



# **PROCEDURE FOR CONSTITUTION OF STRATEGIC RESERVE FOR WINTER 2017-18 – CONSULTATION REPORT**

**Public Consultation held between 19 December 2016 and 27  
January 2017**

15/02/2017

## INTRODUCTION

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In accordance with Article 7quinquies (1) of the Law of 29 April 1999 concerning the organization of the electricity market (hereinafter 'Electricity Law'), ELIA determines and publishes the modalities of the Procedure for Constitution of a Strategic Reserve after consulting grid users, distribution system operators, the regulator and the Federal Public Service for Energy.

On December 19<sup>th</sup> 2016, in anticipation of an instruction by the Minister to constitute a given volume of Strategic Reserve conform art. 7 quater of the Electricity Law, ELIA launched a public consultation for the Procedure for Constitution of Strategic reserve for an entry into force as from February 15<sup>th</sup>, 2017. All market parties were invited to submit their views on the Procedure for Constitution until January 27<sup>th</sup>, 2017.

On January 13<sup>th</sup>, 2017 the Minister decided to constitute a Strategic Reserve for 3 years as of winter period 2017-2018. Following this Ministerial decree, ELIA will hold a tendering procedure in 2017 and the Procedure for Constitution will enter into force on February 15<sup>th</sup>, 2017.

In the present document ELIA publishes a summary of the received reactions to the consultation so as to inform market parties and give its replies.

ELIA stresses that it can only respond to issues for which ELIA is competent and concerning the Procedure for Constitution. In the present document ELIA does not reply to questions or remarks concerning legal aspects, or questions which are out of scope of the present consultation.

ELIA received remarks from seven parties to the public consultation, of which two parties chose to keep anonymity:

- ArcelorMittal Aperam
- CREG
- Febeliec
- Fluxys
- Restore
- Anonymous 1
- Anonymous 2

ELIA received additional remarks during the Taskforce iSR of February 7<sup>th</sup>, 2017. The answers of Elia to those remarks are included at the end of the document.

#	Author	Subject	Section	Remark	Answer Elia
1	CREG	Definitions	§1	9. De definitie van de “Checklist voor Technische informatie over Submetering” geeft de indruk dat het bedoelde modeldocument voor alle submeters dient te worden ingevuld. Uit punt 4.3.3. van het voorstel van proceduremodaliteiten blijkt dat voor submeters op sites aangesloten op het DNB-net, dit document niet dient te worden ingevuld en dat de conformiteit van de submeter-installatie zal geattesteerd worden door de betreffende DNB. Het lijkt de CREG dan ook nuttig om te preciseren dat de checklist enkel bedoeld is voor submeter-installaties aangesloten op het ELIA-net (punt 4.1.3. van het voorstel van proceduremodaliteiten).	Elia can agree with the remark and will amend the definition in the sense requested by CREG.
2	Febeliec	Background	§2	With respect to the background (p10) of the Procedure, Febeliec takes note that Elia states “Elia shall report to CREG and the Minister [...] and its report shall include a most optimal technical-economic proposal for the combination of offers”, where the technical criterion was added by Elia. Febeliec does not agree at all, as the technical aspect should be covered by the product description and requirements. The only evaluation to still make at this point is an economic optimization, not again analyzing the technical characteristics.	Article 7 sexies §1 of the electricity law clearly states that Elia should make a technical-economic proposition of combination of offers. Therefore, the same wording is taken into the Procedure for Constitution.
3	CREG	Tender schedule	§3.1	10. De planning van de aanbesteding geeft aan dat ten laatste één maand na het advies van de CREG (indicatief tegen 11/08/2017) de bekendmaking van de gunning van de contracten zal plaatsvinden. De CREG wenst toch de aandacht te vestigen op de mogelijkheid dat bepaalde offertes door de CREG als manifest onredelijk worden beoordeeld, waarna de Koning desgevallend de noodzakelijke prijzen en volumes bij koninklijk besluit kan opleggen, overeenkomstig artikel 7sexies, §3, van de elektriciteitswet. In dergelijk geval, lijkt het de CREG, rekening houdend met de tijd nodig voor het nemen van het koninklijk besluit, moeilijk haalbaar dat de bekendmaking van de gunning binnen de maand na het advies van de CREG volgt. Het koninklijk besluit zou bovendien de volgorde van de door Elia voorgestelde	<p>Elia agrees with the remark, in the sense that the process of an intervention by the King to impose prices and volumes, might well take longer than one month. In that respect, a sentence will be added, indicating that following the law, a Royal Decree may be imposed in case the offer is considered as unreasonable.</p> <p>Some remarks are made however:</p> <ul style="list-style-type: none"> <li>- The possible intervention by the King does not imply that the award cannot be made one month after the advice of the CREG.</li> </ul>

