



EXPLANATORY NOTE REFERRING TO THE PUBLIC CONSULTATION ON BALANCING RULES HOLD BY ELIA

ELIA

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PRACTICAL INFORMATION

The present note provides information relative to the ongoing public consultation on the Balancing Rules (“Regles de fonctionnement du marché relatif a la compensation des disequilibres quarthoraires») in application of article 159 §1 of the federal grid code (Royal decree of 19 December 2002). The objective of this consultation is to receive input from stakeholders on the modifications that are proposed by Elia. At the end of the public consultation, Elia will prepare a consultation report that will be made available to all market players.

Elia is consulting two different proposals of balancing rules:

1. One proposal for the balancing rules applicable for the period of 5 November 2018 until 30 November 2018.
2. One proposal for the balancing rules applicable for the period as of 1st December 2018

Both proposals introduce the implementation of non-reserved Incremental Bids from non-CIPU technical units with an activation lead-time greater than 15 minutes (“slow non CIPU Incremental Bids”) during the winter period. The proposal for November foresees to activate non reserved mFRR bids with a price $\geq 1000\text{€}/\text{MWh}$ after reserved mFRR (in absence of a unique merit order activation for mFRR as foreseen as of December 1st).

All reactions to the consultation will be analyzed by Elia, and considered as input for the drafting of the final proposal of Balancing Rules that will be submitted to the CREG for approval; they will also be sent to the CREG together with this proposal of Balancing Rules.

Each reaction will be made public on Elia's website, unless the respondent requests confidentiality of his contribution or that his contributions is considered as anonymous.

Stakeholders have a period of 5 working days to comment. The reactions must be sent no later than 22/10/2018 14h via the online form available on the Elia website. The draft Balancing Rules proposal available for consultation can be found on the Elia website.

Questions concerning the documents can be sent to the following address: Consultations@elia.be

Important Remark: Only Elia organizes a public consultation regarding this proposal for modifications of the Balancing Rules, the CREG will not organize a public consultation regarding her decision.

INTRODUCTION

In the context of recent unavailability of nuclear power plant and the potential risk for the security of supply, Elia has analyzed how to develop potential additional flexibility from demand response that is not offered today to Elia within the existing framework and that could be made available in specific situations to keep restore the balance in the control area. The targeted flexibility is flexibility that cannot be offered in existing products because among others it has to be called more than 15 min in advance.

Elia discussed the proposed solution to stakeholders during the ad hoc [Working Group Balancing](#) of October 10th and 16th. The solution foresees the extension of the existing non-CIPU non reserved Incremental Bids which are today submitted on the Bidladder platform with an activation delay of 15min to a new service level agreement of this product called “Slow non-CIPU Incremental Bids”.

Those bids will be assimilated to the not started CIPU units that cannot be activated in 15 minutes.

The modifications in the Balancing rules aim at describing the key principles of the new SLA, including the circumstances and conditions at which it is offered and used, and finally, the impact of its activation on the Imbalance price and transparency.

This SLA will entry into force for a limited period (5-11-2018 until 31-03-2019).

There are currently two regulatory approved versions of the Balancing Rules which are used as basis for this new proposal of balancing rules. The first version (approved by the CREG in its decision (B)1713 (B)1658 of 08/02/2018) is currently in use and will be applicable till 30 of November. The second one (approved by the CREG in its decision (B)1806 of 20/09/2018) is supposed to enter into force as from the 1st of December.

The modifications of the Balancing Rules necessary for the entry into force of the above-described SLA are therefore proposed on both applicable versions of the balancing rules.

On the top of the modifications proposed in order to introduce this new SLA, some additional elements have been changed:

- clarifications have been made regarding the maximum bid price for mFRR
- the postposal of the activation of non-reserved 15min Incremental bids with a price of 1000€/MWh or more after the activation of reserved R3 bids (only for the version of November)

PROPOSED EVOLUTIONS

The following modifications are proposed in the Balancing Rules (as well the ones approved by decision (B)1713 as the ones approved by decision (B)1806)

1. Description of the new SLA and conditions to offer it

Impacted section (both versions of November and December)

New section 8.5.1.bis

Section 8.5.2

A new subsection of the non-reserved energy bids from non CIPU units bis is created to describe the key principles of the new SLA. This sub section describes how the Slow non-CIPU Incremental Bids are offered and at what conditions. An additional § has been added in section 8.5.2 in order to describe the baseline check.

2. Clarification of the price cap for balancing bids

Impacted section (both versions of November and December)

Section 8.1

In both versions stipulations are removed in order to ensure consistency and or clarifications with other regulatory documents.

3. Technico-economic merit order

Modified section

Section 8.9

Slow non-CIPU Incremental bids are assimilated to not started CIPU units that need more than 15 minutes to activate the requested volume. Section 8.9 already foresees how those “slow start” CIPU units are used. Modifications proposed precise how the selection (based on a technico-economic merit order) is done among CIPU and non-CIPU slow bids.

Moreover, in order to make such a selection a stipulation is included that the start cost for slow start CIPU units - not capable to activate the requested power in 15 min is taken into account in the price of the bid and spread on the first hour of activation.

For the Balancing Rules of November 2018 only, an additional element is introduced in section 8.2. Any 15 min non contracted mFRR bid for which the activation price is $\geq 1000\text{€}/\text{MWh}$ will be sent at the end of the merit order.

4. Publications & Monitoring

Modified sections

Sections 9.2 , 9.1 ; 10.2 and 10.3

Sections 9.1 and 9.2 have been modified in order to explain which information is published on Elia's website by different steps in the activation of such slow bids and how the start cost of slow CIPU units and the fixed price of Slow non-CIPU Incremental Bids impact the Imbalance price.

Sections 10.2 and 10.3 have been modified in order to clarify that the monitoring reports will contain information regarding the volumes (and prices) that are offered from CIPU or non-CIPU units that are not capable to activated the requested volume in 15 min after a call for bid as well as regarding their activation.