

## Minutes of meeting Working Group Balancing 20/02/2018

### List of participants:

Name	First name	Company/association	Present
Bayart	Pierre	Rent a Port Green Energy	X
Bleuze	Philippe	Veolia	X
Braecke	Pascal	Virtual Power	X
Busschaert	Joost	Virtual Power	X
Chafaqi	Laila	EDF Luminus	X
Coppin	Xavier	Engie	X
Dalez	Florent	Eni Gas & Power	X
De Raeve	Karel	Airliquide	X
De Wachter	Jeroen	Rent A Port Green Energy	X
Debrigode	Patricia	CREG	X
Devillet	Marie	Resa	X
Feneuil	Guillaume	Energy-Pool	X
Gabriels	Senne	Cogen-Vlaanderen	X
Gheury	Jacques	Creg	X
Gilbert	Donald	REstore	X
Kreutzkamp	Paul	Next-Kraftwerke	X
Latiers	Anaud	Actility	X
Loos	Rob	Teamwise	X
Parys	Valentin	Lampiris	X
Pycke	Bart	Yuso	X
Selderslaghs	Katrien	FOD Economie	X
Van Bossuyt	Michaël	Febeliec	X
Van Bruwaene	Mattijs	EDF Luminus	X
Vandenkerckhove	Olivier	Engie	X
Verrydt	Eric	Basf	X
Williame	Jean-François	Eon-benelux	X
Matthys-Donnadieu	James	Elia	X
Hebb	Bob	Elia	X
Vanbaelen	Pieter	Elia	X
Leroux	Amandine	Elia	X
Orfanos	Aimilios	Elia	X
Vandenbroucke	Hans	Elia	X
Pitsaer	Alexandre	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](http://www.elia.be/en/users-group/Working-Group_Balancing/Agenda-ad-hoc-werkgroep-balancing)

**Agenda of the WG Balancing meeting on 20<sup>th</sup> February 2018**

1. Approval of the minutes of the meeting on 30/11/2017
2. Workplan 2018
3. Transfer of Energy: status update
4. Terms and Conditions BRP/BSP
5. R3 Next steps for 2018
6. AOB
  - Black Start Tender
  - Publication of BSP list on elia.be

## 1. Approval of the minutes of the meeting on 30/11/2017

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. Workplan 2018

*Bob Hebb presents the Workplan for 2018 and the received feedback from the stakeholders regarding the Roadmap 2017 & beyond.*

### Overview proposed roadmap 30/11

- Elia foresees a gradual implementation of daily procurement, down & upwards dynamic dimensioning and marginal pricing for mFRR.  
Febeliec questions the added value of marginal pricing if no adequate liquidity is present in the Belgian balancing market.  
Elia underlines the precondition of a well-functioning liquid mFRR market before marginal pricing can be implemented in 2019. Elia replies also that marginal pricing must be applied once Belgium is joining the EU platforms for the exchange of balancing energy. The implementation of marginal pricing locally can be considered as an interim step to prepare the market for the regional rules.  
Febeliec demands to add this precondition of well-functioning liquid mFRR market on the slide and Elia takes note of this remark.
  - Yuso demands more clarification what is meant with the topic 'separate procurement FCR/aFRR (study in 2018).'
  - EDF asks more information with regards to the phasing out of the R3 flex and R3 standard product into one generic mFRR product.
- Elia replies that at the start of this year it will start studying a separate procurement of FCR and aFRR reserves. Currently both reserves are procured together in one single auction with a total cost optimisation.
- Elia replies that the mFRR market will evolve towards one generic product. Also the European guidelines push towards a standardized mFRR product. Elia underlines that from a market perspective one generic mFRR product is better than having a split between R3 flex on the one hand and R3 Std on the other hand. The phase-out will be discussed in the light of the study on dynamic procurement of reserves.
- Febeliec replies that Elia always underlines the importance of participation of demand response, but that in meanwhile it changes its balancing products too often. Febeliec points out that without stabile products, it is very hard to convince clients to participate in the balancing market. Febeliec states that the cease of ICH resulted in flexibility that was pushed towards the R3 Flex products, which is now planned to be phased out.
- Elia concludes that the move towards a generic R3 product will be discussed in the light of dynamic procurement with the market actors later in 2018, and takes note of the importance of the transfer of R3 flex volumes towards the new mFRR generic product.