			<p>selectie in het technisch-economisch voorstel kunnen wijzigen, waardoor zelfs offertes die als niet manifest onredelijk werden bestempeld, niet kunnen gecontracteerd worden alvorens er duidelijkheid is over het gevolg dat de Koning wenst te geven aan het advies van de CREG. Het lijkt de CREG dan ook nuttig om de mogelijkheid van een koninklijk besluit op te nemen in de planning.</p>	<p>Indeed, after one month, the participants will be informed if their offer has been retained in the final selection or not and if so, on what terms (offer versus imposition by King, for which details will be known later).</p> <ul style="list-style-type: none"><li>- Contrary to what CREG suggests, the law is very clear in its article 7 sexies, §3 that offers from the selection, which are judged reasonable by the CREG, will be contracted. Consequently it is not possible, that an offer judged as reasonable from the selection would not be contracted or would be replaced by another offer following the intervention of the King. The process is as follows :<ul style="list-style-type: none"><li>o Elia makes a report on all individual prices and makes a technical-economic proposal of a combination of offers</li><li>o CREG judges reasonability of combination and ideally also of individual offers</li><li>o If combination is reasonable, Elia contracts offers</li><li>o If combination is not reasonable, non-reasonable offers will not be contracted, but King can impose prices/volumes on these non-reasonable offers. This is why CREG should, together with</li></ul></li></ul>
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					judgment of reasonability of combination, also judge reasonability of individual offers.
4	Anonymous	Tender schedule	§3.1	<p>Hereby we would like to inform where we can find the confirmed timeline of the different steps of the tendering procedure for strategic reserve considering that fact that the current procedure appears to have a conditional character. To our understanding, the total volume of Strategic reserve may change until Elia starts the analysis of the received offers.</p>	<p>The conditional character of the draft procedure is a consequence of the fact that at the moment of drafting the proposal of Procedure for Constitution, it was not known yet when exactly the Minister would take the volume decision. Since the calendar of the tendering procedure is written in the Electricity Law and depends on the exact date of the Ministerial Decree, the exact date when the offers must be submitted was not known yet.</p> <p>The tendering calendar has in the meantime been updated based upon the date of the Ministerial Decree of 13 January 2017, with an entry into force on 15 January 2017.</p> <p>Elia will update the calendar which will be published on ELIA's website, as well as in the Procedure for Constitution which will be final and public at the latest by 15 February 2017, start of the Call for Candidates.</p>
5	Anonymous	Tender schedule	§3.1	<p>A validity period of the offer until 31st of October 2017 appears unfeasible considering the start of the contract validity period being November 1st 2017. As simulation tests need to be performed and organizational aspects need to be implemented, the validity period of the offer does not seem to take these elements into account.</p>	<p>Elia will inform to parties who submitted offers the results of the strategic reserves tender by mid-August.</p> <p>As provided by public procurement rules, awarded suppliers can start implementation after the legal 15 days of standstill; this leaves two months for doing the corresponding implementations.</p> <p>The contract has to be signed at the latest on 31st</p>

					October 2017.
6	Anonymous	Tender schedule	§3.1	Regarding the certification request practicalities, we would appreciate a clarification of the conditions and the timeline for the certifications. In case the deadline for the NFS study is March 1st, this would leave one month to contract clients correctly.	The calendar for the tendering procedure is foreseen in the Electricity Law and the timeline and conditions for certification are written in the Procedure for Constitution. The timing for prequalification of delivery points connected to the DSO grid is fixed by the DSOs. Elia aims at giving as much visibility as possible for suppliers to anticipate their contracting and implementation procedure, however Elia considers that suppliers should be able to contract their resources within the given timeframe.
7	Febeliec	Tender schedule	§3.3	With respect to point 3.3 (p14), Elia states “and as the case may be, 2018/2019 and 2019/2020”. As the Ministerial Decree creates a strategic Reserve for all three years, the “as the case may be” should be removed.	At the moment of drafting the proposal of Procedure for Constitution, it was not known yet what would be the content of the Ministerial Decree, therefore ELIA left the different possibilities open in the proposal for Procedure for Constitution.  Now, the content of the Ministerial Decree is known, Elia will delete "as the case may be" in the final version of the Procedure for Constitution.
8	CREG	Ministerial Decree on the determination of volumes	§3.5	11. De CREG stelt voor dat Elia de tekst van dit hoofdstuk aanpast rekening houdend met het ministerieel besluit van 13 januari 2017. Verder stelt Elia dat zij rekening zal houden met het meest recente besluit op het moment dat Elia begint met het analyseren van de ontvangen offertes. De CREG meent dat de bewoordingen “op het moment dat Elia begint met het analyseren van de ontvangen offertes” best kunnen gepreciseerd worden. Overeenkomstig de planning voor de aanbesteding (hoofdstuk 3.1.) zou dit moment zich rond 15 april 2017 moeten situeren.	At the moment of drafting the proposal of Procedure for Constitution, it was not yet known when exactly the Minister would take its volume decision. Since the calendar of the tendering procedure is stipulated in the electricity law and depends on the exact date of the Ministerial Decree, the exact date of submission of offers was not known yet.  In the meantime, the decision has been taken and an exact timeline can be made. This updated and

					<p>exact timeline will be taken up into the final version of the procedure and will be published on the Elia-website.</p> <p>The final date to submit offers will be Tuesday 18 April 2017.</p>
9	Febeliec	Ministerial Decree on the determination of volumes	§3.5	<p>With respect to point 3.5, in the meantime a Ministerial Decree has been published in January 2017, instructing Elia to compose a strategic reserve for all winters up to 2019/2020 of 900MW. The Febeliec interpretation of this Ministerial Decree is that it does not preclude participation to the strategic reserve with products with a shorter duration than (all) three winters (so also per winter period) and does not preclude for parties willing to offer volumes to the strategic reserve to participate to tenders at a point closer to the following winters (does not now for all three winters, but yearly for each following winter). It otherwise would be very difficult for many potential participants to the strategic reserve to offer any volumes, as long term visibility (three winters/years in the future) on production and consumption planning would be very difficult and thus potential volumes greatly reduced.</p>	<p>The SDR products are adequacy products and following the Ministerial Decree of 13 January 2017, Elia will constitute a strategic reserve for 3 years.</p> <p>This volume needs to be firm throughout the three years period imposed by the Ministerial Decree.</p> <p>Elia reminds that other short term flexibility products can be offered in procurements of balancing products.</p>
10	CREG	Penalties	<p>§4.1.3</p> <p>§4.2</p> <p>§4.3.3</p>	<p>13. Onder punt 4.1.3., 4.2. en 4.3.3. wordt onder meer voorzien in een sanctie voor niet tijdige operationele indienstneming van de communicatie tussen de lokale metering en Elia. Elia geeft telkens de datum van 17/10/2017 op als uiterste datum voor het operationeel zijn van de uitwisseling van de gegevens. De overschrijding van die datum geeft telkens aanleiding tot een penaliteit op weekbasis voor iedere week van de winterperiode waarvoor de voorwaarden niet voldaan zijn op de eerste dag (maandag) van die week. De CREG meent dat er een verwarring kan ontstaan tussen enerzijds de uiterste datum van 17/10/2017 (waarop de penaliteit zou moeten aanvangen) en anderzijds de verwijzing naar elke eerste maandag van de weken in de winterperiode. De CREG begrijpt hieruit dat er geen verschil in penaliteit wordt toegepast tussen de installatie die op 18/10/2017</p>	<p>Elia will change the date of 17/10/2017 to 16/10/2017 (a Monday) in the Procedure for Constitution. This change aligns with the requirement specified in §4.1.3., §4.2 and §4.3.3. of the Procedure for Constitution, in which controls are performed weekly starting on a Monday.</p> <p>Elia needs at least two weeks of metering information to calculate the baselining in case of activation of strategic reserve during the first days of the winter period.</p> <p>The contract, to be signed, at the latest on 31</p>

