

Subject: Elia consultation on the contracts for the Balancing Response Party and the Balancing Services Providers
Date: 15 May 2018
Contact: Steven Harlem
Phone: 0032 2 500 85 89
Mail: steven.harlem@febeg.be

Introduction

On the 15th of March, 2018 Elia launched a consultation on the contract for the Balancing Responsible Party (BRP) and the various contracts for the Balancing Services Providers (BSP's). This consultation is open until the 15th of May, 2018.

FEBEG wants to thank Elia for organizing this consultation in parallel with the consultation on proposed modifications to the Federal Grid Code as it allows to assess the relation and coherence between these contracts and the future Federal Grid Code. FEBEG wants to thank Elia for creating this opportunity for all stakeholders to submit their comments and suggestions to the contracts. The comments and suggestions of FEBEG are not confidential.

Disclaimer

FEBEG wants to point out that the proposals to modify the Federal Grid Code are not approved yet and that the Federal Grid Code is therefore still subject to modifications. For this reason the comments and suggestions of FEBEG should be considered as a first reaction based on the currently available information. FEBEG preserves the right to adjust its position in function of future evolutions, especially as regards the Federal Grid Code.

Comments and suggestions

Introduction

This position lists the most important comments and suggestions of FEBEG. Nevertheless the following documents are also part of the indivisible FEBEG position:

- a version of the BRP contract with track changes;
- a version of the FCR contract with track changes;
- a version of the terms and conditions FCR CIPU;
- a version of the terms and conditions aFRR CIPU.

Contract BRP

- Definitions:
 - o The definitions should be cross-checked and aligned with the Federal Grid Code, e.g. access point, off-take point, ...
 - o Certain terms still need to be defined, e.g. 'Global Distribution Off-take', ...
- Article 15.1.: FEBEG has commented the balancing obligation as described in the proposal for a new Federal Grid Code, and expects the contract to be aligned with the future Federal Grid

Code. Article 17,1° of the EB GL states 'In real time, each balance responsible party shall strive to be balanced or help the power system to be balanced'. FEBEG is of the opinion that the Elia proposal is not completely in line with the EB GL:

- EB GL limits the obligation to 'real time' while Elia makes it applicable on all timeframes;
 - EB GL states that 'the BRP shall strive to be balanced' while Elia obliges the BRP 'to maintain its balance'. It's difficult to reconcile the wording 'maintain balance' with the option to 'help the system'.
- Article 18: This article to 'reasonable and sufficient means to anticipate certain situations that could lead to an imbalance'. FEBEG has commented the use of the wording 'means' in the proposal for a new Federal Grid Code, and expects the contract to be aligned with the future Federal Grid Code. FEBEG is of the opinion that the notion 'means' is unclear: in the proposal for Federal Grid Code it is used next to the notion 'procedures' which could lead to the conclusion that it is referring to 'capacity'. It can of course not be the intention to oblige the BRP to keep internal reserves which could potentially be considered as capacity withholding. FEBEG urges Elia to clarify the notion 'means'.
- Article 26: FEBEG has commented this principle in the proposal for a new Federal Grid Code, and expects the contract to be aligned with the future Federal Grid Code. FEBEG basically has the following comments:
- Elia should only be able to refuse a program when this program is not balanced: during the consultation on the Federal Grid Code, FEBEG has proposed to clarify this, at least, in the BRP contract;
 - if Elia would have the right to refuse a balanced program, a fair remuneration should be foreseen.

