

# SDR Bidding instructions, rules and award criteria

In this document you will find the bidding instructions and rules, an explanation of the bidding parameters given in the SDR bidding sheet and the award criteria for the SDR call for tender 2018-2019.

## 1 Bidding rules and instructions

For each (combination of) Delivery Point(s) (SDR Unit<sup>1</sup>) having received a maximum SDR Reference Power as a result of the Certification, the SDR Candidate can submit one or more offer(s) for a SDR Reference Power smaller or equal to such maximum SDR Reference Power.

The following obligations should be at minimum respected when offering

1. **Smallest Offered Volume**  
The smallest offered volume for each Certified Combination Number should be of a minimum volume of 1 MW and a maximum of 10 MW.  
Exceptions can be made for units whose production process limits the units technically to supply less than 10 MW. The necessary substantiation will be required.
2. **Volume Increments**  
When sorting the offers in terms of offered volume, the difference between 2 Capacity Bids can be at maximum 10 MW for each Certified Combination Number. Capacity Bids for a smaller volume are allowed and strongly encouraged.  
However, exceptions can be made for units whose production process limits the units technically to supply less than 10 MW. The necessary substantiation will be required.
3. **Total Cost**  
The total cost (unit price × volume) of the smallest volume that can be retained resulting from a Capacity Bid, should never exceed the total cost of the smallest volume that can be retained from a Capacity Bid with a larger offered volume. In other words, the total cost for a volume should not exceed the total cost of a larger volume for each Certified Combination Number.

For each offer, the SDR product type can be chosen (SLA4\_DROP\_BY/SLA4\_DROP\_TO/SLA12\_DROP\_BY/SLA12\_DROP\_TO).

However, should multiple offers share the same Delivery Point(s) then these offers must be of the same SDR Product type. The same bids can be offered twice, once for each type of contract and are as a consequence mutually exclusive. Elia can impose in the Certification of SDR Reference Power that certain offers containing the same Delivery Points cannot be combined with each other.

This whole document is subordinate to the information available in the Functioning Rules for Strategic Reserves and the Procedure for Constitution of Strategic Reserves (available on the [website of Elia](#)).

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<sup>1</sup> As defined in the Procedure for the Constitution of Strategic Reserve:  
<http://www.elia.be/en/products-and-services/Strategic-Reserve/Documents>

## 2 SDR bidding sheet parameters

Each line in the bidding sheet corresponds to one offer with the specific details of volume, prices and combinability possibilities with other offers. Those parameters are explained below:

A	B	C	D	E	F	G
<b>Tender Bid-Sheet SDR</b>						
	<b>General</b>			<b>Warm-up cost</b>	<b>rolongation co</b>	<b>Variable cost</b>
<b>Offer number</b>	<b>Certified combination number</b>	<b>SDR Reference power [MW]</b>	<b>Reservation price [€/MW/h]</b>	<b>Fixed activation Cost [€/Act]</b>	<b>Prolongation cost [€/hour]</b>	<b>Variable activation price [€/MWh]</b>
1						
2						
3						

H	I	J	K	L
<b>Bidding conditions</b>				
<b>May not be combined with [Offer number(s)]</b>	<b>Type SDR [Type]</b>	<b>Volume(s) are divisible [Y/N]</b>	<b>Total Shedding limit SDR [MW]</b>	<b>Total Unsheddable Margin SDR [MW]</b>

- **Column A:** 'Offer number': Offer number = Number of the offer, serving as a reference for the details inserted for each horizontal line. Each of such horizontal lines will be treated as one offer containing the volume (SDR Reference Power) in [MW] and Reservation Price in [€/MW/h] for the SDR Service.
- **Column B:** 'Certified combination number' = During the certification of SDR Reference Power a Certified Combination Number will be attributed to each combination of Delivery Points. Please refer to the certified combination by means of the number.
- **Column C:** 'SDR Reference Power [MW]': Offered volume for providing the SDR Service with a (combination of) Delivery Point(s) that can never be higher than the maximum SDR Reference Power certified in the Certification of SDR Reference Power for that (combination of) Delivery Point(s) .

The following obligations should be at minimum respected when offering

### Obligation 1 - Smallest Offered Volume

The smallest offered volume for each Certified Combination Number should be of a minimum volume of 1 MW and a maximum of 10 MW for the smallest offered volume. Exceptions can be made for units whose production process limits the units technically to supply less than 10 MW. The necessary substantiation will be required.

#### Consequences of non-respect

In case a Supplier does not respect obligation 1, all the offers for the Certified Combination Number will be rejected.

