning 2017 TF Balancing
- Next meeting date

### **- New organisation Market Development**

As an introduction James Matthys-Donnadieu presents the new structure of the Department Market Development within Elia. The department groups the design and implementation of market mechanisms (from real-time to long-term) as well as economic studies.

The following division of task is underlined for the taskforce:

- Bob Hebb is the head of Ancillary Services and your point of contact for questions on content of the Taskforce Balancing. He will dispatch questions across his team.
- Issues on EU market integration will be dealt with in another Taskforce (also chaired by James together with Jan Voet)
- Issues on Strategic Reserves will also be dealt with in another Taskforce
- CRM (Capacity Remuneration Mechanism) is mentioned on the slide as one of the topics that Elia studies, but this should not be interpreted as a position of Elia in favour of or against the mechanism.
- With regards to the division between Market Development and the Customer Relations Department: as explained also in the users group, Customer Relations is the contact with respect to contracting while the Market Development takes the lead in the product/mechanism design and implementation.

### **- R1 XB**

Pieter-Jan Marsboom presents on cross-border procurement with other countries, involving a proposal to go from one monthly to two weekly auctions, in line with current ENTSO-E rules and future Network Codes. Elia will procure 100% of its required FCR/aFRR volumes in a first round via the STAR platform - henceforth still

co-optimizing R1-R2 procurement. However in this first auction round, a volume of a divisible bid from a common XB platform representing 70% of our FCR requirements will be put into competition with BE offers. Likewise in the second auction round, Belgian participants will be able to offer their FCR liquidity (200 mHz symmetric) in the common XB platform. The total FCR-obligation, which Belgian BSPs could deliver for Elia after the outcome of both auctions, will hence lie between [22MW – 163MW]; since minimally 30% of FCR-obligation ( $22\text{MW} = 30\% * 73\text{MW}$ ) will remain local and on the same time the maximum FCR export (on top of initial FCR-obligation of 73MW) is 90MW according to current ENTSOE OH Policy 1 rules.

Elia will submit a formal request for approval to CREG in 2016 (Q2).  
The go-live is envisioned on 1/8/2016.

The group discussion includes the following questions and remarks. Other remarks and concerns can be shared by email.

- FEBEG repeats its comments from the last users group regarding the increased risk for mothballing and had understood at the time that Elia supported the idea of performing an overall cost-benefit analysis.  
Elia clarifies the misunderstanding: the position of Elia was that Belgian players should be able to offer FCR capacity abroad once Cross border R1 is active. The local optimization between R1 and R2 should remain (as confirmed by Pieter-Jan's presentation). The platform in the future will allow Belgian providers to offer R1 in Germany, the Netherlands, Austria and Switzerland.
- Rwe expresses its concern that opening up borders will put the Belgian providers in a disadvantaged position as the level playing field is not there yet, and requests to address this issue.  
Elia explains that by collaborating on a cross-border platform Belgium has the opportunity to enter the steering committee and start discussing such topics. Some topics regarding the level playing field (such as tariff harmonisation) are beyond the scope of the XB exchange of R1 –also affect DA/ID markets– and should therefore be addressed elsewhere.
- What is the status of the current possibility for French providers to offer R1 in Belgium?  
The contract with France runs until the end of 2016. This end date will be re-evaluated once the platform is in use.
- Rwe asks what the expected impact is on prices and volumes in Belgium and whether a study on these effects can be done and made public.  
Considering the current price structure and liquidity on the existing cross border market, Elia believes that there are positive effects for the Belgian market. Elia reminds also that the future Guideline on Electricity Balancing is making the cross border procurement of reserves mandatory. The current design proposal was negotiated to consider the local needs of the Belgian providers. It is unclear whether the same design proposal is possible at a later implementation date.
- Elia confirms that as of August 1<sup>st</sup> the maximum capacity of XB providers to Belgium would be 51MW ( $= 70\% * 73\text{MW}$ , i.e., the total Belgian FCR-obligation in 2016, which will change on yearly basis as determined by ENTSOE). If the Belgian players are competitive then Elia will not purchase in XB. In addition the platform opens the opportunities for Belgian players to provide maximum capacities of 90MW to the common market, as this is the ENTSOE OH P1 limit which is applicable & valid today. This 90MW value will change to 100MW in the future when NC LFCR will enter into force.
- EDF Luminus asks whether Elia does not fear to lose MW at a cheaper price and a loss of flexibility. It is not clear what providers can offer in which market (100 – 200 mHz division). The comment by EDF Luminus was not understood by Elia. Elia

invites EDF Luminus to send a concrete example after TF Balancing so that this can be discussed.

- Engie asks whether the bidding instructions in R1 and R2 contracts will be revised as the issues at the time that the contracts were set up are not present anymore (multi-year contracts as there was not enough liquidity).  
Elia explains that the bidding instructions are still having an added value for the procurement of R2. In a combined procurement the rules for the products cannot be separated. Rwe requests to bring the topic of secondary markets on the table within the FCR cooperation once Elia has joined the cooperation.

