

## Minutes of meeting Working Group Balancing 16/10/2018

### List of participants:

Name	First name	Company/association	Present
Adigbli	Patrick	Restore	X
Anciaux	Pauline	FOD	X
Bayart	Pierre	Rent a Port Green Energy	X
Busschaert	Joost	Virtual Power	X
Camps	Guido	Rent a Port Green Energy	X
Chafaqi	Laila	EDF Luminus	X
Debrigode	Patricia	CREG	X
Demeyer	Valentijn	Scholt	X
Geury	Thomas	Greenwatch	X
Gheury	Jacques	CREG	X
Gilbert	Donald	Restore	X
Gouverneur	Bruno	Synergrid	X
Jong	Dieter	Eiya	X
Kreutzkamp	Paul	Next-Kraftwerke	X
Libert	Brice	CREG	X
Loos	Rob	Aspiravi – Energy	X
Luyckx	Wim	Statkraft	X
Meynckens	Geert	Restore	X
Platbrood	Ludovic	FEPEG/Eneco	X
Pycke	Bart	Yuso	X
Sereda	Ekaterina	RWE	X
Van Bossuyt	Michaël	Febeliec	X
Van Bruwaene	Mattijs	EDF Luminus	X
Van Melkebeek	Wouter	Engie	X
Weyns	Cedric	Actility	X
Taverniers	Hans	Power Pulse	X
Matthys-Donnadieu	James	Elia	X
Hebb	Bob	Elia	X
Vanbaelen	Pieter	Elia	X
Leroux	Amandine	Elia	X
Tsiokanos	Anna	Elia	X
Van den Waeyenberg	Sofie	Elia	X
Aimilios	Orfanos	Elia	X
Zenner	David	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**

1. Approval of the minutes of meeting on 10/09/2018
2. Feedback aFRR consultation
3. Feedback consultation mVAR
4. Adaptation of the alpha-component in the imbalance price
5. Opportunities to mobilize additional flexibility for the winter-period 2018/2019
6. AOB
  - a. Publication ToE-rules

#### **1. Approval of the minutes of the meeting on 10/09/2018**

The draft minutes of the previous Working Group were distributed by e-mail prior to this meeting.

No comments were received and the MoM can be found on [Elia's website](#).

#### **2. Feedback aFRR consultation**

*Kristien Clement-Nyns presents the feedback received from the stakeholders on the aFRR design note and Pieter Vanbaelen presents the feedback received on ToE-related aspects of the new aFRR-design.*

- Febeliec asks more explanation on why a combo is only allowed in case of unit-based bidding.

Elia replies that the same delivery point can both qualify for the delivery of aFRR as for mFRR and that a delivery point can be attributed to a mFRR or aFRR bid close to real time. However, during one quarter-hour of activation (i.e. the validation period) only those delivery points which are part of a unit-based bid (one delivery point in the bid) can deliver both aFRR and mFRR. A simultaneous activation for aFRR and mFRR is excluded for those delivery points which are part of a portfolio bid.
- Restore asks whether Transfer of Energy ("ToE") will also apply to simulation tests for aFRR.

Elia replies that ToE will also apply in case of simulation testing, in parallel to the modalities that are in place for the mFRR market.

Restore remarks that tests aren't remunerated by Elia resulting in a cost for the BSP in case of ToE.

Elia agrees and explains that the costs for simulation tests need to be covered by the BSP.

- EDF Luminus remarks that marginal pricing can only be implemented when there is sufficient liquidity.  
Elia replies that we will stay with pay-as-bid for the remuneration of the aFRR-service and we will wait indeed until sufficient liquidity is observed before implementing pay-as-cleared.
  
- EDF Luminus comments there is a risk of losing flexibility (on level of the power plant) if the baseline needs to be send one minute in advance because this way the baseline can no longer be optimized in real-time.  
Elia clarifies that in order to avoid risk on gaming, a baseline one minute before real-time is the closest to real-time possible. Furthermore, Elia is of the opinion that this is a good starting point and will reassess the baseline after one year, based on past experiences.
  
- Next Kraftwerke asks how it could be that a CIPU unit cannot know its baseline one minute before real-time.  
EDF Luminus replies that CCGT is optimized in real-time and that today the reference power in real-time is taken as a baseline.

### **3. Feedback MVAR consultation**

*Aimilios Orfanos presents the feedback received from the stakeholders on the public consultation regarding the MVAR service.*

- Febeliec indicates that there is also a need to clarify roles and responsibilities for industrial clients where there is a discrepancy between RfG and DCC.  
Elia takes note of this need and will clarify the note on the MVAR service accordingly
  
- Febeliec asks which next steps are foreseen after the consultation report.  
Elia replies it will publish a new report by the 31<sup>st</sup> of October. In a next step this report will be discussed and submitted with CREG. Elia will present next steps to the WG Balancing once there is more clarity on the timing.