FCR

General Conditions

- Definitions:
 - Terms which are already defined in applicable legislation (a.o. the Electricity Law, the Federal Grid Code, ...) should not be defined in the contract again; possibly a reference to the applicable legislation could be integrated.
 - Please add the following paragraph for clarification: 'Terms used but not defined shall have the meaning assigned to them in applicable legislation' (a.o. the Electricity Law, the Federal Grid Code, ...).
 - Some terms and wording should be corrected or further clarified: BSP (distinction between the party to this contract and any other BSP); Terms and Conditions (the Terms and Conditions as set out in Part 2 and/or Part 3 of this Contract); CIPU Technical Units; Non-CIPU Technical Units; Long Peak Hours (to correct);...
- Article 2.1°: It should be made clear that when a BSP has both CIPU and Non-CIPU Technical Units, the two Terms & Conditions apply independently from each other: separate portfolios, separate 'FCR Contracted', separate 'Monthly Remuneration',...
- Article 4.1.: As regard the contract duration, the following is stated: 'This Contract terminates on December 31st, 2021.' Why is there an end date introduced? What is the objective?
- Article 7.: As regards 'Force Majeure' the article refers to 'the following situations...'. This description should be fully aligned with the Federal Grid Code and apply for both parties. Also the words 'previous sentence' must be replaced by 'previous paragraphs'.

- Article 8.2.: 'The BSP declares that it has been personally and specifically informed by ELIA and has familiarised itself with the specific provisions on confidentiality obligations regarding the operator of the Belgian electricity transport network (at both federal and regional levels).' Could Elia please be more specific and re-inform the BSPs about these provisions?

Terms & Conditions FCR CIPU and Non-CIPU

- Definitions:
 - o Idem as for the General Conditions
 - o Additional comments:
 - 'Counterpart BSP': the BSP itself may be a Counterpart BSP
 - 'Monthly Remuneration': to specify 'for the Service in these Terms and Conditions'
- Article 5.2: 'The BSP should always, even in case of Forced Outage, maintain his Contracted FCR Power available to ELIA either by providing its FCR Obligations by himself or by transferring part or all of them to a Counterpart BSP.' After 'Forced Outage' should be added 'in so far such Forced Outage does not qualify as force majeure'. FEBEG proposes to add 'in so far as reasonably possible' before 'maintain', as the BSP is dependent of the availability and liquidity of the secondary market (see also FEBEG comment on article 247 of the proposal for FTR).
- Article 6.1: 'In the event where the entire volume nominated on a Providing Group with limited energy reservoirs (as defined in Annex 7) has been activated for a minimum of 25 minutes continuously, the concerned group is authorized to reconstitute its reserve of energy within a maximal period of 2 hours'. However article 156.9 of the SOGL foresees that, in alert state, the time period during which the FCR providing units with limited energy reservoirs must be able to activate FCR continuously may be adapted 'in case of frequency deviations that are smaller than a frequency deviation requiring full FCR activation' into 'an equivalent length of time'. This should apply to the 25 minutes defined by Elia when the frequency deviation is larger than 50 mHz, to authorize the group to reconstitute its reserve.
- Article 9.5: The penalty cap should include the penalties for missing nominations.
- Annex 12 of the Terms & Conditions CIPU: the calculation of the penalty (Reduction 3) in the examples 1 and 2 is not conform the penalty formula, but it is correct in the Terms & Conditions Non-CIPU.

aFRR

General Conditions:

The relevant comments for the FCR General Conditions – both the main comments in this note as the proposed comments and track changes in the actual document – are also valid for the aFRR General Conditions.

Terms & Conditions:

- Definitions: As regards the prequalification procedure, the use of the terms 'Delivery Points' and 'Providing Group' are not defined/used for aFRR.
- Article 3.3.2, last bullet: The article states that 'Awarded capacity bids are fixed in a purchase order', but there are no purchase orders for aFRR

- Article 3.5.2: The comment on article 5.12 of the Terms & Conditions FCR T&C is also valid for this article.
- Article 3.7: The correction of the BRP's imbalance is about the imbalance of the BRP of the BSP. This is also to correct in Annex 4.

mFRR**General Conditions:**

The relevant comments for the FCR and aFRR General Conditions – both the main comments in this note as the proposed comments and track changes in the actual document – are also valid for the mFRR General Conditions.

Terms & Conditions:

The relevant comments for the FCR and aFRR Terms & Conditions – both the main comments in this note as the proposed comments and track changes in the actual document – are also valid for the mFRR Terms & Conditions.
