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To: Usersgroup

Cc: Donald Gilbert; Geert Ramault; Pieter-Jan Mermans; Matthys-Donnadieu James; Zenner David

Subject: Feedback consultation strategic reserve

Dear Elia,

Please find below our remarks regarding the proposed procedure of constitution for the SR 2017-2018.

First the decision of the energy minister to go for 3 year contracts also for SDR is a significant change to what has happened in the past. The very short timeframe between the decision and the end of this consultation has not allowed us enough time, therefore these are the preliminary remarks and we ask for the permission to provide additional feedback in the coming 2 weeks.

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 organize this in 3 separate yearly auctions. To maximise the competition and source the SR volume at the lowest possible cost to society.

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:

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
2. As in the UK the right to auction volume that is not yet contracted. Indeed this would double the time available to find & contract volume and partially counteract the significant loss for SDR due to the stop & 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

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.

Kind Regards

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