

Minutes of meeting Working Group Balancing 27/10/2017

List of participants:

Name	First name	Company/association	Present
Aertgeerts	Arnout	Actility	X
Bayart	Pierre	Rent a Port Green Energy company	X
Braecke	Pascal	Virtual-Power	X
Busschaert	Joost	Virtual-Power	X
Camps	Guido	Rent a Port Green Energy company	X
Ceusters	Michel	Vynova	X
Dalez	Florent	Eni Gas & Power	X
Demeyer	Valentijn	Electrabel	X
Gheury	Jacques	Creg	X
Gilbert	Donald	REstore	X
Halkin	Didier	Ores	X
Harlem	Steven	Febeg	X
Kreutzkamp	Paul	Next-Kraftwerke	X
Libert	Brice	Creg	X
Loos	Rob	Teamwise	X
Maas	Frits	Scholt	X
Marien	Herman	WOM	X
Ottoy	Pauline	Vreg	X
Pycke	Bart	Yuso	X
Robbelein	Jo	FOD	X
Schell	Peter	Restore	X
Selderslaghs	Katrien	FOD	X
Taveniers	Hans	Power Pulse	X
Van Bruwaene	Mattijs	EDF Luminus	X
Van Bossuyt	Michaël	Febeliec	X
Van Melkebeek	Wouter	Engie	X
Vandevenne	Alain	Energy-Pool	X
Verrydt	Eric	Basf	X
Williame	Jean-François	Eon-benelux	X
Matthys-Donnadieu	James	Elia	X
Hebb	Bob	Elia	X
Vanbaelen	Pieter	Elia	X
Van den waeyenberg	Sofie	Elia	X

Pitsaer	Alexandre	Elia	X
Leroux	Amandine	Elia	X
Orfanos	Aimilios	Elia	X
Vandenbroucke	Hans	Elia	X
Clement-Nyns	Kristien	Elia	X
De Vos	Kristof	Elia	X

Minutes of meeting:

All agenda items were supported by presentations prepared by Elia. The slides serve as background for these minutes and can be found on the Elia website under

http://www.elia.be/en/users-group/Working-Group_Balancing/Agenda-ad-hoc-werkgroep-balancing

Agenda of the WG Balancing meeting on 27/10/2017

1. Approval of the minutes of the meeting on 21/09/2017
2. R2-non CIPU: Status update
3. R3: Merit order activation implementation
4. Enquiry New GFAs FCR, aFRR, mFRR: update
5. iCaros project: update
6. Transfer of Energy Implementation
7. Marginal Pricing of activated balancing energy: start of the consultation
8. Dynamic dimensioning of reserves
9. AOB

1. Approval of the minutes of the meeting on 21/09/2017

The draft minutes of the previous Working Group were distributed by e-mail prior to this meeting. No comments were received and the final version is available on the Elia [website](#).

2. R2-non CIPU: Status update

Kristien Clement-Nyns presents preliminary, intermediate results on the R2 non-CIPU pilot project. Final results will be published on the Elia website under the form of an official report in December 2017.

- Elia presents the first conclusions on the pilot project
 - The results of the participation phase are presented. All 3 parties have achieved in the end of the participation phase activation results and a baselining methodology with an acceptable level of quality;
 - The three project partners have demonstrated that non-CIPU units can be technical capable in participation in the aFRR market and thus in delivering aFRR.
- There are several lessons learned:
 - The importance of the baseline and its granularity;
 - The pilot project has demonstrated that there's a learning curve for participants with limited experience for aFRR delivery. This is a very important take away for future new entrants to avoid them facing compliancy issues in the beginning;
 - Short term procurement cycles for the aFRR market are important to enable the participation of certain technologies. These conclusions are in line with the R2 wind pilot project (predictability of wind conditions): BSP's might benefit from shorter term procurement cycles, as this gives the possibility to better forecast availability of certain technologies which are subject to external conditions (weather, seasonal changes, etc.).
- Elia underlines that the current project for R2 non-CIPU is only a Proof-of-Concept. It must be noted that non-CIPU production will not yet be able to participate in the R2-market as from 2018. The actual design of the R2 product (plus an implementation plan) will be developed and consulted upon in 2018, including a feasibility-study on the technical implementation of transfer for energy in the R2 market. The current estimate shows that an ambitious implementation plan may be ready by end 2019 early 2020.
- YUSO demands more explanation regarding the modalities of the financial compensation between different market parties. There will be different volumes settled at different prices between parties in different circumstances. YUSO requests to include some practical

examples in the report of the R2 non CIPU pilot project, for example which baseline shall be used for the volume calculation of each party.