### **4. Imbalance prices: Modification alpha component**

*Bob Hebb presents Elia's proposition on the modification of the alpha component.*

- Elia underlines that the case (12<sup>th</sup> of December 2017) presented on slide 37<sup>1</sup> shows a clear risk from a system security point of view. The example shows a situation where the imbalance price does not give sufficient incentives to the ARP's to balance their balancing

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<sup>1</sup> The presentation can be consulted on Elia's website via the following link: [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)

perimeter resulting in large structural system imbalances. Therefore Elia proposes improvements to the alpha component, in order to avoid that such situations would result in higher reserve volumes that need to be procured by Elia.

- Febeliec asks what caused such an event to occur on this 12<sup>th</sup> of December 2017. Elia replies that no specific event (forced outage, connection loss,...) lied at the basis but that wind production was lower than initially forecasted.
- EDF Luminus remarks that there is a risk that flexibility (in the balancing market) will no longer be offered to Elia if the alpha-component becomes too high. Elia replies that a step-wise approach for implementation will be followed, since also the evolution to marginal pricing and the implementation of a full merit order for mFRR needs to be taken into consideration.
- YUSO supports the proposal and finds it positive that a single price for long and short positions is proposed by Elia.
- Febeliec asks how the decision procedure at CREG works, whether it is related to the tariff methodology or that it will be similar to an adaptation of the balancing rules. CREG replies that the balancing rules describe how the imbalance price is determined, but that the impact of the alpha component is described in the tariff methodology. An adaptation of this alpha component is therefore a tariff decision, but CREG remarks that there is not much difference in terms of timing for approval between both approaches.
- RWE asks whether Elia performed a simulation to check how the alpha would change according to the newly proposed formula. Elia refers to slide 45 of the presentation and emphasises that the focus lies on reducing those situations where imbalances go above 140 MW. Furthermore, Elia proposes to foresee additional statistics on the expected impact.

Stakeholders are requested to give feedback on this proposal prior to next WG Balancing

##### **5. Backup flexibility winter 2018-2019**

*Anna Tsiokanos presents the topic of 'Backup flexibility for the winter period 2018-19'.*

- ENGIE asks if CIPU will still receive a fixed remuneration fee when an activation is cancelled. Elia replies that a similar approach will be applied for slow start CIPU units and for slow non CIPU Incremental bids, meaning that costs incurred for a CIPU unit in case of cancellation of a start will also be remunerated. Elia will remain cautious with such activations in order to prevent cancellations as such.

- EDF Luminus asks if there will be an impact on the imbalance price if such a cancellation occurs.  
Elia replies that the imbalance price will not be impacted due to the cancellation that could happen prior to the “activation” step.
- RWE asks via which communication channels the call for bids will be done.  
Elia explains that due to the strict timing in the call for bids will be done per e-mail. Moreover market participants will be informed by all steps per email or (as soon as it is developed) via an RSS-feed.
- RWE asks more clarification on the way how a bid should be submitted and whether it is possible to do this via e-mail for those providers who currently have no access to Elia’s tools.  
Elia explains that indeed a bid can be submitted per e-mail. A specific template will be provided in the GFA.
- RWE asks more clarification on the maximum bid-duration for the requested period or “Period to cover”.  
Elia replies that the bid must cover the whole Period to cover. Bids can thus not be submitted for a sub-period. Nevertheless, an activation will always take place within the limits of the Period to Cover.
- Restore asks whether the maximum activation period of a bid remains 4 hours for a bid.  
Elia replies the probability is low that periods of longer than 4 hours need to be covered. However, Elia prefers to remain flexible in its design and keep the option open that the requested period for bids is longer than 4 hours.  
Restore expresses its concern that if the provider needs to make a bid that covers the whole requested period, Elia should ensure that this requested period is no longer than 4 hours.  
Aspiravi suggests splitting the Period to cover or the activation period into two consecutive periods (each block of 4 hours) to allow Elia to cover larger periods.  
Elia takes the points and will analyse whether a limitation of 4hours can be added on the activation period.  
CREG explain that they won’t perform a consultation before taking a decision. It is therefore very important that market parties respond officially to the consultation of Elia, so that Elia can consider and analyse these remarks.
- Febeliec asks when stakeholders will be informed of the final decision since the consultation is until Monday 22th of October.  
Elia replies that the final proposal of the balancing rules will be submitted to CREG on 24<sup>th</sup> of October. CREG’s decision is foreseen on 31th of October but notes that it will discuss with CREG on different options to keep the stakeholders informed before the final decision is made.

