



# FORMAL PUBLIC CONSULTATION

15/3/2016 – 8/4/2016



**Modifications to access responsible party  
(ARP) contract and access contract**

**Explanatory note of proposed modifications**

**Elia**

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## INTRODUCTION

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The changes to the Access Responsible Party (ARP) contract are required to take account of two evolutions: enlarging the sourcing of primary reserve implies to modify slightly the design of this ancillary service; integration of certain specific elements of the Regulation CACM<sup>1</sup>.

Elia proposes also completing the ARP contract with notion of electronic signature and the rules relatives to electronic invoicing. Elia indeed wants to take into account the evolution of technologies and of documents digitalization, to propose more modern contractual procedures to his customers. It is interesting to complete the access contract with these principles so that the access holder can also benefit from it.

The documents subjects of this consultation are the ARP contract and access contract. The proposed additions and deletions are displayed in the text in track changes.

This consultation aims to obtain any comments from the concerned parties. All comments received in this connection will be reported to the relevant regulators in the files of official approval request of the changes to the ARP-contract and access contract.

This note explains briefly why the proposed changes were made. The proposed modifications are classified under 4 topics: suppression of adaptation of ARP-perimeter for R1 products, impacts of Regulation CACM, electronic signature and electronic invoicing.

Documents submitted to consultation are at disposal on Elia website.

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<sup>1</sup> The Regulation CACM or Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

## 1. Suppression of the adaptation of perimeter for R1 products in ARP contract

### Proposed amendments: ARP contract

Article 11.1.2

The proposed modifications have been presented in the TF Balancing of the Users' Group, on January 27<sup>th</sup> and in WG Belgian Grid, on February 1<sup>st</sup>. This allowed to explain to the market actors why Elia is proposing the suppression of the principle of adaptation of the ARP-perimeter for R1 100 and 200 mHz, as well as to explain the proposed textual modification.

To suppress the adaptation of the perimeter for products R1 in the ARP contract will allow to make products R1 accessible to all Belgian market actors (BSP, BRP...) and to facilitate the integration of new technologies today able of supplying the service (batteries, PV, electric vehicles). This is part of Elia will to define an ancillary service more neutral technically and of making a step furthermore towards a more harmonized design with nearby TSOs (level playing field for R1sourcing out of Belgium).

The suppression of the adaptation of the perimeter for R1 does not constitute any precedent for the other ancillary services.

In practice, the contractual impact is limited to article 11.1.2 of ARP contract. Elia suggests completing this article by an exception to the adaptation principle of the ARP balancing perimeter concerned by the supply of this ancillary service. The exception is thus only related to the adaptation of the ARP balancing perimeter for R1.

## 2. Impacts of Regulation CACM on ARP contract

### Proposed amendments: ARP contract

Articles 1, 11, 11.6, 12.3.5 (c), 12.3.6 (c)

Appendices 5 and 8

The proposed modifications have for objective to update ARP contract on some specific points related to the Regulation CACM. It concerns the definition of certain actors of market in the ARP contract: the shipping agent, the central counter party and the market operator. Elia would want to insert or adapt, into the ARP contract, these concepts were used within the framework of the European market.

### 2.1. Proposed modifications related to the Shipping Agent

Regarding the notion of Shipping Agent, this one is currently resumed in a too restrictive way in the ARP contract (article 1) and does not reflect the definition of Shipping Agent set in the Regulation CACM. The role of Shipping Agent is currently limited to Day-ahead market only (by reference to the notion of "Market Coupling"). Elia proposes to adapt this definition based on the definition of Shipping Agent within the Regulation CACM (art. 2, n°43).

Besides, Elia suggests replacing the reference to "Market Coupling" by a reference to "cross-border transactions" in article 11, what would more exactly reflect the extent of the Nominations realized by the Shipping Agent.

Finally, the precision proposed to appendix 8, 1.2 allows completing the rule of financial distribution of the tariff for external inconsistency to the Shipping Agent, in case of inconsistencies in the Nominations between a Shipping Agent and a central counter party (CCP).

## **2.2. Proposed modifications related to the notion of Central Counter Party**

Elia proposes to introduce the notion of central counter party (or CCP) in the ARP contract. According to the Regulation CACM (art. 2, n° 42), a 'central counter party' means the entity or entities with the task of entering into contracts with market participants, by novation of the contracts resulting from the matching process, and of organizing the transfer of net positions resulting from capacity allocation with other central counter parties or shipping agents".

Some CCPs already have the status of ARP but do not have specific activities to be mentioned in the ARP contract. However, given the proposal of adapted definition for the Shipping Agent's notion, for ease of reading, Elia suggests introducing also a definition for the CCP (article 1). The proposed definition is the one of the Regulation CACM.

Let us note that the notion of CCP is also used in the proposal of rule of financial distribution of the tariff for external inconsistency between a Shipping Agent and a CCP (Appendix 8, point 1.2).