- Regarding the baseline and transfer of energy, Elia explains the need to address the full picture. A first step is to investigate how transfer of energy would work for aFRR. Following the research performed in the framework of the PoC, Elia believes that this is possible from a theoretical point of view. Another question is whether this can work in practice considering the massive amount of data which needs to be considered for aFRR. A transfer of energy design and implementation plan for the aFRR market is to be expected by the end of 2018.
- Next Kraftwerke requests to:
 - show compliancy rates for the whole period, rather than only the final weeks of the first phase of the participation phase
 - show compliancy rates of both phase (phase A, phase B) of the participation phase.

Elia replies that more detailed results (on # phases and periods) will be included in the final report.

- Elia highlights the different technologies which have been used in the pilot project: discrete activation via multiple waterpumps (ON/OFF) and a continuous activation which consists of ramping up or down with small generation units.
- Elia underlines the huge amount of data (+- 100,000 values per delivery point/day) that needs to be processed for settlement purposes and questions the added value of the notification message to the ARP_{source} in real-time for aFRR activations, as – due to the nature of the R2 product – no ex-ante information can be given for the next 15 minutes on the volume and length of activations.
- Febeliec request whether or not it will be a merit order of activation or pro-rata for the opening of the R2 non-CIPU.

Elia responds that the participation of the non-CIPU units in the R2-market should be made possible and a merit order activation is considered as one of the important pre-conditions. The implementation of a merit order activation is also a requirement of the European Guideline on Electricity Balancing. More details on the design and implementation timing will be included in next-year design of the R2 market.
- Next Kraftwerke and Actility thank Elia for the good cooperation during the pilot project. Elia from its side also thanks all the project partners for the very good cooperation.

3. R3: Merit Order activation implementation

Alexandre Pitsaer presents the mFRR evolutions in 2018 regarding Activation price R3 non-CIPU, Merit order mFRR and startup cost for CIPU units.

- Focus of the presentation
 - Activation price and transfer of energy for R3 non CIPU;
 - Merit Order mFRR: merit order of activation between free bids and R3 (Std/flex);
 - Start-up cost CIPU units
- Elia explains the impact of an activation price on the energy limits defined in the R3 Flex product (counter of number of activation / month and neutralization time between two activations).
 - As of 1/1/2018 existing counters still work at contract level. Indeed all bids submitted by a given BSP will be aggregated at contract level for activation (bids have no price). Also BSPs have no reason to split their pool in different bids in absence of activation price;
 - As of Q4 2018 (subject to ToE for R3 non-CIPU): activations will occur at bid level because each bid will potentially have a different price. As a result adapted activation counter and rules to calculate neutralization time between two activations for R3 Flex need to be introduced.
- FEBEG asks whether the proposal that R3 flex will be still activated at the end of the merit order list will be included in the Federal Grid Code. Elia explains that the Grid Code will have no specifications regarding this. The order of activation of mFRR-products (including R3 Flex) will be entirely described in the Balancing Rules, approved by CREG.
- EDF Luminus asks why in the past start-up costs (CIPU units) were not included in the Merit Order ranking and in the imbalance tariffs.

Elia responds that it is because of historical reasons. As R3 was only activated a few times per year always at the end of the merit order, this simplification was acceptable. However, with the introduction of a common merit order between free bids and R3 Standard (for CIPU and non-CIPU) it becomes important to take into account all costs (energy cost and startup cost) to build the merit order.
- Elia explains that the feedback received from market parties regarding merit order activation was very valuable. Based on the feedback received from the different stakeholders Elia concludes that the integration of the flex product into a merit order list together with R3Standard and non-contracted bids is not optimal. Therefore Elia will propose, as an intermediary solution awaiting a more fundamental redesign of the R3 product by the end of 2019, to implement only a merit order activation between R3 standard & non contracted bids by the end of 2018.