- Elia remarks that all remarks should be received during the public consultation, since no consultation is foreseen for the actual contract during the short timeframe in which we operate. The new contract will be made available starting from early November, but providers can jump in at any time afterwards.
- Febeliec asks if Elia can already be contacted for open questions regarding practical aspects (prepare for prequalification, ...)  
Elia replies that for these matters Elia (customer relations department) can already be contacted.
- CREG asks whether market parties can provide feedback in two phases: first starting with the most urgent topics and later-on in a second phase provide feedback on other non-critical issues.  
Elia replies that indeed stakeholders should first focus on the most critical aspects (e.g. bidding period, etc...) to avoid endangering the formal approval process for CREG.
- Febeliec asks what happens if between the selection and preparation process the bids are cancelled.  
Elia replies that the operational process will take into account the fact that bids can be cancelled up to the preparation. Moreover, if one selected bid is cancelled Elia will select and prepare the second one.
- CREG asks if a feedback-process is in place in case of a cancellation, so that CREG can look at the specific reason for the cancellation to avoid gaming.  
Next Kraftwerke adds that indeed the current proposal does not foresee any incentive for market players to avoid submitting bids that are not available.  
Elia replies that a monitoring will be put in place to inform the CREG over the evolution of bids and the reason of their modifications.
- Febeliec asks if the possibility to adapt the offered volume up to +/- 20% of the initially offered volume is only possibly until the preparation phase?  
Elia replies that until 1,5 hours before the 'period to cover' the offered volume can be adapted. This 20% margin reflects the uncertainty of the baseline for demand response.
- Febeliec remarks that Elia should avoid gaming and unnecessary costs for society.  
Elia replies that gaming is believed to be minimal since providers will not know Elia's selection until an activation request is send by Elia. Furthermore, Elia foresees monitoring during these rare events.
- Febeliec remarks that modifications within the +/- 20% margin should be justified by the BSP.  
Elia emphasises that if the bid volume is reduced, the provider will also only be paid for this updated offered volume and not for the activation of the original offered volume of

flexibility. Increases in the offered volume will need to be justified and Elia can at all times decide to refuse the increase to avoid that last-minute increases in offered volumes push other providers out of the selection.

- Febeliec remarks that if delivery points that have been covered by this SLA<sup>2</sup> will not be authorized in the future to participate to mFRR reserved and/or non-reserved, this will reduce incentives for providers to do investments in the future to participate in mFRR. Elia replies it wishes to avoid any form of cherry picking and emphasises this product and balancing rules are only valid for this winter  
Febeliec remarks that experience from the past shows that often 'temporary' products become permanent. Restore agrees with Febeliec that there might be potential for future investment and adds that time seems too limited to split its portfolio (part mFRR) to make the distinction between the mFRR products (R3flex, R3std, free bids) and this new product.  
YUSO finds it a good proposal of Elia and asks if there are any risks involved if it is up to the owner of the asset to decide for which product to offer.  
Elia reminds that this product was designed because Elia received the comment that there was available flexibility for this winter, but that it could not be offered via classic mFRR products because this flexibility does not fit to those products. This new product aims at using this flexibility, but it should be avoided that this product attracts flexibility already captured via the other classic mFRR products.  
Nevertheless, Elia understands the remark regarding the fact that a delivery point participating to this SLA this winter could evolve in the future and be able to provide 15' services. ELIA notes this comment and will give it additional thought.
- YUSO remarks this product has advantages compared to free bids and asks why this product is only foreseen for one winter period?  
Elia replies that this targeted flexibility should normally find its way to the intraday market. This product is more a hybrid solution, an atypical balancing product. Elia will thoroughly evaluate the merits of this product in the future.
- Febeliec asks if all assets connected to one site can be combined behind the delivery point for the delivery of the service.  
Elia replies that assets can indeed be combined behind the delivery point, except for CIPU units.
- Restore asks what is the rationale behind the +/- 20% for the baseline check, which can result in a penalty being applied.  
Elia replies that it needs to have sufficient certainty on the availability; the 20% is related to the uncertainty on baselines from demand response.  
Restore ask what then happens in case of a 'forced outage'.

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<sup>2</sup> Service level agreement



Elia refers to the rules of 'forced outage'. In such a case the BSP needs to inform Elia of a forced outage, including a justification. Elia can then decide to cancel the bid or not.