				of op 30/10/2017 operationeel wordt. De CREG meent dat een verduidelijking van de toepassingsmodaliteiten van deze penaltiteiten wenselijk is.	October 2017, should specify it is without prejudice of the procedure, including but not limited to the right of Elia to apply penalties based upon faults before the beginning of the contract.
11	Anonymous	Penalties		In case of a test performed by the SGR provider, no penalties should be born in case the Pmax is not reached. Only in case of a request for a test by Elia penalties could be applicable.	<p>This issue is not part of Procedure for Constitution, and therefore considered out of scope of this consultation. Furthermore, this issue relates to modifications in §6.2.4 of the Functioning Rules for 2016/17, where Elia implemented modifications concerning the testing criteria and penalties for SGR following the decision of the CREG on the Functioning Rules.</p> <p>This concerned (1) harmonization of penalties for activation tests on demand of supplier and activation tests on demand of Elia, and (2) implementing Pmax as a part of the “missed start” criteria.</p> <p>Elia recognizes that this imposes a disincentive for voluntary tests, and implies a severe penalty on “non-available” when Pmax is not attained.</p> <p>Elia therefore proposed in its answer to the last public consultation on the draft decision of the CREG on the Functioning Rules to integrate Pmax as a separate criterion with an adapted and reasonable penalty.</p>
12	CREG	Submeter specifications	§4.3.1	12. Voor wat betreft de vereisten voor de deelname van leveringspunten uitgerust met een submeter achter een toegangspunt op het distributienet wordt in het voorstel van proceduremodaliteiten verwezen naar de minimale technische vereisten gesteld door de distributienetbeheerder.	<p>Elia believes that it is as precise and complete as possible in concern of technical requirements for submetering on TSO and DSO level.</p> <p>The requirements for submetering on DSO level are described in the Synergrid document C8/02.</p>



			<p>De CREG meent dat deze vereisten te vaag omschreven zijn in het voorstel van proceduremodaliteiten. De CREG vraagt Elia om haar producten zoveel mogelijk open te stellen voor de deelname van de flexibiliteit van de vraag aangesloten op het distributienet en bijgevolg explicieter te zijn betreffende de eventuele beperkingen voor de deelname van leveringspunten uitgerust met een submeter achter een toegangspunt van het distributienet en betreffende de motivering van deze beperkingen.</p> <p>Bovendien heeft Elia in haar antwoord (Punt 5 : voorwaarden voor SDR-offertes - Randnummers 25 en 26)<sup>2</sup> op de raadpleging van de CREG over haar ontwerpbeslissing 1598, waarin de CREG dezelfde opmerking maakte, gesteld dat:</p> <p><i>“Het beschrijven van de technische condities voor submetering is niet het onderwerp van de Werkingsregels. Deze criteria voor submetering op distributieniveau zijn daarentegen wel het onderwerp van de Procedure van Aanleg (momenteel onder publieke consultatie) en worden beschreven in §4.3 “Requirements for DSO Submetering Delivery Points”.</i></p> <p><i>Deze verwijzing gebeurt reeds expliciet in de Werkingsregels (§5.3.1): “De kandidaten voor de levering van SDR kunnen offertes indienen op basis van installaties die voldoen aan de voorwaarden <u>die precies en volledig</u> beschreven worden in de Procedure voor Aanleg. Die laatste volgen, onder andere, de volgende principes...”</i></p> <p><i>Elia meent dat de vraag in randnummer 26 van de CREG enkel betrekking kan hebben op de Procedure van Aanleg.”</i></p> <p>De CREG stelt vast dat de beschrijving van de vereisten in het voorstel van proceduremodaliteiten moeilijk als “precies en volledig” kunnen worden bestempeld. Daarom vraagt de CREG aan</p>	
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				Elia om in de procedure de nodige verduidelijkingen aan te brengen.	
13	Febeliec	Stages of the tendering procedure	§5	With respect to point 5 (p21), Febeliec finds the wording “as amended from time to time” vague and not relevant.	Elia has to reference to this act of 15.6.2006, as amended from time to time, because not only this act is to be complied with (since it is of public order), but also in its actual form (not only in its initial or other previous version). This act has been amended recently, by the act of 17.6.2016, in order to transpose the European public procurement directives and it cannot be excluded this act will be subject to further future amendments.
14	Febeliec	Application file for SGR and SDR Candidates	§5.1.2	On point 5.1.2 (p23), on the disclaimer added on the participation of assets for SDR Units, Febeliec strongly reiterates its position that it has already shared at every consultation on the fact that it is the <b>offtake</b> at the connection point of a consumer that is important for the determination of the volume for the strategic reserve and not the consumption of specific processes on the same site. The consumption of each individual process is irrelevant as a reduction in such consumption could be countered by an as large reduction in local generation on the same site, thus complying with the requirements for participation to the SDR, while not at all providing a contribution to the system. It is irrelevant by which means a consumer delivers the reduction in offtake, as long as the required offtake reduction at the connection point to the grid, which in the end helps to alleviate the stress on the system, can be delivered.	The provision of Strategic Reserve by local production units is clearly excluded in the Law of 29 April 1999 in letter and in spirit. As communicated in previous Taskforce sessions Elia is open to discuss this issue in case the law changes.
15	Anonymous	Application file for SGR and SDR Candidates	§5.1.2	We would like to understand how emergency generators could participate in the strategic reserve. It is understood from the tendering procedure that these units are unable to participate under the definition of SDR units, but are allowed to participate under the SGR framework. Where it is understood that the power generating units should be treated on the basis of a level playing	The provision of Strategic Reserve by local production units is excluded in the Law of 29 April 1999 in letter and in spirit. As communicated in previous Taskforce sessions, Elia is open to discuss this issue in case the law changes.