- Elia explains that it is currently developing an update of mFRR roadmap for the coming three years, which will explain in depth the stepwise approach to comprehend the global picture of the evolutions to come. Before the end of 2017 this update roadmap shall be presented to the Working Group Balancing. One of the key questions will be whether there is still room for using an R3Flex product in the future. Elia recognizes that a product cannot be canceled at once. A sufficient long transition period is necessary (as was done for ICH)
- Febeliec responds that it wishes to be included in the discussions regarding the mFRR market and the evolution towards a generic mFRR product (and thus for example the disappearance of R3 Flex).
- Febeliec indicates that it has not yet received the MARI questionnaire and generally demands more clarity regarding the subject.
Elia confirms that it is aware of the fact that the MARI-questionnaire has not yet been communicated and replies that it will provide more clarity via the mFRR roadmap publication at the end of the year.
- Teamwise asks whether or not a start-up cost will also be included for non-CIPU units. Elia replies that it should be included in the bidding and that the inclusion of start-up costs for CIPU units is also a transitory measure that exists for historical reasons, as the mFRR market will evolve toward more generic products.
- EDF Luminus raised a remark on the fact that the startup costs of R3 open cycle units could generate bumps in imbalance prices as suddenly startup costs will also need to be included. Indeed it is correct that during the first QH when a unit is started the imbalance price will be higher, but this could even happen today when bids are offered at a very high price. The implementation of a merit order activation will mitigate the risk of having bumps in the imbalance price.

4. Enquiry New GFAs FCR, aFRR, mFRR: update

Aimilios Orfanos presents to be expected updates of the GFA's for 2018.

- On the short term, the GFA's to be updated for 1st of January 2018 are
 - FCR CIPU & non-CIPU
 - R2
 - R3 CIPU & non-CIPU
 - R3 Non-Reserved
- Actility asks if the availability test (25 minute test signal to be followed) for R1 can be revised. If one currently misses the start of the test and afterwards is able to follow the test signal, one has a 100% penalty rate.
Elia asks to make this remark officially during the consultation phase, so that it can be processed (and afterwards commented upon) together with all other comments.

- Next Kraftwerke asked for some clarifications on the 120 sec period added to the beginning of the FCR Availability Test and what is meant by “stabilization”.
- Febeliec demands whether or not proposed modifications, for example adaptations in the GFA for R3 non-reserved can be send towards all members of the Working Group Balancing, not only those participants who have a contract with Elia. Febeliec indicates that important adaptations in the GFA’s are the concern of all market parties.
Elia responds that adaptations in the GFA under no circumstance influence general product design. Elia further points out that all framework agreements (GFA’s) of all the products are published on the Elia website and are continuously available.
YUSO supports the opinion of Febeliec that all market parties should receive adaptations of the framework agreement and that the contractual split between market parties (aggregators, ARPs, etc.) can cause that adaptations in one contract influence other market parties who are not aware.
- Elia finally explains that the split between ARP’s and BSP’s is something that is imposed on European level and that the migration towards T&C BRP/BSP directly also implies a clear split between those two market roles. Elia will internally discuss if all adaptations can be send to members of Working Group Balancing. Elia states that all questions (roles and responsibilities of the market parties, etc...) with regards to the terms and conditions BSP/BRP will be discussed in 2018.
- Next Kraftwerke asks whether it is possibly to publish a list of the active BSPs per product. However BSPs should be allowed to choose to be included in this public list (or not).
- Elia reminds participants that BMAP and STAR information sessions are planned on the 20th of November 2017.

5. iCAROS – Status update

Sofie van den waeyenberg presents a status update on the iCAROS project and discusses planning and next steps.

