

Febeliec answer to the Elia consultation on the modification of two sets of balancing rules for winter 2018-2019

Febeliec would like to thank Elia for the endeavour to create a new balancing product to cope with the consequences of the recent unavailability of nuclear power plants and the related risk for the security of supply in Belgium in the following months. Febeliec hopes that this new product of slow start non-CIPU units will also be a trigger and first step towards the intraday and day ahead markets and the introduction of Transfer of Energy in those markets in the near future, thus unlocking additional options for demand response to enter those markets. Febeliec has always stated in the framework of the Strategic Reserve that a strategic reserve bid ladder where all available flexibility can be offered much closer to deliver/real time would be a useful product, as closer to real-time the certainty consumption and nomination volumes relevant for demand side response is crystallizing and much more volumes and capacity could be offered. Febeliec is pleased that finally Elia is moving also in this direction with the introduction of this product.

With respect to the two sets of balancing rules on which Elia consults (for the period 05/11/2018-30/11/2018, referred to in this answer as BR1, and as of 01/12/2018, referred to in this answer as BR2), Febeliec would like to stress that it can agree with most of the proposed solutions, but would still like to make following comments (some comments are only for one of the documents, other are general for the product and thus applicable to both documents):

- BR1 p12: Is the validity of this document is 05/11/2018-31/11/2018 (cf. title of the document) or starting from 01/11/2018 as mentioned here. This point needs to be corrected, on one or the other place.
- As also indicated during the related Working Group Balancing meetings, Febeliec can understand that any delivery point that was offering “normal” R3 balancing services cannot participate to this new slow start non-CIPU product (where Febeliec still would like to make the comment that for demand side response due to changing economical or technical conditions on sites this is not always true and thus might hamper participation of delivery points), but that Febeliec cannot accept at all that for delivery points participating to this new product it is prohibited to offer “normal” R3 services in the future. Febeliec understands that this new product is chosen to be limited in time (on which more below), but still, Febeliec has seen in the past that temporary solutions tend to have long lifetimes and would thus want to avoid that this leads to the exclusion of delivery points to the balancing market. Febeliec does not at all understand why it would überhaupt be a good idea to block new participants who would get a first experience with the balancing market through this product to upscale their offer to the higher quality/value products of the “normal” balancing market. Febeliec would rather have expected that everything would be done to encourage these participants to see this as a first stepstone into the balancing market, in order to be able to increase liquidity and competition in that market, rather than foreclosing it for certain delivery points.
- Febeliec would also like Elia to check whether blocks longer than 4 hours would really be required, as this is closer in line with current balancing products. Is it really needed to foresee blocks that can last longer than 4 hours, which could limit participation as all offerings have to be for the entire period (while activation can be for shorter periods)?
- With respect to the +/- 20% volume adaption after the preparation phase, Febeliec is pleased to see that an increase is only allowed after approval by Elia, but still is unconvinced, as also indicated during the meetings, that a possible reduction of 20% is acceptable, as this could lead to situations where Elia had more offers available, which were not selected because the volume was not needed but with a subsequent volume reduction of the selected offers during the preparation phase, Elia could still end up with too little available volumes, while at the same time unselected volumes were still available but not withheld as the Elia target was reached. Febeliec would urge for the utmost caution for this approach, in order to avoid any gaming but even more importantly to avoid any activation of the load shedding plan because of such reduction. Firmness of offers is important once the selection has been made and the preparation phase has started. Febeliec in any case is pleased that only those volumes that are actually available to Elia (and thus maybe different from the selected volumes due to actions from the offeror) will be remunerated for the fixed cost component.
- In BR1 in section 8.9 Elia added a point 4 to the merit order approach, where free bids with a bid price above 1000€/MWh would only be started after the use of the contracted balancing reserves. Febeliec understands this approach from the perspective of limiting the imbalance price, but wishes to make following comments: the imbalance price is a clear signal to market parties (BRPs) to do their best to stay in balance within their own perimeter (Elia only handling the residual imbalances of the system); limiting the signal is not the best approach to Febeliec, even though Febeliec understands the reasoning behind this request from BRPs. Second, Febeliec

also wonders how Elia will tackle the event where contracted reserves have been used and exhausted (reaching the end of their activation period) and would thus not be available anymore in a subsequent period, while in that subsequent period it might be the case that not sufficient free bids are available. Nevertheless, Febeliec seems to understand that this measure is only for the month of November as of December a full merit order activation of R3 reserves will in any case be applied, which would make this point irrelevant. In the other case, Febeliec would like to get a clarification from Elia on this point.

- With respect to the communication and transparency of all activations of offers or even the start of the procedure for slow start (CIPU or non-CIPU) units, Febeliec understands the very short time constraints and can agree with the proposed pragmatic approach, but would indeed like to get full transparency and an analysis of this product and its use during the winter 2018-2019 in order to be able to draw lessons learned from it.
- With respect to BR2 p11, Febeliec wonders why the duration of this new product is explicitly limited to a period until 31/03/2019. Febeliec would like to get the full reasoning behind this, as firstly the current unavailability of nuclear power plants and the related risk for the security of supply in Belgium might not be solved yet and secondly this product could also prove useful for Elia to have at hand in other periods of the year and/or during following winters. Febeliec would like Elia (and CREG, as no separate consultation will be conducted by CREG on this product) to justify this approach.