				<p>field, we fail to see any constraint to offer emergency generators within the SDR framework as long as they respect not to be active in the market during the five months winter period.</p>	<p>Emergency Generators are considered as production units and can therefore only participate as SGR units, as long as they comply with relevant conditions. These imply also the announcement of exiting the market.</p> <p>The participation of emergency generators as part of demand side management is not compatible with the definition of demand side management of the electricity law ('vraagzijdebeheer'/'gestion de la demande').</p>
16	Fluxys	Application file for SGR and SDR Candidates	§5.1.2	<p>Dans ce cadre, nous désirons attirer votre attention sur un point important. Nous ne trouvons pas dans les règles de fonctionnement telles qu'actuellement décrites de précision sur la nécessité, pour un candidat SGR, de sécuriser un accès à de la capacité ferme sur le réseau de transport de gaz via une réservation de capacité ex-ante couvrant toute la durée du contrat de réserve stratégique.</p> <p>Ce point est important car, sans cette réservation ex-ante et en cas, par exemple, de réservation court-terme au jour le jour ou en cas d'absence de réservation, Fluxys Belgium ne peut garantir que la capacité sera disponible lorsque la réserve devra être activée. Cette réservation étant d'autant plus importante qu'une activation de la réserve stratégique pourrait correspondre à une période de grand froid et d'activité intense sur le réseau de transport de gaz.</p> <p>Nous vous invitons en conséquence à préciser dans les contrats SGR que les centrales de production SGR doivent disposer d'une réservation de capacité ex-ante couvrant toute la durée du contrat de réserve stratégique afin de ne pas risquer de compromettre la disponibilité de celle-ci.</p>	<p>The content of the SGR contract is very clear and explicit on the obligations of the supplier as to the availability, the activation and testing of the SGR units. Moreover, the Functioning Rules and the Procedure for Constitution determine to which rules a SGR unit must comply with.</p> <p>This means the suppliers have the obligation to produce a certain amount of energy from a certain point in time during a certain timeframe. It is up to the supplier to judge which means he needs in order to be able to comply with his obligations. The contract foresees the application of penalties in case of non-compliance of the SGR unit with regard to these obligations. If the supplier of the SGR unit cannot comply to the rules, penalties apply.</p> <p>Therefore Elia is of the opinion that the Procedure for Constitution does not need to be modified as requested.</p>
17	Febeliec	Combination with other	§5.2.2	<p>With respect to the table presented by Elia (p28) on the exclusivity criteria, Febeliec wants to reiterate its general position that all</p>	<p>The exclusivity criteria are described in §5.3.1 of</p>

		ancillary services		<p>combinations between balancing and strategic reserve products should by default be possible, unless explicitly excluded from such combination by Elia based on transparent, detailed, justified and validated criteria.</p>	<p>the Functioning Rules.</p> <p>Elia makes always its best efforts to open up its products to as many suppliers as possible in its efforts to reduce costs. The guiding principles on which Elia assesses the feasibility of certain combinations of products are presented and explained in the experts working group session of June 29<sup>th</sup> 2015 (slide 11-13) (<a href="#">link</a>).</p> <p>Despite product evolutions, the same guiding principles are used to analyze the feasibility with R1 non-CIPU, R3 non-CIPU and R3 non-reserved non-CIPU. The result of this analysis can be found in the table in §5.2.2. of the proposed Procedure for Constitution.</p> <p>Elia is of course available to re-explain these reasons further at any time.</p>
18	CREG	Combination with other ancillary services	§5.2.2	<p>16. Inzake de exclusiviteitscriteria voor een combinatie van levering van R1 en deelname aan SDR, bepaalt Elia de voorwaarden waaronder een toegangspunt dat deelneemt aan R1 ook mag deelnemen aan SDR. Elia neemt aan dat de hoeveelheid aan flexibiliteit van het geprekwalificeerde leveringspunt voor R1 non-CIPU niet aangeboden zal worden voor SDR en stelt dat de kandidaat moet kunnen bewijzen dat de levering van de R1-dienst kan blijven worden geleverd zelfs indien de afname beperkt wordt tot de Shedding Limit SDR (voor SDR DROP-TO) of tot de Unshedddable Margin (voor SDR DROP-BY). De CREG meent dat de voorgestelde combinaties slechts mogen toegelaten worden indien Elia daadwerkelijk de controle hierop kan uitoefenen en dit ook effectief doet. Indien deze controle niet mogelijk is, moeten deze toegangspunten worden uitgesloten van deelname aan SDR.</p>	<p>In the functioning rules §5.3.1 it is declared that a precondition for offering R1 non-CIPU and SDR on the same delivery point, the supplier has to prove that it can deliver the R1 non-CIPU service, even during an activation of SDR.</p> <p>This will be implemented by a double simulation test, i.e. a test before contracting to show compliance with the service requirements. Elia preserves the right to conduct simultaneous activation tests during the contract.</p> <p>The Procedure for Constitution defines only the additional requirements to make sure this can be checked by means of requesting the Minimum Offtake R1 non-CIPU, as well as the individual contribution of the concerned Delivery Point to all</p>

