

Subject: Elia public consultation on the methodology, hypotheses and data sources for the dimensioning of the volume of strategic reserves needed for winter 2018–2019
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Introduction

On the 24th of April, 2017 Elia launched a public consultation on the methodology, hypotheses and data sources for the dimensioning of the volumes of strategic reserves needed for winter 2018–2019. The deadline of the consultation is the 22nd of May, 2017.

FEBEG welcomes this consultation and thanks Elia for offering all stakeholders the opportunity to provide comments and suggestions. The comments and suggestions are not confidential.

Preliminary comment

FEBEG acknowledges that the approach considerably improved over the last two years and appreciates that Elia integrated a lot of suggestions from stakeholders in the methodology, especially regarding the potential of demand response and the use of flow-based domains. Of course, it remains difficult for market parties to fully assess the impact of the choices made in the methodology. The true impact can only be ascertained when the results of the study are released.

Therefore, FEBEG requests that Elia would also consult on the final result of the study. FEBEG also considers it as valuable suggestion to already consult on some preliminary results, especially regarding the scenario that would be chosen as the 'base case'. Such a first consultation could be organized at the moment Elia releases and consults upon the data-sets it will use (expected in August–September). At least, Elia could check/test with the participants to the Elia Task Force 'Implementation Strategic Reserve' some first results.

Comments and suggestions

Forced outages of HVDC interconnectors

FEBEG welcomes that forced outages of HVDC interconnectors are added as a new factor. Nevertheless FEBEG is wondering if the impact of the HVDC interconnectors is correctly assessed. Does Elia also considered forced outages on HVDC Interconnectors outside CWE? Elia used historical data for the availability of HVDC Interconnectors for only one year, i.e. winter 2016–2017: doesn't such a limit set of data risks to give an inaccurate impression and an underestimation of the risks. Elia should also consider the uncertainty of the timely commissioning of new HVDC interconnectors.

Flow-based modelling

FEBEG really appreciates the efforts of Elia in improving year by year the flow-based modelling in the volume assessment. For instance, Elia confirmed that a high wind scenario in Germany could influence strongly the Flow Based domain, and tried to integrate that effect in its methodology. Elia proposes now a further refinement with more domains (for typical days) and a correlation with more climatic conditions. Based on experience with the formation of flow based domains, FEBEG deems the approach still imperfect and sees some room for further improvements:

- To be actual relevant for the assessment of the system adequacy which should be aimed at extreme situations that can occur, the domains should be selected only in the periods of peak demand in Belgium and in the recent past (less than one year) in order to take proper account of the evolution of the production fleet (in particular renewables). Nevertheless this risks limiting the history and therefore the statistical relevance too much. An alternative could therefore be to base the study on an offline estimate of likely domains in the event of a shortage, taking into account the national situations envisaged for the coming years and including significant margins (FRM) on taking into account the risks the unavailability of grid components and large generating units in Europe. Such an approach seems to be more appropriate to capture more extreme (but not unlikely) situations like we experienced in the past winter with the outages of nuclear plants in France and Belgium.
- In line with above point, FEBEG warns for the historical approach of Elia to select the domains, which are deduced from the historical data of grid availability, production and consumption, etc. These inputs could be very different from year to year. A more straightforward approach could be based on a coherent market and grid simulation using the forecasted prod/consumption data directly in the deduction of domain.
- The introduction of 4 x 24 flow-based domains is still too limited; the summer and inter-season days should rather be dedicated to the winter to obtain already 12 x 24 domains.
- The definition of 'small', 'medium' and 'large' domains is too vague: FEBEG would like to have more details on their composition.
- FEBEG wonders if Elia takes into account the LTA (long term allocation) patch in the clustering of domains. It is advisable to not take into account this patch, as it is uncertain if it will still be applied in the future and a more conservative approach seems to be better in line with the actual physical constraints.

Climatic database

FEBEG considers it as a positive evolution that Elia is using ENTSO-E data as this is in line with the objective of harmonization at EU level.

Sensitivity of load to temperature

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Market response

The volume of market response that is taken into account in the assessment is based on a quantitative analysis. FEBEG welcomes this evolution.

FEBEG also wants to emphasize – giving the complexity of the quantitative analysis – the need for transparency on the methodology and selection of the representative timeframes.

FEBEG wants to point out that the applied price thresholds of 150 EUR/MWh and 500 EUR/MWh are preferably not based on a fixed number. These thresholds should consider the indexes to which fuel burning assets are exposed to, like natural gas. In addition, FEBEG would like to plea for a cautious approach with regard to the exclusion of generation units above 500 EUR/MWh. For flexibility reasons, these units could be offered here. In case such an activation would require the payment of a penalty (for example: exceeding gas capacity contract) which is then integrated in the pricing.

The outcome of the qualitative analysis will be important to estimate the overall availability of the calculated capacity in the quantitative approach. These results should therefore be used to implement the required deratings on the market response volume.
