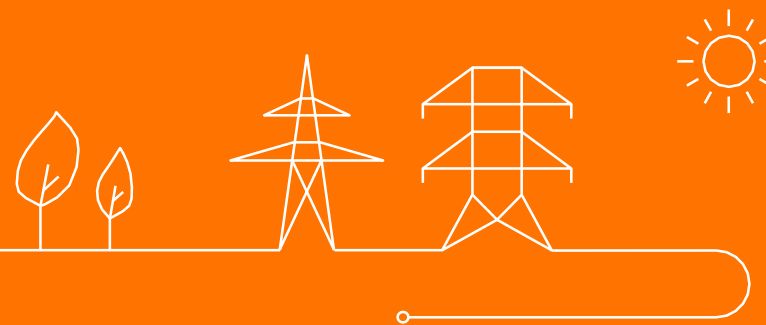


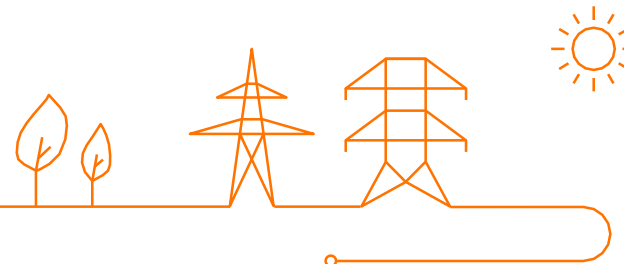
Workshop on ELIA proposal for the Terms and Conditions for the mFRR Service 2020

23 September 2019

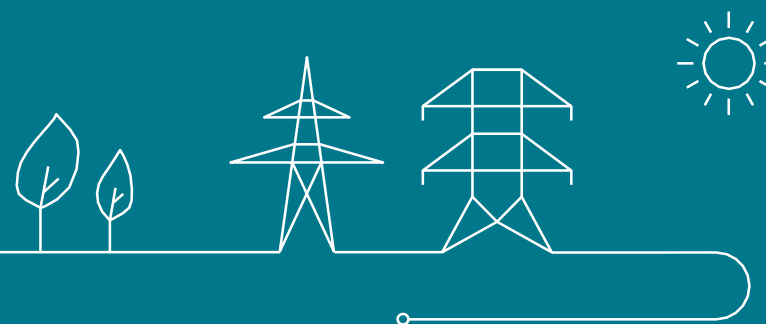


Agenda

- Introduction: mFRR design evolutions & implementation planning
- Design evolutions during T&C drafting:
 - Penalties for unavailability (in bidding or following a test)
 - The use of balancing energy bids for the purpose of congestion
- Transparency & publication requirements
- T&C BSP mFRR version 2 – go live February 2020:
 - Important evolutions since version 1 (June 2018)
 - T&C structure
 - Terminology & alignment with other regulation (EBGL, SOGL, FGC, LFCBOA, LFC Means)
 - Next steps