					R1 service types for which the related group(s) ha(ve)(s) been prequalified. In addition, in case of a double activation, Elia will request ex post the activated energy per Delivery Point, which shall be used to check the correct delivery of the SDR service.
19	Febeliec	Metering data correction for SDR certification	§5.2.2	With respect to point 5.2.2 (p24), Febeliec wonders what profile Elia will apply in all other cases than those mentioned, and on which data such profile would then be based, as presumably no winter period data would exist. Moreover, Febeliec notices that in footnote 10, Elia mentions that it will be “fair” when deciding whether the data will be taken into account, but such vague selection criterion is not explicit enough and could lead to discriminatory selection criteria and discussion.	<p>Elia already explains in detail the used method in the Procedure for Constitution. In §5.2.2 of the Procedure for Constitution. More details can be found in a separate document on Elia's website : "SDR certification Guidelines".</p> <p>Elia will add a reference to this document in the final version of the Procedure for Constitution.</p> <p>In case of disagreement, Elia will decide and will motivate its decision.</p>
20	Febeliec	Metering data correction for SDR certification	§5.2.2	In the same point 5.2.2 (p27), Elia writes: “Justified explanation if certain periods have to be corrected due to significant developments foreseen [...]. Elia and the SDR Candidate will consult each other in order to determine how metering data will be corrected”. Febeliec takes note that Elia wants to find a pragmatic solution for such problems. Nevertheless, Febeliec wonders who will in the end decide after aforementioned consultation between both parties and if there is the possibility to contest the outcome of such decision in case the SDR Candidate (or Elia, if it would not be up to Elia to decide) would not agree.	In such case Elia will decide on how the metering data will be corrected and will motivate its decision.
21	Febeliec	Metering data correction for SDR certification	§5.2.2	Again in the same point 5.2.2 (p27), Elia states “As described hereby above, if the Delivery Point is a Submetering or CDS Delivery Point, SDR Candidates must also submit validated metering data for the periods 1/10/2014-31/03/2015, 1/10/2015-31/3/2016 and 1/10/2016-28/02/2017.”, Febeliec asks Elia to bring this in line with the elements on page 24 and elsewhere in the document on the rules to apply in case such data would not	Elia will complete this mention in the final version of the Procedure for Constitution.

				exist, in order not to preclude these SDR Candidates.	
22	REstore	Metering data correction for SDR certification	§5.2.2	Regarding submetering: We suggest to update the rules to bring them inline with the latest thinking based on the FCR discussion, i.e. should there be a gap between the accuracy that a provider can offer and the Elia requirements, then the provider has the choice to over deliver by this margin to be accepted as in the latest FCR rules to be introduced in may 2017.	There is a fundamental distinction to be made between FCR where measurements are used (snapshot MW-value every 2 seconds) and submetering where 15-minute metering is used (similar to the counters used for invoicing). Also the processes and checks in which this data is used, is different. For SDR there is a continuous availability check whilst for FCR checks are event-driven. Due to the differences in products a different approach towards metering and measurement accuracy has been adopted.
23	CREG	Metering data correction for SDR certification	§5.2.2	14. Wat betreft de meetgegevens voor Certificatie van SDR Referentievermogen worden de winterperiodes uitgebreid met de maand oktober. Het is voor de CREG niet duidelijk waarom de maand oktober wordt toegevoegd aan elke winterperiode.	The data of the month of October are needed for the calculation of the baseline to allow the implementation of the second availability criteria during hours with high prices on the Market.  If a price peak occurs in the first days of November, Elia needs to calculate the baseline according to X out of Y, requiring data from the last representative days which can only be in October.
24	CREG	Market sensitivity correction for SDR certification	§5.2.2	17. In het kader van het certificatieproces bepaalt Elia het "maximum toegestaan SDR- referentievermogen" van een SDR-portefeuille op basis van de afnamegegevens die tijdens de drie vorige winterperiodes werden gemeten. Om dit vermogen te bepalen gebruikt Elia twee criteria:  - een beschikbaarheids criterium tijdens verschillende dagdelen van de winterperiode;  - een beschikbaarheids criterium tijdens de uren waarop de day ahead-prijs hoog is.	This was also requested by CREG in its draft decision 1598 on the Functioning Rules for winter 2017-18.  ELIA answered in its response to CREG's public consultation that it will amend the Functioning Rules in order to conduct a similar check on the imbalance price as the one foreseen on the EPEXSpot Belgium DAM price.  This modification will also be implemented in the