### Obligation 2 - Volume Increments

When sorting the offers in terms of offered volume, the difference between 2 Capacity Bids can be at maximum 10 MW for each Certified Combination Number. Capacity Bids for a smaller volume are allowed and strongly encouraged. However, exceptions can be made for units whose production process limits the units technically to supply less than 10 MW. The necessary substantiation will be required.

#### Consequences of non-respect

In case an Offer does not respect Obligation 2, the offer not in line plus all succeeding offers for the Certified Combination Number will be rejected.

#### Example

If a SDR Candidate would like to offer 55 MW, he must at minimum offer the set in table 1. Table 2 shows an offer set were the difference between offer 3 and offer 4 is not in line with obligation 2. In consequence, offer 4 that is not in line plus the succeeding offers (offers 5 and 6) will be rejected.

**Table 1**

Offer Number	Offered Volumes (MW)
1	10
2	20
3	30
4	40
5	50
6	55

**Table 2**

Offer Number	Offered Volumes (MW)
1	10
2	20
3	30
4	45
5	50
6	55

### Obligation 3 - Total Cost

The total cost of the smallest volume that can be retained resulting from a Capacity Bid, should never exceed the total cost of the smallest volume that can be retained from a Capacity Bid with a larger offered volume. In other words, the total cost for a volume should not exceed the total cost of a larger volume (for both individual as pool offers) for each Certified Combination number.

#### Consequences of non-respect

In case a Supplier does not respect obligation 2 - a smaller volume at more expensive in total cost - only the applicable offers, for the Certified Combination Number, will be rejected.

In case this lead to a non-respect with the obligations 1 and/or 2 regarding to the volume as described in this annex, the entire set of offers for the Certified Combination Number will be rejected.

#### Example

Table 3 presents an offer set that is in line with the bidding obligations. Table 4 shows an offer set for which the total cost check of offer 5 is lower than the previous offer. Consequently, Obligation 3 is no

longer respected and offer 5 will be rejected. When offer 5 is rejected Obligation 2 is not respected anymore, thus the succeeding offers (offers 6 and 7) will also be rejected.

**Table 3**

Offer Number	Offered Volumes (MW)	Reservation Price (€/MW/h)	Total Cost (€/h)
1	10	8	80
2	20	6,5	130
3	30	5,2	156
4	40	4,8	192
5	50	4,5	225
6	55	4,2	231

**Table 4**

Offer Number	Offered Volumes (MW)	Reservation Price (€/MW/h)	Total Cost (€/h)
1	10	8	80
2	20	7,5	150
3	30	7	210
4	40	5,5	220
5	50	4,1	<b>205</b>
6	60	4	240
7	65	3,8	247

**An offered volume must be entered with maximum 1 decimal**

In case one or more decimals are missing, these decimals will be set to 0.

Example

Entered volume of 1MW, will be considered to be 1,0 MW.

In case of a second decimal smaller than 5, the price will be rounded down. When the second decimal after the comma is greater or equal to 5, the number will be rounded up.

Column D: 'Reservation Price [€/MW/h]': The Reservation Price for the offer per MW and per hour (only paid during the Winter Period). The number of hours used for calculation of the Total Cost and attribution is defined by Functioning rules in paragraph 6.4 with a total of 3623 hours.

An offered Reservation Price must be entered with maximum 2 decimals.

In case one or more decimals are missing, these decimals will be set to 0.

Example:

- entered price of 1€/MW/h, will be considered to be 1,00€/MW/h.
- entered price of 1,2€/MW/h, will be considered to be 1,20€/MW/h

In case of a third decimal smaller than 5, the price will be rounded down. When the third decimal after the comma is greater or equal to 5, the number will be rounded up.

- Column E: 'Fixed activation cost [€/Act]': Fixed costs necessary for every Warm-up of the offered SDR, this cost will be remunerated for every notification received from Elia.
- Column F: 'Prolongation cost [€/hour]': The cost for each hour of prolongation of the Warm-up.

- Column G: 'Variable activation price [€/MWh]': The cost for each MWh of shedded volume during the Effective Delivery of strategic reserves.
- Column H: 'May not be combined with [Offer number(s)]': Here one can indicate if the offer can be combined with other offers.

### Important Notice 1

It must be noted that although a Delivery Point can be part of several Certified Combinations, a Delivery Point can only be part of one selected offer. As such, the Supplier should set as 'not combinable' all offers of a Certified Combination number that has common delivery points with another Certified Combination number.

### Important Notice 2

It must be noted that there is no combinability amongst all offers of a Certified Combination Number.