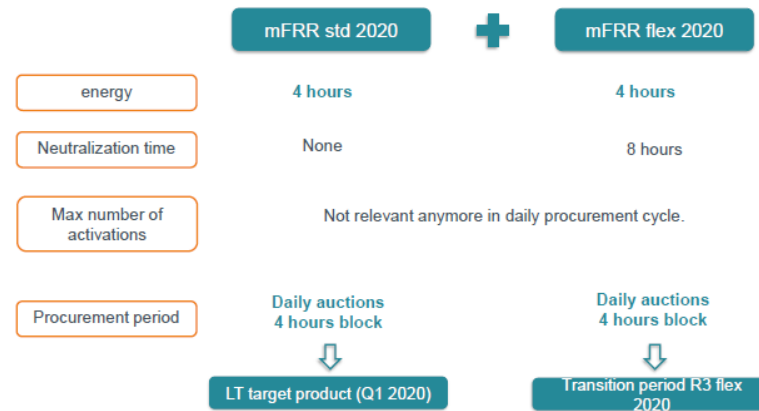


Introduction

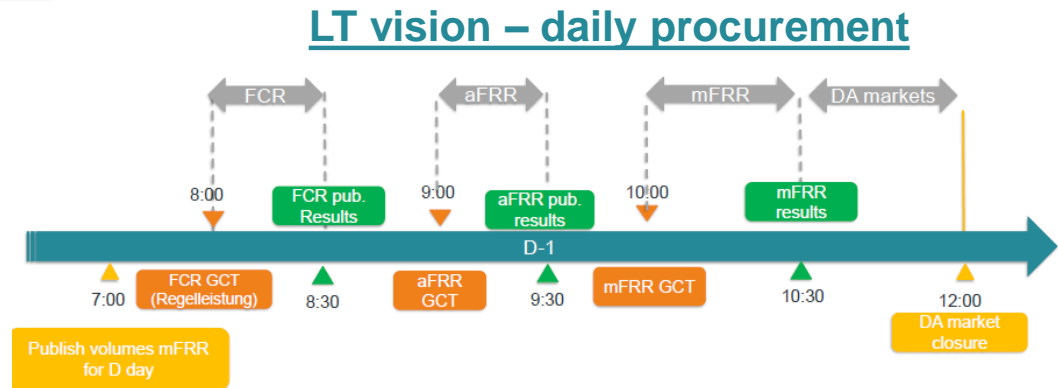


Intro – Recap: Scope of mFRR 2020 Project

➤ New product mix



➤ New daily procurement cycle & merit order selection

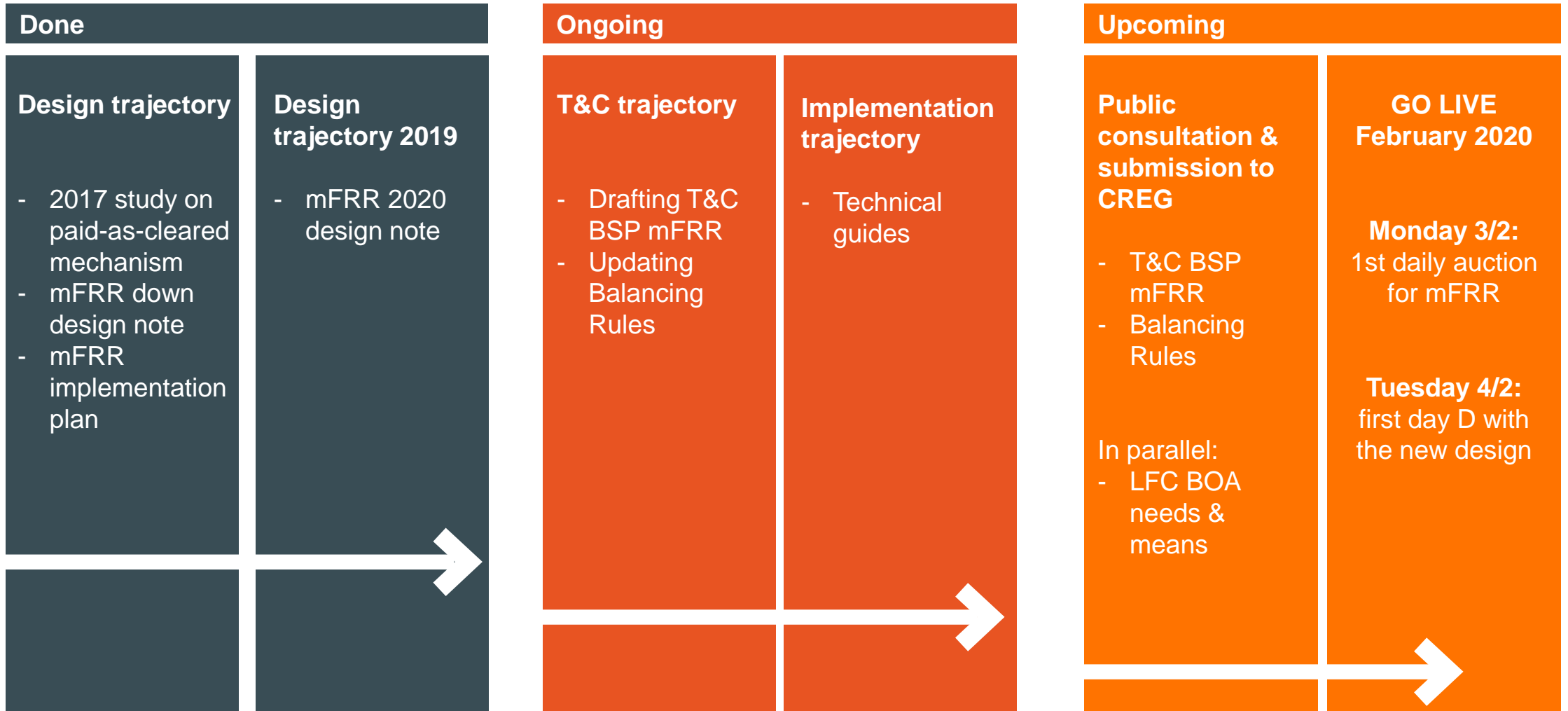


➤ Design improvements (a.o.: availability test , portfolio organization (one T&C), indivisibility in energy bids, ...)