			<p>Wat het tweede criterium betreft, vindt Elia dat het aangeboden vermogen verminderd moet worden zodra er een verschil van 20% wordt vastgesteld tussen het referentieverbruik en het gemeten verbruik wanneer de prijs op de day ahead-markt hoger is dan 150 EUR/MWh.</p> <p>Bij de bepaling van het maximum SDR-Referentievermogen houdt Elia rekening met de in de historische gegevens geobserveerde vermindering van de consumptie voor alle leveringspunten van de portfolio tijdens de uren waarin de EPEXSpot Belgium DAM hoger was dan of gelijk aan 150 €/MWh.</p> <p>Rekening houdend met het hoofddoel van de strategische reserve, namelijk een bijdrage te leveren aan de bevoorradingszekerheid in elektriciteit, en met de bekommernis van de CREG om een goede marktwerking te bevorderen, waarbij een level playing field tussen vraag en productie wordt nagestreefd, meent de CREG dat in principe enkel de capaciteit die niet reageert op prijssignalen in aanmerking mag komen om deel te nemen aan de strategische reserve.</p> <p>Niet vertrouwelijk 9/9</p> <p>Wat betreft de deelname van productiecapaciteit aan de strategische reserve, komen enkel de eenheden in aanmerking die hun buitendienststelling hebben aangekondigd voor de betreffende periode (artikel 7quinquies , §2, 2° t.e.m. 4° van de elektriciteitswet) en die bijgevolg per definitie niet kunnen reageren op prijssignalen gezien hun activering enkel door de netbeheerder kan gebeuren (artikel 7septies, §2, 2de alinea van de elektriciteitswet).</p> <p>Wat betreft de deelname van de vraagzijde aan de strategische reserve kan er met het huidige design van de SDR-producten ex-ante niet met zekerheid bepaald worden hoe deze vraag zal reageren op toekomstige prijssignalen. Daarom wordt de toelating</p>	<p>certification tool.</p>
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				<p>van deelname van de vraagzijde aan de strategische reserve gebaseerd op historische gegevens, waar bij men er redelijkerwijze kan van uitgaan dat de vraagzijde die in het verleden reageerde op marktprijssignalen (hetzij op day-ahead markt, hetzij balancing) dit ook verder in de toekomst zal doen en bijgevolg geen extra toegevoegde waarde voor de bevoorradingszekerheid creëert door de opname ervan in de strategische reserve.</p> <p>De CREG meent bijgevolg dat bij de bepaling van het maximum SDR-Referentievermogen Elia niet enkel dient rekening te houden met de reactie van de consumptie op de DAM-prijzen, maar eveneens met reactie op de onevenwichtsprijzen zoals ze had aangegeven in punt 52 van haar beslissing 1494.</p>	
25	Febeliec	Market sensitivity correction for SDR certification	§5.2.2	<p>With respect to the determination of the maximum reference power, Febeliec wants to strongly reiterate its position, as already given in previous consultations and discussion on this topic, that this is a major error in the reasoning applied by Elia to de-rate all volumes offered by SDR Candidacies by those volumes that in the past where not being consumed at moments where the Belgian DAM price was above the (arbitrary) threshold of 150€/MWh. First, this arbitrary value has no justified relevance for the discussion on this product, even more as such events have not occurred frequently enough in recent winter periods to be able to deduct any statically significant conclusions. This also refers to the methodology with representative days as described by Elia, as it would be very difficult to determine sufficient days that are both significant for the system and at the same time significant for the behavior and consumption patterns of the SDR Candidate in question, thus opening the door to the application of non-transparent and arbitrary selection criteria. Second, results of the past are no guarantee for the future. As economic conjuncture, order books of consumers, must-run obligations, availability (addition or removal) of production processes and production lines, ... can differ in time, the results of the past cannot in any case be linearly transposed to future behavior. This is even more</p>	<p>The 'availability criteria' based on high EPEXSpot Belgian DAM prices was already implemented in the Functioning Rules of 2016/17, upon the decision on the functioning rules by the CREG.</p> <p>Elia has opted for a reference value of 150 €/MWh (an analysis shows that EPEXSpot Belgian DAM price exceeded this price in 0.2% of the hours during Winter 2014/15, and never exceeded this price in 2015/16). Although Elia agrees that a 'high price' is a subjective / relative concept, it can be concluded that capacity which is systematically unavailable during prices higher than 150 €/MWh cannot be rewarded with an SDR contract. It should be noted that a high average tolerance margin of 20% is implemented to exclude coincidental off-take deviations.</p> <p>The 'availability criteria' based on the representative days is an evolution from FR 2015/16 and FR 2016/17, after discussions with stakeholders, where certification evolved from</p>



				<p>relevant for the strategic reserve, as this product is conceived as an insurance policy against system inadequacy. By excluding aforementioned volumes, Elia excludes low-hanging (and thus cheaper) fruits from participation and at the same time does not guarantee a similar impact and behavior by consumers in the future, thus jeopardizing the adequacy of the system by the way this de-rating mechanism is set up. Febeliec strongly wants to urge Elia and all other involved decision makers to revisit this mechanism, in order to avoid any issues related to it in the future.</p>	<p>distinguishing critical and non-critical days to 4 clusters representing hours with a similar probability of scarcity.</p> <p>Elia improved the transparency to publish in the answer to the consultation on the FR, together with a step by step explanation on how the table with the required availabilities derives from the heat map of the adequacy assessment.</p> <p>Uncertainty on future evolutions is difficult to capture in certification, and Elia welcomes concrete constructive ideas on how to take this into account, without reducing the availability of the product during scarcity periods.</p>
26	Anonymous	Market sensitivity correction for SDR certification	§5.2.2	<p>Concernant la proposition d'Elia de prendre en compte, lors de la certification de SDR, la disponibilité en cas de prix Belpex DAM élevés : pour les Grid users ayant des contrats indexés sur le prix du marché spot, cette disposition limitera grandement leur capacité à participer à la SDR. Or l'accès au marché SDR doit, selon nous, se faire sur un principe d'équité entre les acteurs et, notamment, les Grid users ayant des contrats indexés sur le prix du marché spot doivent avoir les mêmes conditions d'accès à ce marché que ceux n'ayant pas de contrat indexé spot.</p> <p>La SDR rémunère la disponibilité des ressources SDR ainsi que la garantie d'avoir une réduction effective de leur consommation pendant les heures critiques. Un simple signal prix ne nous semble pas offrir la même garantie. En outre, les contrats de fourniture changeant d'une année sur l'autre, nous pensons qu'une réduction de la Rref sur la base d'un comportement historique ne capturera pas correctement le comportement des Grid users dans les années à venir.</p> <p>Il nous semble par ailleurs que la méthodologie proposée comporte un effet seuil indésirable. En effet, il y aura une discrimination forte entre un pool SDR pour lequel R est égal à</p>	<p>The 'availability criteria' based on high EPEXSpot DAM price was already implemented in the Functioning Rules of 2016/17, upon the decision by the CREG.</p> <p>Elia has opted for a reference value of 150 €/MWh (an analysis shows that EPEXSpot DAM price exceeded this price in 0.2% of the hours during Winter 2014/15, and never exceeded this price in 2015/16). Although Elia agrees that a 'high price' is a subjective / relative concept, it can be concluded that capacity which is systematically unavailable during prices higher than 150 €/MWh cannot be rewarded with an SDR contract. It should be noted that a high average tolerance margin of 20% is implemented to exclude coincidental off-take deviations.</p> <p>Elia recognizes the implications for parties with indexed contracts, but want to point out that</p>

