

Paris, January 12th 2018

Answer to Elia public consultation: Design notes on the coordination of assets for system operations and market procedures (iCAROS)

As producer of a 400 MW CCGT in Belgium (Marcinelle), Direct Energie is very interested in this consultation and globally supports the CIPU reform towards iCAROS, having in mind that this is only a high level design note.

Direct Energie is strongly supporting the evolution concerning congestion management with the removal of the red zones, i.e. constraints imposed to generators without compensation. Thus Direct Energie supports answer made by FEBEG to this consultation.

On top of this answer, Direct Energie has only a few points of main attention concerning redispatching bids.

1. Free bids for congestion

Direct Energie strongly supports the proposition made in the iCaros project (as well as in the design notes) by allowing freedom of dispatch for generators with remunerated congestion management. We consider this as a major improvement (from no compensation to regulated compensation), even if we would have preferred that congestion bids should be based on a free pricing rather than on a regulated basis.

According to Direct Energie, Free bids for congestion would allow:

- A better market signal that can really incentivize a sustainable resolution of the congestion,
- A simpler bidding strategy and process for both Scheduling Agent (in charge of Congestion bidding) and BSP (in charge of Balancing bidding on mFRR markets) as we could have bid exactly the same on both markets. In this case one could even imagine that Balancing and Congestion bids could have been merged in a unique bidding managed by Elia. On top of this, a unique bidding could have offered as well the possibility for Elia and for Scheduling Agent and for BSP to have a simpler management of conflict between Congestions bids and Balancing bids proposed for the same generation unit.

2. Interdependency of bids

Concerning Interdependency with Balancing bids from the Balancing Service Provider, Elia proposes the following in the Design notes part II Scheduling and Dispatching (p34)

In case the flexibility on an asset is offered for both balancing and redispatching, close coordination is needed when the flexibility is activated. The activation of the (full or partial)

flexibility for redispatching implies that the Balancing Service Provider (BSP) must update the bid for balancing. Whether offered individually or as part of a larger balancing portfolio bid, based on the locational information of each delivery point, ELIA can map the related redispatching and balancing bids.

This mapping can be signaled in the IT system so it is visible for both ELIA and the BSP that the balancing bids due to a redispatching activation a balancing bid may need to be updated.

ELIA will set balancing bids as 'unavailable' if balancing bids have not been updated since a redispatching occurred on one of the delivery points of the balancing bid.

From Direct Energie's point of view, and in order to avoid activation conflict or incorrect bid volumes, a symmetrical approach should be done for congestion bids when balancing bids are activated, and thus :

- Elia should set a mapping in the IT system so it is visible for both ELIA and the Scheduling Agent that the congestion bids due to a balancing activation a congestion bid may need to be updated.
- Elia should also set Congestion bids as 'unavailable' if congestion bids have not been updated since a balancing activation occurred on one of the delivery points of the congestion bid.

It would be really simpler if there were a unique bidding of flexibility (done either by BSP or Scheduling Agent), as there would be any risk of conflict or risk of not updating the other bids in due time.

3. Financial compensation for filtered balancing bids

In Design Notes Part III – Congestion Risk Indicator (p 16), Elia indicates that there will be no compensation for balancing bid made unavailable because causing an internal TSO congestion.

ELIA will not compensate the Balancing Service Providers for the opportunity costs of bids which were not activated due to internal congestion risk. Compensation principles must be harmonized across European TSOs (no sense in one TSO applying a separate remuneration mechanism in a regional market). There is no indication that other TSOs are considering the compensation of bids set at unavailable due to internal congestions.

Direct Energie rejects the argument that compensation principles must be harmonized at a European level because it is the TSO responsibility to manage **internal** congestions, and in any case the responsibility of the producer who will receive less income if its plant is in a congested area. As there isn't any investment signal to install a production mean, there should be no reason a plant located in a congested area should incur a discrimination in its flexibility income compared to another plant in an uncongested area.

Direct Energie asks therefore that, as for redispatching of intraday, that balancing bids remains available even with high CRI, and if activated, that Elia, activates a counter redispatching bid in the other way. If not possible, financial compensation should be envisaged.