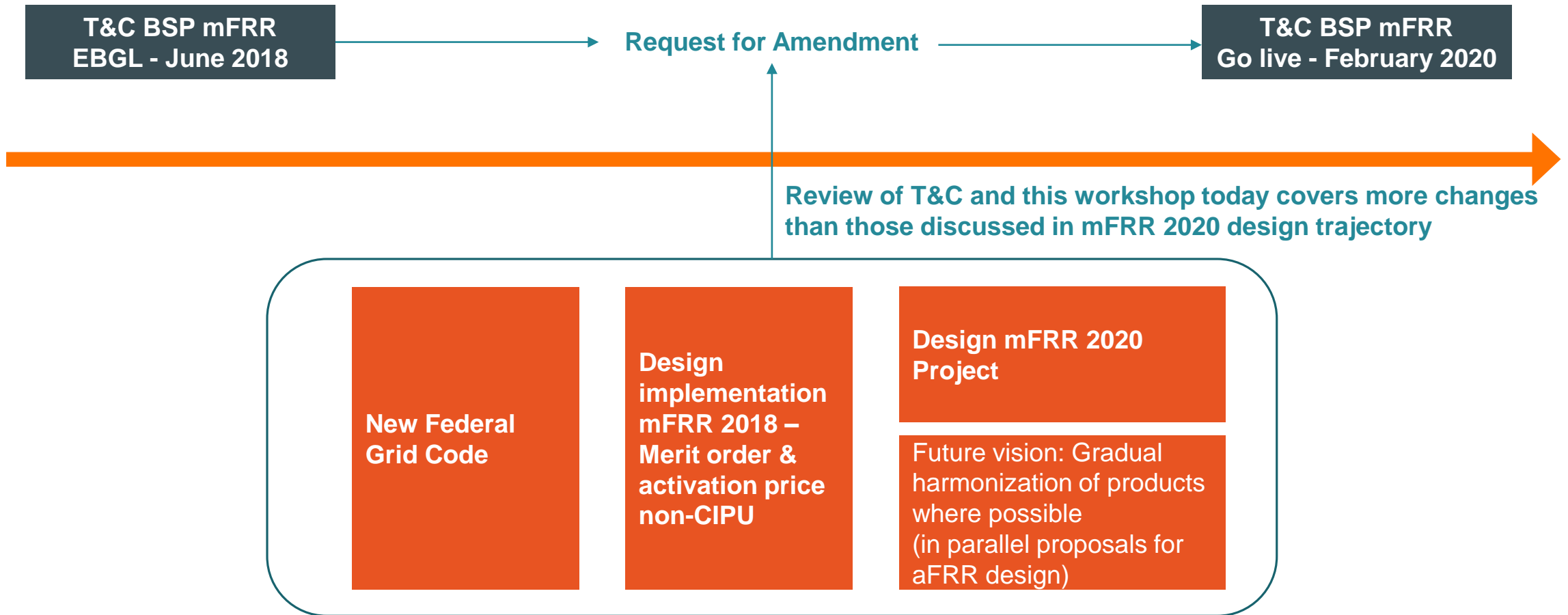
➤ Pass-through regime in ToE rules



Intro – Project planning mFRR 2020



Planning T&C Trajectory



Design alignment

Before 2019 alignment on other design evolutions (studies on paid-as-cleared, daily procurement, ...)

28/2/2019: mFRR workshop – Design finalization

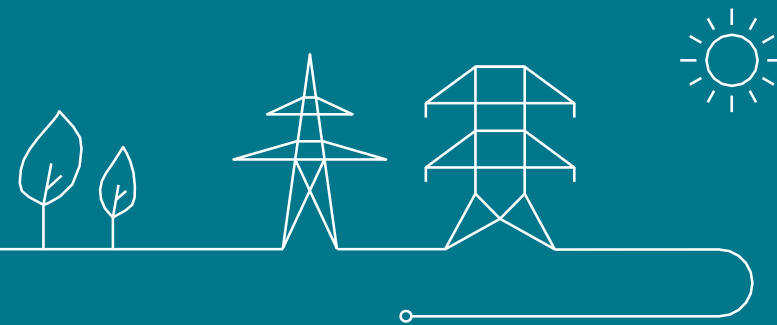
1/3-1/4/2019: mFRR design note – Informal consultation

Reporting on Working Group Balancing

⇒ Design finalized in June 2019, except for two points reviewed during the drafting of T&C (see next slides)



Design evolutions during T&C drafting



Penalties for missing flexibility

- “MW not made available” (i.e., no energy bids for procured capacity)
- “Missing MW” (failed availability test)

Same for aFRR

Penalty = (1) x (2) x (3) x (4)

- **(1)** = “Missing MW” or “MW not made available”
- **(2)** = average weighted reservation price of the concerned BSP for the concerned reserve type (mFRRStd or for mFRRFlex) during the last 30 days
- **(3)** = penalty factor
 - = 1 (penalty for MW not made available)
 - = 1,2 (penalty for 1st failed availability control)
 - = 1,5 (penalty for 2nd failed availability control)
- **(4)** = number of hours for which that BSP had mFRRStd or mFRRFlex contracted during the last 30 days