### Important Notice 3

It must also be noted that only offers submitted by SDR Candidates that have been granted Admission **and** respect the "certified maximum SDR Reference Power" for a Certified Combination Number, while maintaining SL or UM values for each Delivery Point which are less than or equal to the values for which the (combination of) Delivery Point(s) has/have been certified, will be accepted<sup>2</sup>.

- Column I: 'Type SDR [Type]': The type of SDR contract:
  - SLA4\_DROP\_BY: SDR DROP-BY with an SLA of 4 hours
  - SLA4\_DROP\_TO: SDR DROP-TO with an SLA of 4 hours
  - SLA12\_DROP\_BY: SDR DROP-BY with an SLA of 12 hours
  - SLA12\_DROP\_TO: SDR DROP-TO with an SLA of 12 hours

A Delivery Point can only partake in one selected SDR Unit. Consequently, offers that contain the same Delivery Point are mutually exclusive during selection.
- Column J: 'Volume(s) are divisible [Y/N]': This column indicates whether or not the volumes offered for the respective offer number can be divided or not. If the SDR Candidate wants to offer the entire volume at the indicated price, the offer should be indicated as indivisible so 'N'.

If offer is divisible 'Y', then the offered volume until the previous offer volume will be considered divisible at the same Unit Price (€/MW/h). The granularity of the divisibility is 1 MW.

### Example

With 55 MW as the minimum volume to be offered:

Offer Number	Offered Volumes (MW)	Reservation Price (€/MW/h)	Volumes Selectable*	Reservation Price (€/MW/h)
1	10	8	[1, 2, 3, ...,10]	8
2	20	7,5	[11, 12, ...,20]	7,5

<sup>2</sup> Cf. §7.2.2 in the Procedure for Constitution of Strategic Reserve.

3	30	7	[21, 22, ...,30]	7
4	40	6,8	[31, 32, ..., 40]	6,8
5	50	6,5	[41, 42, ..., 50]	6,5
6	55	6	[51, 52, ..., 55]	6

\* Between brackets: the minimum and maximum volume that can be retained at the considered unit price.

- Column K: 'Total Shedding limit SDR [MW]': The Total Shedding Limit SDR<sup>3</sup> of the (combination of) Delivery Point(s). This is mandatory for offers with SDR DROP-TO and cannot be filled in for offers with SDR DROP-BY.
- Column L: 'Total Unsheddable Margin SDR [MW]': The Total Unsheddable Margin SDR<sup>4</sup> of the (combination of) Delivery Point(s). This is mandatory for offers with SDR DROP-BY and cannot be filled in for offers with SDR DROP-TO.

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<sup>3</sup> As defined in the Procedure for Constitution of Strategic Reserve and the SDR Contract in that order.

### **3 Award criteria**

The attribution is based on the rules described in section 6.4 of the [Functioning Rules](#).

## 4 Example of total cost calculation

The attribution will be based on a calculation of the Total Cost. An indication of this Total Cost is given in column M-Q. The costs calculated in these columns are **indicative and not binding**. The cost of the different variables is calculated according to the sections 6.4 and 7.3.3 of the Functioning Rules.

M	N	O	P	Q
<b>Calculated costs (indicative)</b>				
Total cost [€]	Reservation cost [€]	A1 Fixed Act cost cold [€/Act]	A2 Var Act Cost [€/h]	A3 Fixed Act cost hot [€/Act]
		-	-	-
		-	-	-
		-	-	-

- Column M: 'TC': The Total cost of this offer is calculated by the sum of the Reservation cost (column N), and the cost linked to the activation (columns O, P & Q). The formula used is (for definition, see paragraph 6.4 of the Functioning Rules):

$$TC = \text{Reservation cost} + (\#Act_{\text{cold}} * A1) + (\#Act_{\text{hot}} * A3) + (Act_{\text{duration}} * A2)$$

With #Act<sub>cold</sub> set at 1, #Act<sub>hot</sub> set at 0 and Act<sub>duration</sub> set at 3 hours (as defined in the Functioning Rules, the duration of activation for period 2018-2019 is 3 hours)

The variables Reservation Cost, A1, A2 and A3 are calculated, for SDR, in following way:

- Column N: 'Reservation cost [€]': The total reservation cost of the offered Configuration for a one-year period, a two-year period or a three-year period, this value is calculated by multiplying column B and C with (1\*/2\*/3\*) and 3623 hours respectively.
- Column O: 'A1 [€/Act]': The fixed cost for each cold activation is given in column O.
- Column P: 'A2 [€/h]': The variable cost for an activation of the offered volume is calculated by multiplying the variable activation price (column G) with the offered volume (column B).
- Column Q: 'A3 [€/Act]': The fixed cost for a hot activation is given in column Q. For SDR Service, this cost is equal to the cost of a cold activation.