				<p>19% (dans ce cas, pas d'ajustement de Rref) et un pool pour lequel R est égal à 21% (ajustement de la Rref à hauteur de 21% !). Ainsi, si la méthodologie est conservée, nous recommandons de n'ajuster Rref qu'à hauteur des points de pourcentage au-dessus du seuil de 20%.</p> <p>En outre cette méthodologie renforcerait, selon nous, la position d'un acteur disposant d'ores et déjà d'un gros portefeuille au détriment des nouveaux entrants sans qu'un tel effet d'agrégation ne soit justifié par une augmentation de la fiabilité du service rendu. En effet un site qui réagirait au Belpex réagira de la même façon aux pics de prix qu'il soit intégré au sein d'un gros ou d'un petit portefeuille. Or dans la méthodologie actuelle sa puissance de référence Rref pourrait ne pas être modifiée au sein d'un pool important de consommateurs et fortement réduite au sein d'un portefeuille de petite taille. Cela ne nous semble pas favorable à la création d'une pleine concurrence entre l'ensemble des acteurs.</p>	<p>contract choice is free.</p> <p>Elia answered in the public consultation, the tolerance margin of 20% is set to exclude coincidental off-take deviations. It recognizes that this value is not the result of statistical analysis, but is open for concrete proposals for values of methodologies to determine the value.</p>
27	Anonymous	Market sensitivity correction for SDR certification	§5.2.2	<p>Regarding the determination of the maximum reference power, it appears the proposed default takes the D-1 nomination of the ARP TSO headmeter access points as a reference. There is however the possibility that the day ahead nomination are far from the realized measured data due to unplanned events. Therefore we propose the possibility to opt for the X of Y method for these access points as well.</p>	<p>This principle is foreseen in the §6.3.1 of the Functioning Rules and cannot be changed anymore for winter 2017-18. Elia will analyze the possibilities of different baselining methods towards Winter 2018-19 for different delivery points. This will be done in the context of other possible product evolutions.</p>
28	Anonymous	Market sensitivity correction for SDR certification	§5.2.2	<p>Nous souhaitons alerter Elia sur la nécessité de contrôler la précision des nominations de puissance introduite en D-1 par l'ARP des points d'accès raccordés au réseau Elia. Ces nominations sont utilisées par Elia pour construire la baseline des sites raccordés au réseau Elia. De leur précision dépend donc la performance des sites engagés en SDR.</p>	<p>This principle is foreseen in the §6.3.1 of the Functioning Rules and cannot be changed anymore for winter 2017-18. Elia will analyze the possibilities of different baselining methods towards Winter 2018-19 for different delivery points. This will be done in the context of other possible product evolutions.</p>
29	ArcelorMittal Aperam	SDR contract duration	§5.3.2	<p>For 2017 Arcelormittal has participated to the ICH auction and its bid was selected. This is valid for a calendar year of 2017 and therefore already locks the possibility to participate to the new SDR.</p>	<p>Elia would like to clarify that ICH and SDR products can co-exist. If a supplier has an ICH contract, it can participate in the Strategic Reserves tender for</p>

				<p>All the other services (R1, R3Flex, etc) have a duration of 1 month, allowing consumers to have full flexibility in their choice.</p> <p>We find that exiting ICH is not supporting same level of flexibility, therefore imposing some kind of discrimination to our mills.</p> <p>In order to guarantee a level playing field and avoid putting aside part of consumer we suggest to consider these approaches:</p> <ul style="list-style-type: none"> <li>○ Have the possibility for ICH participants to modify the ICH and make it stop the 30th of September if they are selected in SDR auction.</li> <li>○ Leave the ICH as it is, and split the SDR for winter 2017/2018 in two periods <ul style="list-style-type: none"> <li>▪ From 1st of November to 31st of December</li> <li>▪ From 1st of January to end of March</li> </ul> </li> </ul>	<p>an additional volume.</p> <p>Concerning the two approaches suggested:</p> <ul style="list-style-type: none"> <li>- The current contract for ICH has been signed for 1 year and engages the supplier for the entire contractual period.</li> <li>- Elia would like to remind that such a distinction would be contrary to the principles confirmed in the Functioning Rules in order to guarantee a level playing field between SDR and SGR. In case of contradiction the Functioning Rules prevails over the Procedure for Constitution.</li> </ul>
30	ArcelorMittal Aperam	SDR contract duration	§5.3.2	<p>The Ministerial decree published that the strategic reserve will be for winter up to 2019/2020.</p> <p>For an industrial, participating to an SDR scheme is very linked to the expected production forecasted.</p> <p>Taking into account current economical volatility, it would be very difficult to offer our flexibility for a 3 year contract è 1 year is the preferable option.</p>	<p>The SDR products are adequacy products and following the Ministerial Decree of 13 January 2017, Elia will constitute a strategic reserve for 3 years.</p> <p>This volume needs to be firm throughout the three years period imposed by the Ministerial Decree.</p> <p>Elia reminds that other short term flexibility products can be offered in procurements of balancing products.</p>
31	Restore	SDR contract duration	§5.3.2	<p>Regarding contract duration: We were and still are very much in favor of 1 year contracts for all, as the context and therefore need for reserves is changing rapidly and 3 year contracts might lead to (significant) price increases compared to 1 year contracts. By reading the law and the current rules we think it is still possible to implement such a model. Indeed Elia needs to fix the volume for the next 3 years which creates visibility for the potential providers, but we believe it would be possible in the current framework to</p>	<p>The SDR products are adequacy products and following the Ministerial Decree of 13 January 2017, Elia will constitute a strategic reserve for 3 years.</p> <p>This volume needs to be firm throughout the three years period imposed by the Ministerial Decree.</p>

