

Subject: Elia consultation on operational agreement LFC-block
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Introduction

On the 10th of July, 2018 Elia launched a consultation on the operational agreement for the LFC-block. Elia has invited all stakeholders to submit comments and suggestions by the 21st of August, 2018 at the latest.

FEPEG would like to thank Elia for creating this opportunity for all stakeholders to express their comments and suggestions. The comments and suggestions of FEPEG are not confidential.

Disclaimer

FEPEG notices that the operational agreement for the LFC-block creates the regulatory basis for several methodologies and procedures. Unfortunately, some of these methodologies and procedures have not yet been presented to or discussed with the stakeholders. How can one expect that stakeholders agree with this proposal of agreement when, for example, the congestion and redispatch measures – as well as their impact on the FRR needs – are still underdeveloped or when Elia intends to solve off-shore storm risks with emergency measures only, especially as there's no information available as regard a possible regulated framework to support incurred costs of generators in case of a slow start of units?

Therefore, FEPEG opposes the proposed operational agreement for the LFC-block to the extent that it pre-decides on methodologies and procedures that still need to be developed. In other words, (1) this FEPEG response cannot in any way be interpreted as a consent with regard to the methodologies and procedures that still need to be developed and (2) FEPEG preserves the right to question this proposal of operational agreement for the LFC-block if this agreement would – in a later stage – appear to block or hamper the implementation of a methodology or procedure that market parties consider as fair, reasonable and proportionate.

Examples of topics that still need to be presented to and discussed with stakeholders

Impact of congestion management

The lack of explanation on how the impact of congestion management on the reserve needs is dealt with, raises some concerns. To our understanding the following scenario is possible: a unit is constraint due to congestion and the compensation for this unit is provided by activating the reserved capacity on a unit nominated for FRR as there are no other means available.

Should this scenario be taken into account in the determination of the volume of reserve needs? If it is not integrated, would it then not be appropriate to not use the nominated reserved capacity to cope with congestions? It's also not clear how the reserve restoration procedure – if this is what is been referred to as 'escalation procedure' – will be implemented and how it will affect BRP's operationally.

Impact of off shore wind

FEBEG also would like to have a more detailed justification why off shore capacity should not be taken into account in the dimensioning of balancing needs (N-1). The only explanation is the reference in footnote 4 on page 12 of the explanatory document to a study conducted by Elia in 2018. According to Elia this study demonstrates *‘that the possible simultaneous cut-off of offshore wind turbines following the protection measures for wind speeds related to storm should not be considered as N-1, or be treated as force outage as the instantaneous loss of power plants or a relevant HVDC-interconnector’*.

In the Elia *‘study on the integration of off shore wind in the Belgian balancing zone’*, published on the 5th of February, 2018 FEBEG cannot find any clear argumentation or justification why off shore capacity should not be taken into account in the dimensioning of balancing needs. There’s not only the storm risk, but also technical risks related to the operation of the MOG or the network elements. It seems that Elia is looking for arguments to artificially keep the balancing needs at the current level while increasingly relying on the operational procedures in case of exhausted FRR. It’s also important to point out that this operational agreement for the LFC-block creates a regulatory basis for these procedures, but that stakeholders have no view on their functioning, the possible remuneration of the service or the impact on both their position and the market.

Dimensioning of the volumes of the different products

FEBEG would also expect that the operational agreement clarifies the rationale or methodology for the dimensioning of the different mFRR products (volume R3 flex versus volume R3 standard) or for the split between aFRR and mFRR.

An example: if there would be a larger volume of aFRR contracted, would this then affect the R3 flex or rather the R3 standard? Is up to Elia to choose a split between these products, or is there a clear and transparent methodology?