## **2.3. Proposed modifications related to Market Operator**

The Regulation CACM foresees that several nominated electricity market operator (or NEMOs) can be active in a bidding zone for the day-ahead and/or intraday cross-border market. This possibility exists as from the entry into force of the Regulation CACM, due to the immediate application of the Regulation CACM, and thus without necessarily having a license according to the Royal Decree of 20 October 2005 concerning the creation and organization of a Belgian market for the exchange of energy blocks (the Royal Decree Exchange).

The TSOs and the power exchanges have to coordinate to insure the implementation of these exchanges platforms and respecting the principle of non-discrimination, in application of the rules of the Regulation CACM. Two Belgian NEMOs were officially appointed on February 5<sup>th</sup>, 2016 (Belpex and NordPool). In the future, other NEMOs could also operate in the Belgian bidding zone.

According to the Regulation CACM (art. 2, n°23), a "nominated electricity market operator (NEMO) means an entity designated by the competent authority to perform tasks related to single day-ahead or single intraday coupling". The current definition of 'Market Operator' must be widened to every electricity market operator qualified as NEMO according to the Regulation CACM. At this stage and considering the uncertainty as for the applicability of the Royal Decree Exchange to the NEMOs, it is better to have a wide definition of the 'Market Operator'. So the notion would cover without ambiguity the operators appointed by virtue of the Royal Decree Exchange and those appointed by virtue of the Regulation CACM.

Elia thus suggests completing the definition of 'Market Operator' this way (article 1). The articles referring to the 'Market Operator' are also enlarged in order to take into account the NEMOs appointed by virtue of the Regulation CACM. These adaptations are proposed for Articles 11.6, 12.3.5 (c), 12.3.6 (c), as well as in Appendix 5, 1.4.

### 3. Electronic signature

#### Proposed amendments: ARP contract and access contract

Article 21.2

Elia wants to benefit from the technologies evolution to propose contractual procedures simplifications to the ARPs and to the access holders, by digitizing the approval process of some contractual documents. It will allow working in a more effective, faster and more modern way, in limiting or even deleting the mass of the currently exchanged documents by postal mail between Elia and the concerned parties, in particular when designations of ARPs and access holders have to be renewed.

To guarantee the smooth running of the secured portal where will be placed these contractual documents, it is necessary to guaranty the authenticity of the concerned parties (ARPs, access holders and grid users). It will be made by using only "advanced digital signatures" legally assimilated, as a juridical proof, at a handwritten signature affixed on a paper document.

In practice, they are electronic signatures having certain guarantees of authenticity, namely the presence of a qualified certificate (supplied by a service provider of certification satisfying the conditions stated in the Act of July 9th, 2001<sup>2</sup>), and created by a secured device (signature realized by means of an asymmetric cryptography).

Elia suggests to insert the notion of "electronic signature" in the ARP contract. It is interesting to also complete the access contract on this point so that the access holder can benefit from it. Elia suggests adding a sentence specifying the criteria of the electronic signature admitted by Elia, in article 21.2 of the ARP and access contracts.

### 4. Electronic invoicing

#### Proposed amendments:

**ARP contract:** Article 5.1, Appendix 6

**Access contract:** Article 4.1, Appendix 1

Elia wants to use the technological evolution to propose the future sending of imbalance and access invoices under electronic form, rather than to continue to send them by postal mail. This future way of proceeding presents advantages: efficiency gains in the processes and limiting Elia's environmental impact.

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<sup>2</sup> More precisely article 4§4 of the Act of July 9th, 2001 « fixant certaines règles relatives au cadre juridique pour les signatures électroniques et les services de certification ».

The electronic invoicing is subjected to the same rules as the "paper" process. The customer has to mark his explicit agreement to receive his invoices under electronic form, in an e-mail address specified by the ARP or by the access holder.

In practice, Elia will guarantee the authenticity of the origin, the integrity of the contents and the way to read of the electronic invoice. The one who makes the transaction will clearly be identified (authenticity); the contents of the invoice will not be any more modified after her sending (integrity); all the data resumed on the invoice will be readable, without ambiguous interpretations, during all the shelf life (readability).

Elia suggests inserting a reference to the electronic invoicing into the ARP contract. It is interesting to complete also the access contract on this point so that the access holder can benefit from it. Elia suggests to add in the article related to the conditions of invoicing and payment (article 5.1 of the contract ARP; article 4.1 of the access contract) to specify the need of explicit agreement of the concerned ARP and access holder before sending of electronic invoices. The appendix relative to the administrative data would be completed by the reference to e-mail addresses to be used for the electronic invoicing (appendix 6 of the contract ARP; appendix 1 of the access contract).

## CONCLUSION

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Elia launches a formal public consultation of the market actors relative to proposals of modifications to the ARP contract to modify slightly the design of R1 and integrate certain specific elements of the Regulation CACM. Elia also suggests completing contracts ARP and access with the possibility to use electronic signature and electronic invoicing.

This consultation aims to obtain any comments from the concerned parties.

## IN PRACTICE

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The consultation related to the contracts ARP and access period runs from **March 15<sup>th</sup> to April 8<sup>th</sup>, 2016 6pm.**

Remarks about the consultation have to be sent to [cs@elia.be](mailto:cs@elia.be).