## - **R1 Road map**

*Thibaut Gérard presents the road map for R1. Today there are 2 contracts and 4 products. The long term objective is to continue the development in Belgium to catch additional flexibility, open to all market players (no longer limited by CIPU). The first steps in the action plan are an opening of R1 load contracts (from sources connected at TSO or DSO level) to all products.*

*New technologies (batteries) will in terms be able to offer R1 as well. Elia underlines that the design for new technologies will be performed in 2016 but the implementation is therefore to be expected not earlier than 2017. Elia will come back to the Taskforce with the results of the study.*

The group discussion includes the following questions and remarks.

- Does Elia expect to get the asymmetric product approved by Europe as a standard product?  
Elia explains that the Network Code on Electricity Balancing only requires standardized balancing products for aFRR and mFRR and not for FCR. The Network Code allows also procuring FCR asymmetrically when this is more economically efficient. However currently in most of EU Countries only a symmetrically FCR product is procured.  
Restore remarks that asymmetric products are becoming more understood. Belgian products are ahead of their time compared to other European countries, so Restore encourages Elia to keep on the fight in this direction. Elia's arguments are in favour of the Belgian providers.
- Engie calls the developments in the IT system ambitious as the evolution of the market conditions and the functioning rules are unclear. At the end there is only 73 MW of R1 in Belgium today, so in the meantime there is still the BSP/BRP system where there is no evolution remarkable yet. So how will this impact other ancillary services? Link to the Transfer of Energy discussion?  
Elia relates this to the CREG study: Elia is currently analysing this study and will spend time on it in the next Taskforce Balancing.
- Yuso requires what is the minimum size to participate in the market in terms of MW?  
Elia: 1 MW
- EDF Luminus & Anode are asking whether for the provision of FCR by flexibility on DSO grids also a DSO prequalification is required. Synergrid explains that the DSOs will launch a public consultation on the FSP contract; this will be a light contract with no prequalification & metering requirements. Synergrid explains that it will be an obligation for the BSP to inform the DSO which access points are active for FCR provision.
- EDF Luminus yet remarks that the administrative procedures for R1 and XB seem to be heavy and requests that we keep this as light as possible.

- EDF Luminus inquires about the financial impact on the BRP: the 3 options for ARP perimeter correction do not compare the same things.  
Elia responds that it is difficult to simulate the exact difference between the 3 different options. However simulations are showing that the added economical value of a perimeter correction is very limited. Therefore Elia will recommend the option 1 (no perimeter correction): this will require an adaptation of the BRP contract.
- FEBEG does not oppose to Elia's position but also underlines that the BRPs would like to have a more detailed analysis presented to them. B. Hebb accepted this comment and explained that Elia will perform some additional simulations in coordination with the BRPs.
- Rwe asks about the penalty rules for the capacity that can be offered abroad. The capacity in Belgium has a predefined penalty rule on not following the signal etc. Which rules will be used for XB?  
XB R1 entails a shift of R1 obligations between countries based on the offered prices. Therefore it is not possible to make a distinction between locally purchased R1 volumes for own initial R1 obligations and those for new obligations taken over from other countries.  
All local R1 procurement that covers the adjusted R1 obligation of Belgium will be treated equally. This is also the case in the other involved countries.

- **XB Balancing info:**

- Feedback Explore
- Status NC on Electricity Balancing and Early implementation

*Bob Hebb firstly presents the status of the Network Codes and the work ongoing in the Balancing Stakeholder Group.*

*Comitology will start in summer 2016. There are currently no specific critical issues for Belgium.*

*Currently there are 4 early implementation projects ongoing*

- *Definition of standard products for mFRR*
- *Definitions of standard products for aFRR*
- *Definitions of Coordinated Balancing Areas (CoBAs)*
- *Cost Benefit Analysis on the harmonisation of the Imbalance Settlement Period*

The group discussion includes the following questions and remarks on the **Network Codes** on electricity balancing and implementation.

- Febeliec highlights that the cost benefit analysis regarding the harmonisation of the imbalance settlement period was not well constructed.
- EDF Luminus asks whether Belgian Providers could offer RR services to other countries if Belgium doesn't join a CoBA for RR.  
Elia explains that the first objective is to create the CoBAs for the exchange of FRR balancing energy in the form of a TSO-TSO model. The NC code foresees an exemption in the form of a TSO-BSP model for the exchange of RR subject to a CBA. This can be considered once the CoBA for mFRR is established.
- Yuso asks when we can expect a common balancing market.  
Elia explains that the deadlines in the latest version of the Guideline on Electricity Balancing will be adjusted in function of the entry into force date. We expect that the first regional markets for mFRR shall be established around 2019-2020.

*Bob Hebb secondly presents the status of Explore. There are several reasons why Belgium, the Netherlands, Germany and Austria work together:*

- *We do not have RR, but we work with fast products.*
- *We consider that beyond 15' the market will take over.*
- *We have the same way of activating balancing energy.*
- *Most of the time we activate only aFRR (> 80% of the time)*

*These similarities are a good starting point to start a COBA, but we also have differences when looking at the details (e.g., BE-NL).*

The group discussion includes the following questions and remarks on **Explore**.

