

Minutes of meeting Balancing Taskforce 21/04/2016

List of participants:

Company/association	Name	Present	Excused
Economie Fgov	Claude Adams		X
EDF Luminus	Halida Benaïche	X	
YUSO	Jonas Boury	X	
Vynova	Michel Ceusters	X	
Febeliec	Peter Claes		X
Engie	Béatrice Debacker	X	
Creg	Patricia Debrigode		X
Engie	Bernard Debroux	X	
Engie	Valentijn Demeyer	X	
Edf Luminus	Bram Dewispelaere	X	
FOD	Senne Gabriels		X
Creg	Jacques Gheury	X	
Synergrid	Bruno Gouverneur	X	
Ores	Didier Halkin	X	
Febeg	Steven Harlem	X	
Lampiris	Annabelle Jacquet	X	
Anode	Dieter Jong	X	
Ineco Fgov	Sigrid Jourdain		X
Next-Kraftwerke	Paul Kreutzkamp	X	
Actility	Arnaud Latiers	X	
Edora	Noémie Laumont	X	
Next Kraftwerke	Philippe Lenssen	X	
Creg	Brice Libert	X	
Apxgroup	Rob Loos	X	
Inter-Regies	Marc Malbrancke		X
Economie Fgov	Ludovic Mouffe	X	
Vreg	Pauline Ottoy	X	
Resa Tecteo	Nicky Pirard	X	
Eni	Ludovic Platbrood	X	
Yuso	Bart Pycke	X	
Restore	Geert Ramault	X	
Restore	Peter Schell	X	
Rwe	Ekaterina Sereda	X	
Power Pulse	Hans Taverniers	X	
Febeliec	Michaël Van Bossuyt	X	
Lampiris	Nicolas Vandamme		X

Company/association	Name	Present	Excused
Energy-Pool	Alain Vandevenne	X	
Basf	Eric Verrydt		X
Elia	James Matthys-Donnadieu	X	
Elia	Bob Hebb	X	
Elia	Sofie Van den waeyenberg	X	
Elia	Vanessa De Wilde	X	
Elia	Hans Vandenbroucke	X	
Elia	Kristien Clement-Nyns	X	
Elia	Alexandre Pitsaer	X	
Elia	Manuel Aparicio	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 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 21/04/2016

- Approval of the Minutes of the meeting on 17/03/2016
- Pilot Bid ladder: announcement expert group
- R1 feedback
- Pilot for R2 Load
- Road map R3
- Balancing rules: scope & planning 2016
- Dossier Volumes

- Approval of the Minutes of the meeting on 17/03/2016

The draft minutes of the previous taskforce were distributed by e-mail prior to this meeting; remarks on the meeting minutes could be sent to usersgroup@elia.be. There were no comments received. The minutes are approved by the taskforce. They are published on the website of the task force:

[Link to the minutes of the TF Balancing 17/03/2016 on elia.be](#)

- Pilot Bid ladder: announcement expert group

Hans Vandenbroucke announces the start of a pilot project on the Bid Ladder and the creation of an expert group on the subject.

Elia invites members of the task force to nominate representatives for the Expert Group by 30/04/2016 (e-mail to usersgroup@elia.be)

- **R1 feedback**

Bob Hebb presents the status of the R1 roadmap:

- *the work for R1 asymmetric (TFO grid) is on track,*
- *the work for R1 XB, R1 symmetric and the equivalents on DSO grid is in progress.*

Bruno Gouverneur presents a status report from Synergrid on the public consultation and next steps regarding the FSP-DSO contract.