- ✓ **Change to daily tendering, secondary market and modalities in case of FO require change in penalty**
- ✓ **Simplification of different penalties within the mFRR product (let go of penalties depending on EPEX price)**
- ✓ **Harmonization with penalties in aFRR product**
- ✓ **Stringent penalty for ‘MW not made available’ but less so than for ‘Missing MW’**
- ✓ **Avoid impact of penalties on willingness to participate to capacity auctions for the remaining days of the month**



The use of balancing energy bids for other purposes than balancing

Case: use for internal congestion management (Formalization of AS IS approach in T&C)

Specifically the activation of a bid for congestion management may be:

- A congestion activation (meaning, as a remedial action for the congestion risk itself)
- A compensation activation (to compensate the impact of a congestion bids on the system imbalance)

In practice:

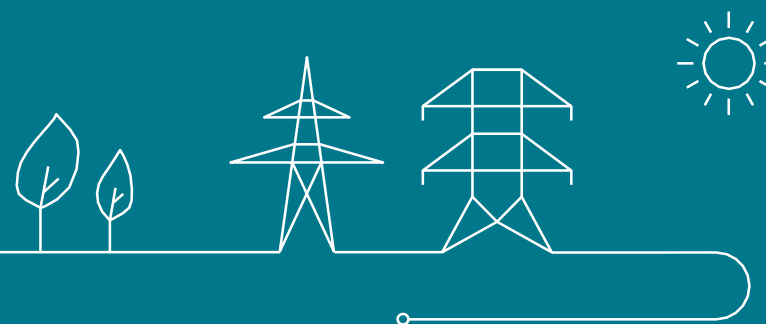
- Elia has separate bids for congestion management (currently via the CIPU contract).
- In extreme cases with unavailable congestion bids in the concerned zone: use of energy bids on contracted balancing capacity of single unit