				<p>organize this in 3 separate yearly auctions. To maximise the competition and source the SR volume at the lowest possible cost to society.</p> <p>This is by far our preferred option. If this is not possible then this means 3 year contracts for all which puts DR at a clear disadvantage as we have only 3 months to find, contract and pre-qualify volume and we have lost all momentum due to zero SDR for 2016-2017. Therefore we propose to add the following elements to the current framework:</p> <ol style="list-style-type: none"> <li>1. Clear rules that allow us to swap providers in our portfolio as is the case for other similar products. We keep the contracted MW but we are allowed to change who delivers them to allow for the normal churn during a 3 year period. Otherwise 3 year contracts are not feasible for DR</li> <li>2. As in the UK the right to auction volume that is not yet contracted. Indeed this would double the time available to find &amp; contract volume and partially counteract the significant loss for SDR due to the stop &amp; go management. We propose to limit this extra volume to 25% of the volume identified and contacted to minimize risk of failure. Further we suggest that Elia is allowed to keep an option on SGR volume to cover potential failures. As in the UK a reasonable bid-bond could be asked from providers that wish to use this option</li> </ol>	<p>Elia reminds that other short term flexibility products can be offered in procurements of balancing products.</p> <p>The second option is a new design proposal and should be further analysed in the framework of new functioning rules design for the future. The certified volume is firm and cannot be changed.</p> <p>Regarding changes of portfolio during contract, Elia will allow two changes of portfolio of delivery points per year. Year is defined as the period going from 01/Nov/Y to 31/Oct/Y+1.</p>
32	Anonymous	SDR contract duration	§5.3.2	<p>Il nous semble primordial d'assurer une visibilité aux capacités DR sur la pérennité du mécanisme de réserve stratégique ainsi que sur les volumes associés.</p> <p>En revanche il nous semble préférable, notamment dans le cadre d'un marché DR très concentré en Belgique, de ne pas mettre en place de contrats pluriannuels.</p> <p>Nous pensons que des appels d'offre annuels sont préférables à</p>	<p>The SDR products are adequacy products and following the Ministerial Decree of 13 January 2017, Elia will constitute a strategic reserve for 3 years.</p> <p>This volume needs to be firm throughout the three</p>

				<p>l'entrée de nouveaux acteurs, à la mise en place d'une pleine concurrence sur le marché DR et, in fine, à une diminution des coûts de contractualisation.</p> <p>Nous pourrions comprendre la nécessité de mettre en place des contrats SGR pluriannuels pour favoriser la construction de nouvelles capacités de production si le système en a besoin.</p> <p>Néanmoins dans le cas où Elia proposerait des contrats pluriannuels pour la SGR, nous suggérons qu'une partie du volume de réserve stratégique à couvrir par Elia soit réservée aux capacités de demande pour les trois prochaines années afin de ne pas créer de distorsion entre les capacités de production et les capacités de demande. Une telle mesure permettrait de garantir aux capacités de demande la visibilité nécessaire à de potentiels investissements sans nuire à une concurrence naissante sur ce segment.</p>	<p>years period imposed by the Ministerial Decree.</p> <p>Elia reminds that other short term flexibility products can be offered in procurements of balancing products.</p>
33	CREG	Alignment documents and terminology	General	<p>8. De CREG meent dat een afstemming tussen de Nederlandstalige, Franstalige en Engelstalige versie nuttig zou zijn.</p>	<p>Elia will perform a consistency check between the three different languages before the publication of the final version.</p>
34	CREG	Alignment documents and terminology	§5.2.2	<p>15. Bij de tekst onder de tabel voor de exclusiviteitscriteria voor een combinatie van SDR DROP-TO, SDR DROP-BY en/of andere ondersteunende diensten op een leveringspunt, wordt vaak de term "toegangspunt" gebruikt daar waar in de overeenkomstige tekst in het voorstel van werkingsegels (5.3.1. punt 3 van het voorstel van werkingsregels) de term "leveringspunt" wordt gebruikt. De CREG meent dat het wenselijk is om de beide teksten op elkaar af te stemmen en identieke bewoordingen te gebruiken.</p>	<p>Elia can agree with the remark and will align the terminology in the text.</p>

## RECEIVED REMARKS DURING TF ISR 7/2

#	Author	Subject	Section	Remark	Answer Elia
35	Actility	Tender schedule	§3.1	Actility requests to review tender schedule and to shorten the period between Certification Request and Certification Issuing of Elia in order to give more time to suppliers.	Certification Request has been moved from 20/03 to 24/03, this provides more time to the supplier and leaves Elia with two weeks for doing the Certification calculation and Issuing. To be noted : these two weeks include also the timing for collecting metering data from DSOs.
36	REstore	Metering data correction for SDR certification	§5.2.2	REstore requests to clarify if the 'invalid days' in the historic measurement data used for certification (after justification by the bidder and validation by Elia) are also excluded from the 2nd phase of certification, i.e. market sensitivity correction.	Invalid days validated by Elia, even during periods of high market prices, are eliminated of all stages of certification.  For the sake of clarity: Elia will not correct metering that in the past was market sensitive, even if proofs are provided that it will not be the case in the future.
37	REstore	SDR contract duration	§5.3.2	REstore understands that Elia proposes two switches per contract, which is now transposed from two switches in one year to two switches in three years. It proposes therefore that a linear extrapolation towards 6 switches would be fair.	Elia will keep flexibility of prior contracts and will allow two changes of portfolio of delivery points per year. Hereby a year is defined as the period from 01/Nov/Y to 31/Oct/Y+1.
38	Energy Pool	Certification Tool		Energy Pool stresses the importance of the Certification tool for aggregators, publishing the tool only 1 or two weeks before certification will seriously cut opportunities.	Elia will provide an updated certification tool at the latest for 24/02, which is one month before the new deadline for Certification Request (24/03).