Summary of the questions and discussion points:

- Elia confirms at a question of Restore that the term 'supplier' is to be interpreted in its general meaning of 'supplier of the service' and not as a specific type of market player.
- CREG confirms to the audience the receipt of the proposal by Elia for the adaptation of the balancing rules. CREG will attempt to take a decision in the beginning of May and a market consultation will follow shortly after.
- VREG adds to the feedback from Synergrid that the VREG has received the responses from the public consultation. The agreement is that the three regulators will work together to process the responses and give feedback as soon as possible (therefore to be expected before the official deadline of May 21st).
- Several task force members (such as Restore, EDF, Anode) request more communication from Synergrid when launching a market consultation, as calls were missed [during the second consultation on this contract \(consultation limited to the annexes\) \[MoM update\]](#) and there is the impression that feedback was ignored. Synergrid states that all interested parties were contacted and therefore request to verify whether the communication did not reach all concerned. No feedback was ignored, but Synergrid did notice (based on the feedback) that there were some misunderstandings.
- EDF finds that there is no use for a contract. Synergrid emphasizes however that the Flemish regulation requires the creation of a contract with the DSO.
- Yuso asks about how the procurement of R1 on DSO level would work: as the units are typically smaller, how will Elia check the conformity of the units, especially if part of a portfolio? What is the minimum size of the offers? It is already foreseen in the procedures how Elia will handle such issues. The minimum size is 1 MW.
- Anode wonders whether an audit procedure as in other countries is possible as this would reduce the need to have new meters installed. This is a valid comment that Elia adds to the questions to be looked at in 2016. The status report of Synergrid only concerns the R1 Asymmetric. As there have been no meetings yet on R1 Symmetric, there is no information to share with the task force on this topic. A meeting will be scheduled soon between TSO-DSO with as aim to fix a planning for the FSP-DSO contract for symmetric R1 reserves.

- **Pilot for R2 Load**

Kristien Clement-Nyns presents the pilot project set up in 2016 to procure R2 load, explaining the purpose, modalities and timeline.

Summary of the questions and discussion points:

- In the presentation Restore misses the link with current discussion in the stakeholder balancing group at European level (advantages and disadvantages of aFRR merit order).

- Restore suggests prioritizing the subject of merit order activation first in the analysis as Restore finds that merit order activation is a prerequisite for load activation. According to them the potential for load will be much higher with merit order activation than without.
Elia explains that this will be analysed as part of the pilot project. One of the objectives is to assess the added value of a merit order activation for load.
- Kraftwerke agrees with Restore and advises Elia to widen the project scope to see who can deliver the service of R2 as the idea is to eventually have one standard product R2 which can be exchanged cross-border.
- Anode also request Elia to not limit the analysis from the start by only looking at one specific technology like load. Anode expects to be able to accommodate all requests from Elia so there is no need for such limitation. Actility puts into question whether merit order activation is secure enough as aggregators do not know where they will be in the order. What is most needed is access to data. Kraftwerke responds that merit order is nevertheless economically the better way to activate, but it does require risk management. There are still discussions ongoing about this topic on European level whether a merit order activation of R2 should become mandatory Restore confirms that in the last stakeholder meetings there were no final decisions taken on this subject.
- Vynova expresses concern about the administrative burden. Regardless of whether the activation is based on merit order or pro rata, load represents a variety of customers (DSO, freezers, ...) with different marginal costs. This variety may make it more difficult to compare offers and consequently suppliers may be asked to mention all the criteria they used to determine their offers for activation. Industrial clients will not be willing to fill in a list of criteria.

Elia repeats that the purpose of the presentation was to announce the pilot project. Several aspects will be studied (merit order, references, metering, etc.). The network codes prescribe the need to design a standard product that is generically accessible for all technologies (including load and production) The goal of the project is to look at the key features in the design for load and gain experience. The results of the project can be used for the design of the generic R2 product.

Given the different spontaneous ideas/suggestions that emerge from the TF members, Elia proposes to organize a dedicated workshop to collect and discuss design/technical features with respect to (aggregated) R2 load. The results of this workshop will be debriefed in the TF Balancing and will be used to refine, where necessary the scope/ToR of the pilot project(s). Elia will take the initiative to organise this workshop.

More, Elia calls for candidates willing to consider participating in a pilot project (via e-mail at usersgroup@elia.be).