Future formalization and possible future evolutions:

- Alignment with the “Rules for coordination and congestion management” (currently under public consultation)
- Alignment with rules at EU level in preparation of the European mFRR platform (MARI project)



Transparency & publication requirements



Publications

New and reviewed publications on elia.be & on ENTSO-e Transparency Platform related to balancing following

- Implementation impact new mFRR design (daily procurement)
- EBGL publication requirements (article 12)

Specifically:

**Implementation: go live
mFRR February 2020**

- Update: Auction results for each of the 6 blocks of each day D
- New: publication of red zones

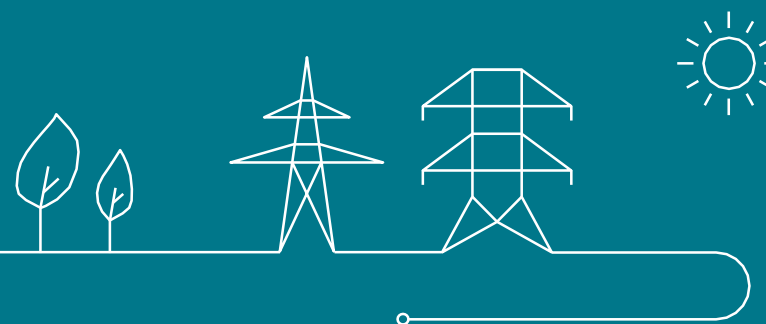
Under assessment

- New: publication of information on individual balancing capacity bids (anonymized)
- New: publication of information on individual balancing energy bids (anonymized)