### **Stakeholders feedback: Roadmap 2017 & Beyond**

- Actility underlines that the opening of the aFRR market towards non-CIPU units should be considered to be implemented on a shorter timeframe.  
Elia explains that aFRR will be opened to non-CIPU via a new generic aFRR product design. This is a time consuming project as fundamental changes in the EMS system need to be made and new business processes need to be developed. Adding an intermediary step where non-CIPU can participate via a specific non-CIPU aFRR product is not considered as an efficient decision as this will also take a considerable development time and this would have a detrimental effect on the implementation planning of the aFRR generic product.
- Febeliec indicates that it made comments already on the roadmap during the last Working Group Balancing. Elia replies that it trust that these comments have adequately been reflected in the minutes of meeting of that Working Group, as these have been validated in the meantime.

### **aFRR design**

- YUSO demands whether Elia envisions an energy-neutral design for the aFRR market and asks the principal objective of the redesign of the aFRR market.  
Elia replies that one of the main objectives is to open the aFRR market for all technologies, all market parties and all voltage levels in order to attract more volumes. aFRR is considered the most important balancing product and Elia will need the flexibility in the future as large spinning reserves will be often not in the market due to the development of new technologies (for example renewables).
- Yuso demands whether Elia will design a "flex" product for aFRR for technologies with technical limitations.  
Elia replies that it will likely procure each day 6 times a generic 4-hour product for the next day. Elia believes that standardized products contribute to market liquidity and underlines that the European Guidelines are also strongly pushing towards standardized products.  
Yuso demands whether technologies with energy constraints will be capable to participate in the aFRR market.  
Elia concludes that Elia envisions a technology-neutral design where all technologies can participate individually or via aggregation

### **R1/R2 procurement**

- Febeliec demands whether there will be multiple workshops organized in April-May with regard to R1/R2 procurement  
Elia replies that it will need to be determined and that it will send out the invitations well in advance.

### **LFC Block Agreement**

- Febeliec demands whether reserve restoration procedures will also be in scope of the LFC Block Agreement and whether this will be discussed prior to the public consultation which is planned in July-August 2018.  
Elia replies that if there is a need, this topic can indeed be discussed in the Working Group Balancing.

### **Regional and European balancing market integration**

- Elia stresses that the content of European stakeholder workshops will not be re-discussed in the WG BAL unless there is an explicit need from the members of the Working Group Balancing,.
- Febeliec demands whether there is a decision or final design available for the Picasso and/or MARI-project.  
Elia replies it will internally check the status of the Picasso and/or MARI-project and adds that in any case all the latest information will be communicated in the workshop of 26<sup>th</sup> of March.
- YUSO demands whether the workshops for Picasso and/or MARI-project foreseen in June 2018 will also involve design aspects.  
Elia replies that it will first internally check it. (post-meeting note: the current scope is to explain the implementation framework and to provide further design elements regarding pricing and settlement topics)
- CREG asks the Working Group Balancing to actively participate in the consultations on European level; according to CREG this is the most efficient way to let your opinion be heard.

### **3. Transfer of energy: status update on public consultation**

*Hans Vandenbroucke presents the feedback from the public consultation of the transfer of energy and discusses the updated planning for the go-live of transfer of energy*

- Febeliec does not agree with the proposed phased-approach in the rules for transfer of energy and believes that the feasibility studies are planned too late. Furthermore, Febeliec underlines the importance of a transfer of energy for the day-ahead and intraday market.  
Elia replies that the proposed phased approach is in line with the roadmap on the products. Moreover, when introducing ToE in DA/ID markets, this requires a close investigation of the currently applied principle of the so-called mutual exclusivity. According to this principle a simultaneous delivery of flexibility at the same delivery point is not allowed for products mFRR, aFRR and SDR. A combination of flex being offered on DA/ID and the balancing products requires a thorough study on the feasibility and

assessment of the potential bias on baselines due to concurrent activations. This is planned in line with the timing provided in the ToE-rules, under section 5.

- Febeliec comments that a short public consultation of two weeks during Eastern Holidays makes it difficult for market actors to react on the public consultation.

Elia takes note and is aware of the short timing of the public consultation. Elia underlines that this short public consultation period is opted for in order not to further delay the implementation of the ToE and to account for the one month period, assigned by CREG, to submit a reviewed version of the ToE-rules, taking into account the modification due to the CREG decision.

Elia stresses that a risk has emerged regarding a recent proposal that has been drafted for a change in the proposal for a Regional Decree, which aims for a submission of baseline by the regional regulator Cwape and approval of the baseline by the Walloon Government. Elia underlines that such an approval process of the baseline could, amongst others, cause potentially different baselines per region and per voltage level, disrupting the overall development of the Belgian balancing market and delaying Elia's roadmap. It is important that the Flexibility Requesting Party proposes baselines in order to determine the delivered energy for the service it is requesting.