- **Road map R3**

Alexandre Pitsaer presents the planned changes for contracted and non-contracted reserves, the impact on auctions, and the suggested options for the monthly auctions (including the feedback received by email from one stakeholder on the subject). As Elia is still analysing different options, timely input from stakeholders is valuable.

Restore started the task force with a comment on the R3 roadmap. The R3DP monthly bids are starting this year, but according to Restore there is hard evidence that competition makes the prices drop even when there are negative price spreads (this is due to full competition between R3 DP and R3 Prod). Restore finds that the requirements of 8h activation for R3 Standard non CIPU is a disadvantage from an industrial perspective. Restore voices formal concern that the prices of generation will increase substantially if DSR cannot participate enough, calls upon a fair competition, and requests to remove unnecessary regulatory hurdles.

Summary of the questions and discussion points after the presentation:

- Engie adds a nuance to the activation merit order: low coordinable I bids are not shown on the slides and are activated at the end of the merit order.
- Anode asks at which voltage level the CIPU DSO units are connected. Elia confirms that there are CIPU units connected in the DSO grid (< 36 kV), as following the criteria they may have a significant impact on the grid or need a CIPU to be able to offer ancillary services.
- Febeliec repeats its remarks which were earlier communicated in previous meetings:
 - It is very difficult for industrial load to participate into reserves products with 100% availability requirements.
 - Concern that there is no activation price for R3 Standard non CIPU included in the 2017 line up.
 - Request to not clear out ICH as it is currently the cheapest source and has proven its value.
- Restore backs up the concern on the lack of an activation price for R3 Standard non CIPU. Non CIPU provide technically feasible options and the activation price would allow a better level playing field.
- Elia is aware of these comments: they will be taken into consideration in the analysis and in discussions with the regulator. Elia reminds that products that are not 100% available are not compatible with creating an EU market. There are alternative solutions to accommodate all concerns (e.g. the alternative is the bid ladder for flexibility for which the availability is not guaranteed).
- Vynova expresses appreciation for the possibility, in terms, to evolve from a monthly procurement to a weekly one, which could also solve concerns about availability.
- Engie asks whether there will still be two separate contracts (similar to today R3 Prod and R3 DP) when there is one R3 GFA in the target model. A secondary market would also be extremely useful as it provides another solution to the 100% availability concern. There should be a total obligation for the R3 standard and R3 flex products. With two settlement systems there is a risk that the same legal entity is exposed to penalties on one contract when there is a no capacity problem on the other. A total obligation would avoid this.
- Elia presents two options for the selection of the R3 Standard volume during the monthly auction. In option A Elia sources a fixed volume of R3 Standard while in option B Elia sources a minimum volume of R3 Standard (volume sourced could be higher than the minimum if price is cheaper than the one of R3 Flex). Elia is asking whether stakeholders are having a preference for one of the both options.
- Anode states that all suppliers capable of offering R3 Standard will also offer R3 Flex (via simultaneous but non-combinable bids). Engie agrees that this will be the result.
- As an industrial client Vynova prefers the presented option A. Option B is expected to give less competition. This comment is supported by Restore.

Elia observes a mismatch between the interest for the products (as indicated by the attendance to the task force meetings) and the feedback received. Elia emphasizes to be very interested in getting feedback; if received on time it can still be included in the analysis.

- The representative from Vynova asks why the feedback given by some industrial customers during an ad hoc meeting with Elia on the R3 roadmap is not included in the presentation. Elia replies that this is because this feedback was not provided as part of the process agreed in the TF Balancing (feedback to be provided by email). For full transparency, Elia will summarize the feedback received during the aforementioned ad hoc meeting and present it to at the next TF Balancing.
- Anode concludes that the proposed road map is definitely the right way to proceed with R3.

Presentation 13/04/2016

Alexandre Pitsaer explains the events on April 13th that caused the imbalance prices to rise up to €1000/MWh. The R3 had to be activated for a period of 5 hours; this indicates the need for a R3 standard product more than 4 hours (therefore the 8 hour product).