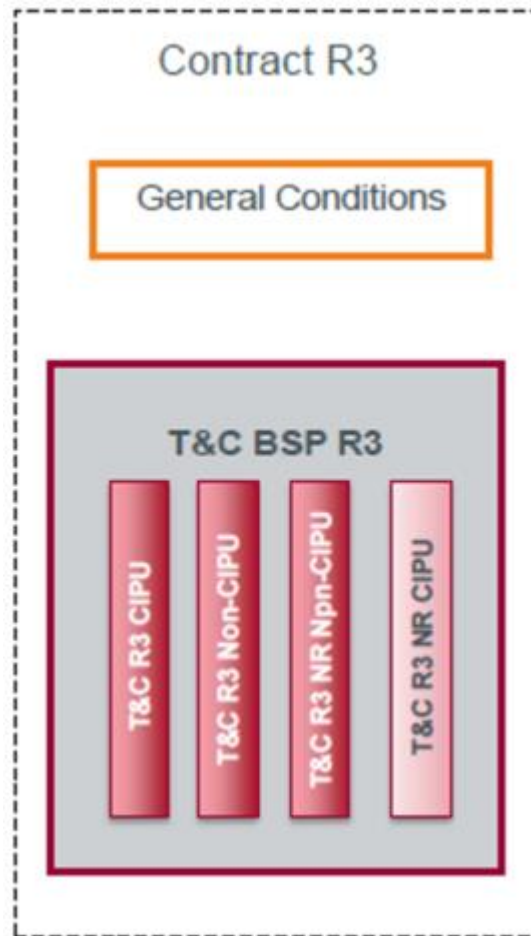


T&C BSP mFRR version 2

Go live February 2020



Evolution T&C mFRR Feb. 2020 vs. Jun. 2018

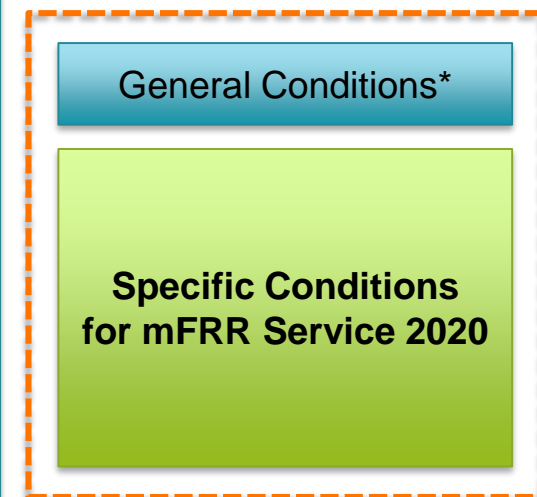


- ✓ 4 parts merged in 1 document
- ✓ CIPU/Non-CIPU distinction has been removed
- ✓ No more distinction between “reserved” and “non-reserved”

Terms and conditions for mFRR

- T&C Body
- Where as
 - Implementation date
 - ...

Contract for mFRR Service 2020



Evolution of the terminology

In order to:

1. align the terminology of the new T&C for the mFRR Service with all applicable legislation and European guidelines
2. avoid confusion with any of these overmentioned documents

June 2018	February 2020
Delivery Period	Capacity Contracting Time Unit
Nominations (CIPU Contract)	Daily Schedule
Dossier volume	LFC BOA + LFC Means
R3 Reserve	mFRR Capacity
R3 Service Type	mFRR Capacity Product
“Free bids” >< reserved energy bids	Non-contracted Energy Bids >< contracted Energy Bids



Specific conditions for mFRR Service 2020 – new structure (1)

TITLE	New in T&C 2020
Title I – Definitions	✓ Reference to definitions of E-Law, EBGL, SOGL, new FGC and ToE Rules
Title II – Conditions for participation	<ul style="list-style-type: none">✓ Conditions for the BSP✓ Conditions for Delivery Point<ul style="list-style-type: none">➤ Introduction of DP_{SU} (providing daily schedule, so currently included in a CIPU contract) & DP_{PG} (no provision of daily schedule)➤ Pool management for DP connected to DSO Grid performed by the BSP-DSO Contract✓ Conditions for ToE<ul style="list-style-type: none">➤ Introduction of the “pass-through contract” modalities✓ Combinability conditions
Title III – Communication & prequalification tests	✓ Harmonization of the prequalification test

Specific conditions for mFRR Service 2020 – new structure (2)

TITLE	New in T&C 2020
Title IV – Capacity and energy procurement	<ul style="list-style-type: none"> ✓ Capacity procurement on a daily basis for 6 blocks of 4 hours (merit order) ✓ Contracted energy bids for DP_{SU} in BMAP (with possible parent-child bid) ✓ Non-contracted energy bids DP_{SU} remain managed as in the CIPU contract today ✓ Contracted and non-contracted energy bids for DP_{PG} in BMAP
Title V – Activation	<ul style="list-style-type: none"> ✓ Maximal duration of a mFRR Flex activation is 4 hours
Title VI – Availability and activation control	<ul style="list-style-type: none"> ✓ Integration of availability tests ✓ Activation control for each activation
Title VII – Remuneration and penalties	<ul style="list-style-type: none"> ✓ Remuneration for activation based on a “paid as cleared” principle ✓ Alignment of financial penalties for mFRR availability control
Title VIII – Invoicing	
Title IX – Other dispositions	<ul style="list-style-type: none"> ✓ Activation of mFRR for other purposes (in accordance with EBGL)

Next steps

Formal consultation

- Following Request of Amendment of the CREG
- Expected period of consultation: October 2019

Submission to CREG

- Begin of December: expected submission altogether with consultation report

CREG Approval

- End of December: expected approval of the CREG

Contract signature

- 24/01/2020 Deadline for contract signature

Prequalification

- Elia foresees a transition period to perform the prequalification tests. Proposal will be discussed with market parties



Merci.