- Elia highlights the main feedback it received from Task Force iCAROS; in general market parties request more clarity regarding the definitions of asset types and the scope of the iCAROS design note. Elia will examine this the coming weeks and offer more clarity regarding these subjects.
- Elia will provide a general overview for all affected market parties, in order to have a clear general framework that puts iCAROS in the bigger picture and links it with other projects involved.
- FEBEG asks whether or not some sort of bilateral consultation can be made before the design note is published at the end November/beginning December 2017. Elia takes note and replies it will come back to FEBEG to find a solution.
- There is also a concern on implementation. Elia acknowledges and understands this concern. Elia explains that it will, as of early 2018, set up workshops with all involved

parties in order to jointly assess what a realistic but yet ambitious implementation plan could be, taking into account all relevant constraints.

- Febeliec asks clarification to the CREG with regards to implementation data and entry-into-force of European Guidelines. CREG responds that it takes note and it will provide clarity.
- Elia stresses that there is a clear distinction between the Scheduling Agent (SA) and BRP and as such the role of Scheduling Agent does not include the BRP responsibility. A clear distinction is essential.

6. Transfer of Energy Implementation – Status update

Hans Vandenbroucke presents a status update on the implementation for Transfer of Energy.

- Restore asks whether a transfer of energy, as from April 2018, also includes R3 non-CIPU. Elia replies that the first phase covers the non-contracted tertiary reserves (Bidladder) and that a second phase, which is planned for Q4 2018, covers the implementation of transfer of energy for contracted tertiary reserves (thus R3 non-CIPU). Elia points out that the following documents will be consulted for non-contracted tertiary reserves:
 - ARP contract
 - Regels voor Energieoverdrachtand are expected to enter into force as from April 2018. In a second phase both documents will need to be adapted to include the contracted tertiary reserves.
- Restore asks whether or not the design for transfer of energy is the same for contracted and non-contracted reserves. Elia replies that indeed both designs are the same as both products compete in the same merit order and same transfer of energy rules apply. However Elia needs to formally indicate for which segments the Transfer of Energy rules will become active
- YUSO asks to the CREG what will happen if there is no bilateral agreement between Supplier and FSP. How will the default price be determined? CREG replies that it is working on a document that will clarify the standard price formula. This CREG proposal entails the following 3 steps:
 1. Informal document that will be pre-consulted with the market before the end of 2017
 2. Official document that will be publicly consulted
 3. Final decision of CREG
- EDF Luminus asks what will happen if a delivery point has a pass-through contract with its respective ARPsource; if the FSP activates flexibility with the delivery point in question, will it be eligible for transfer of energy or not? CREG replies that this aspect will be included in the document (w.r.t standard price), communicated before the end of the year.

- Elia underscores that transfer of energy will be applicable on net-offtake determined at level of the delivery point
- Electrabel demands how the transfer of energy volumes can be checked (regarding the activated energy in the Suppliers' portfolio). Elia replies that data is communicated on an aggregated level (per FSP) per quarter-hourly basis to guarantee confidentiality.

7. Marginal Pricing of activated balancing energy: start of the consultation

Bob Hebb announces a public consultation on Study on paid-as-cleared for aFRR & mFRR activated energy

- Public consultation is open and the draft study can be found on the [Elia website](#).
Consultation period : 23/10/2017 - 20/11/2017
- A dedicated workshop is organized on **Wednesday November 8th** and the final report will be published **End 2017** on Elia's website (WG balancing).

8. Study on Dynamic Dimensioning of the FRR needs

Kristof De Vos presents main results of the dynamic dimensioning of reserves study and elaborates on the next steps.

- Elia highlights that the results of the proof of concept show that dynamic dimensioning performs better than the current 'static' method, offering better and secure FRR during higher risk periods, while resulting in an average reduction of the FRR needs.
- Elia stresses that static sizing will become more and more unsuitable for the future, and that an evolutions towards dynamic dimensioning is essential to deal with extreme events which are expected to occur in future systems with high renewable generation.
- Actility asks how historical data is used to construct scenarios for the proof of concept. Elia replies that historical data is used ('15,'16,'17) and is transposed towards 2020, taking into account new foreseen commissioning of renewables/generation.
- Elia underscores the importance of daily procurement of reserves when evolving towards dynamic dimensioning of reserves.
- The study with regards to the Dynamic Dimensioning is published on [the Elia website](#).

9. AOB

- Elia announces that a new Task Force Balancing will be organised at the end of November 2017.