- Engie asks whether we can conclude that the Federal Grid Code prescription to follow a non-economic merit order caused the free bids to be activated even though R3 was cheaper.
Elia replies that this is a valid conclusion and supports the motivation to construct the bid ladder.
- Actily asked whether the available Cross Zonal Capacity was increased on the North border as not all nuclear plants in Doel were running. Elia explains that during the whole day the available intraday cross zonal capacity was never completely used by the market.
- Restore finds that the suppliers of regulated volume need to know how long an activation would last. In an industrial logic there is a big difference between an activation of 1 hour or 8 hours. It must be avoided that flex is prepared for a longer period than is needed.
The problems on the 13th of April indicate that that day the BRPs did not take their responsibility despite incentives. Elia cannot inform the suppliers of the expected duration of the activations as prolongation or stop of one activation is decided in real time based on how the system imbalance evolves. This is a characteristic of our reactive balancing approach and fully in line with the principles of the future network codes.
- Restore asks about the volumes that were in the market versus the volumes in the reserves.
Elia does not have these numbers, but all units were running at their maximum at the time.
- Anode finds that the events on the 13th show that in an N-1 situation there is a problem with liquidity. Increasing competition in R3 / free bids would avoid such high prices as €1000 (probably caused by an awareness of the lack of competition at the time). This is an important motivation to speed up the developments of the bid ladder.
- EDF Luminus inquires about the order within the bid ladder.
Elia explains that the order is first R3 Standard, then R3 Flex. Within the standard and flex products Elia proposes to activate first all CIPU reserves via a merit order and then the non CIPU reserves. This implies that, for example, a BSP of R3 standard would be activated before a BSP of R3 flex.

- A representative of the CREG wonders why the R3 Standard CIPU units are activated before the non CIPU units as it does not make sense to pay and contradicts the merit order. Restore replies that in that case an activation price for non CIPU is needed.

- **Balancing rules: scope & planning 2016**

Bob Hebb presents the scope, preconditions, and timeline for the two sets of balancing rules for 2016 (April/May + August/September).

- Anode asks whether it is possible to include marginal pricing in the auction (in the reservation price).
This is an interesting question for Elia, but at the moment there is a pay-as-bid system everywhere in Europe. So this question is typically to discuss on European level (Restore confirms that these discussions are not yet taking place).

- **Dossier Volumes**

Vanessa De Wilde presents the process, methodology, and the results of the dimensioning calculations for the volumes of R1, R2, and R3.

Total system need = System Global = 1183MW (= focus of volume calculation)

Total contracted by Elia = System Standard = 1053MW

Difference = 130 MW (= the non-socialized reserve = System Global - System Standard)

The report will be made available so there is still opportunity to look into it in more detail.

- Anode asks whether Elia actually measures an increase in the forecasting errors, because Anode measures a decrease.
Clarification of the "Additional forecasting errors due to increase of renewable capacity": To the baseline (i.e. residual imbalance observed in 2015) Elia adds the forecasting errors (based on what was observed the previous year) caused by the incremental renewable capacity compared to 2015. There is no observation of an increase in the forecasting errors in se. Contrary, Elia believes that the decrease in forecasting errors as also observed by Anode is caused by an improvement of the forecasting tools.
- Anode has some questions about the calculations and use:
 - The difference between the results of the deterministic and probabilistic approach?
The results of both methods are very close.
 - How does Engie use the non-socialized reserve, only in case of a forced outage of a nuclear unit?
Engie clarifies that it uses the reserve when there is an outage of any of their units, not only the nuclear ones.
- Anode finds that in the past the non-socialized reserve has proven to be very expensive, that the price spikes that were observed could have been lower if the Engie reserve had been available. Anode poses the question whether having a non-socialized reserve is the best economic choice rather than to make this volume available in the market.

CREG reacts that the alternative to the non-socialized reserve would not be a higher availability in the market, but that the volume would be contracted by Elia. The purpose is that the capacity is available for balancing, not that it is available on the day ahead market.

- **Next meeting date**

The next meeting will be held on May 27, 2016, from 14:00-17:00.