All members of the Working Group Balancing take note of the importance of this subject, and agree with the serious concerns of Elia that baselines related to products/markets organized nationally and under the supervision of the CREG are part of a product design under the supervision of the CREG. It could not be that these baselines have to be approved by a regional authority. All members of the Working Group Balancing agree that this needs to be closely followed-up.

- FEBEG demands more clarification regarding the standard price used for the financial compensation between FSP and the Supplier.

CREG replies that currently a public consultation is ongoing with regards to Art. 19bis §3-5, in which the methodology for a standard price formula is clarified. CREG further explains that there is no financial transfer from the FSP to the ARPSource. The financial compensation is organized between the FSP and the Supplier. CREG remarks that the financial compensation between FSP and Supplier should preferably be the result of a bilateral negotiation between both market parties (this is the proposed model by CREG: bilateral contractual model) Only if the parties (FSP and Supplier) do not succeed to agree on a bilateral price w.r.t. the financial compensation, a default standard price will be set. The modalities there too are specified in the decision by CREG on art 19 bis, §3-5.

#### **4. Terms and Conditions BRP/BSP**

*Hans Vandenbroucke presents the structure of the new T&C BSP and T&C BRP and discusses the timing of the upcoming public consultation.*

- Febeliec demands how Elia will handle the fact that the current Federal Grid Code will not yet been approved, while in the same time it will submit the T&C BSP and T&C BRP to CREG for approval.  
CREG replies that the T&C BSP and T&C BRP which will be submitted to CREG are a proposal, together with a proposal for the entry into force. CREG envisages an entry into force of the T&C BRP and T&C BSP for end of March 2019, which is close to the foreseen entry into force of the Federal Grid Code.
- FEBEG inquires why there are three different Terms and Conditions BSP per product.  
Elia explains that this in line with principle to ensure a maximum recognition to existing signatories and underlines the importance of a clear relation between the new contracts (incl. Terms and Conditions) and the existing contracts (ARP contract, GFA's for balancing products) to facilitate the comparison. Hence 1 BSP contrat per product (FCR, aFRR and mFRR)
- FEBEG indicates that it was thinking about one large document, containing both the T&C BSP and the T&C BRP.  
Elia states that a clear split between the role of a BRP and BSP must be made as these are 2 different roles, potentially executed by 2 different legal entities. As such, these documents cannot be merged into one document. This is also in line with the European Guidelines for Electricity Balancing.. The Terms and Conditions are just a change in format, but no change in content is to be expected.

#### **5. R3 Next steps for 2018**

*Alexandre Pitsaer presents the new functionalities for mFRR in 2018 and discusses planning and next steps.*

- EDF Luminus demands whether the maximum bid size is already know for the R3 non-CIPU product.  
Elia replies that the maximum bid size will be specified in the R3 design note, which will be released by the end of March 2018.
- Actility demands more clarity regarding the COMBO rules for Bidladder, R3 Std and R3 Flex.  
Elia explains that one delivery point (identified via an "EAN") can be used in bids of the different products Bidladder, R3 Std and R3 Flex however it cannot be in multiple bids of the same product (eg: DP A can be in one Bidladder, one R3 Std and one R3 Flex bid but cannot be in multiple Bidladder bids not multiple R3 Std bids nor multiple R3 Flex bids). These COMBO rules will be clarified in the R3 design note.
- EDF Luminus remarks that the activation penalties in case of a COMBO will be an attention point and demand how Elia will do this in the future.

Elia remarks that currently the combination of Bidladder and R3 is already possible and a rule has already been defined in the General Framework Agreement.

- EDF Luminus requests whether the availability check will be performed on the level of the pool or on level of the bid for R3 non-CIPU?

Elia states that availability checks will be performed on the level of the pool. Furthermore Elia explains that in the future Elia will work with ad-hoc activation tests. However, ad-hoc activation tests will not be implemented in 2018 but will be considered for a later release.

- EON demands more information regarding the logic behind the Balancing price cap.

Elia explains that EU Commission has requested the Administrative Imbalance Price of the Strategic Reserve to be superior to the maximum intraday price (9 999,99 €/MWh). Elia has therefore proposed an Administrative Imbalance Price of 10 500 €/MWh. As an increase of AIP also means an increase of the price cap of the balancing market, Elia proposed a cap of 13 500 €/MWh for the balancing bids.

- Engie asks more information w.r.t. to the impact of the increase in the new bid cap for balancing bids in case that activation bid is selected at a value of 80 percent of the balancing market bid and whether there is a link with the discussions of the day-ahead market caps.

Elia explains that this rule allows the balancing price cap to become dynamic and hence to be increased if deemed necessary (after analysis and approval by the CREG).