- Rwe asks how market participant can influence the debate on the market design (slide 29). Do they have an opportunity to get involved?  
Elia explains that a stakeholder workshop will be organised in the middle of 2016. A proposed market design shall be presented with an explanation why certain options were chosen. The stakeholders will be able to react on that proposal.
- Restore asks why we focus first on energy products and not on reserve products. Elia explains that the exchange of balancing energy is a prerequisite for the exchange of balancing capacity. Another requirement is a guaranteed availability of XB capacity. Therefore the Explore TSOs decided to start first with the exchange of balancing energy.

#### - **Transparency & Publications Balancing info**

*Alexandre Pitsaer presents modifications in publications regarding:*

- *Wind forecasting*
- *R1 and minute publication*
- *Billable margin*

*Matthias Masschelin presents one new publication on auctions: Publication of total offered volume by August 2016.*

*Feedback on the publication of the price indicator is requested. In case of no negative feedback, Elia will start publishing this indicator by August 2016.*

Elia clarifies and confirms:

- o no publication of volumes per supplier
  - o no publication of negative price indicators
  - o only publications after the auction is cleared
- After a question of Rwe Elia explained that it is currently foreseen to implement the publication of the total volume in August together with other new developments. Elia explained that the total volume publication will not be delayed if there are other possible delays for other topics (e.g., XB delay).
  - Rwe requests whether it is possible to publish historical information on offered volumes.  
Elia believes this will be possible but needs to check with IT.
  - Elia requests **feedback** on the publication of the price indicator.

## - **Blackstart**

*Matthias Masschelin presents the experience of the Blackstart tender from 2015 and information for the new tender that will be published in the coming months. Elia underlines that the current contract provides more flexibility for the market players than is currently used. Based on the experience from 2015 Elia has decided to prolong the period of the tender. The procedure for the new tender is expected to start in the coming weeks.*

- Anode asks what the technical requirements are if we are looking at the option of multiple small units behind one connection point.  
Elia responds that the list of requirements shows the Elia perspective at one connection point. The precise impact on technical requirements of each of a group of units would have to be clarified with the technical experts.  
Rwe expresses its concern as the current suppliers have an advantage because they already did their investments compared to those who try to get into the market.  
Elia acknowledges their advantage but points out that there are other factors that matter as well. Elia has made the planning for the new tender procedure to facilitate the entry of new players.
- Anode asks whether Elia believe the market for Black Start services will ever be competitive and states it may be better to enforce the delivery of the service.  
Elia points out that today the Federal Grid Code requires the organisation of a market tender.
- Elia requests **feedback** on the timeline for the tender as proposed on slide 55.

## - **Future evolution R3**

*Alexandre Pitsaer presents the future evolutions for R3 products and the feedback on the monthly tendering.*

- Restore reminds that during the last Taskforce Balancing there was a proposal for ICH in 2017 and asks what has remained of this proposal.  
Elia explained that the due to new events (SDR, demand side response report CREG) Elia has decided to re-evaluate its position regarding the future evolutions of R3.
- Restore expresses strong opposition to keep ICH as a specific product for TSO clients and states that instead ICH could be opened to the DSO.  
Febeliec reacts that not everybody agrees with this comment: some parties are satisfied with the current product.  
Engie believes the discussion not only concerns ICH but the overall design and the participation of all the types of technology.
- Restore wonders whether the volume that will come back from SDR to ICH will be enough. Restore repeats that today the product is limited to a limited set of consumers while it could be opened. Opening the market would also be in line with the general trend of actions that are to increase liquidity, so why does this not happen for ICH?  
Elia responds that in terms of R3, Elia is doing the analysis but hears different voices. There are recently new studies brought out so we need our time to look into all this. Plus we need to keep in mind that in the end the consumer has to pay. Elia requests some time to come up with a proposal.
- Restore remarks that this concerns a long term exercise.

Elia confirms that all evolutions should be looked at how they fit in a longer term perspective (also driven by the Electricity Balancing Code). Elia's aim is to present evolutions in line with a longer term perspective and not revolutions. This is, amongst other reasons driven by the need to also allow market parties to gradually adapt to changes and to be able to include feedback loops into subsequent evolutions.

- Anode inquires about the bid ladder.  
As the CREG study touches on this subject Elia will come back on this after its analysis of the CREG study.
- Febeliec inquires about the free bids needing a CIPU contract.  
Same remark: As the CREG study touches on this subject Elia will come back on this after its analysis of the CREG study.
- After question of Actility Elia explains that for 2017 no downwards reserves for mFRR will be procured.
- After a question on incompressibility Elia explained that BRPs are responsible to balance their own portfolio. In case BRPs are expecting problems for the upcoming summer, they should take the necessary actions to fulfil their balancing obligation. Elia reminds on the reactive market design concept with single marginal pricing and a focus on adequate incentives (occurrence of negative imbalance prices for structural long imbalances). Since the implementation of those features in 2012 the frequency of incompressibility has dropped significantly.

- **Next meeting date**

The next meeting will be held on March 17, 2016, from 10:00-13:00.

(This would be convenient for attendees who also attend the user group in the afternoon.)