

*PUBLIC CONSULTATION ON THE IMPLEMENTATION PLAN ON THE EVOLUTION
TOWARDS DAILY PROCUREMENT OF MFRR*

--

REstore contribution

Key points

- REstore supports proposal of Elia to maintain enhanced mFRR Flex product in 2020, and asks Elia to not take definite conclusions regarding the future of the mFRR Flex product beyond 2020. Door should remain open for existence of this product, and any future evolution of the mFRR mix (specs and volume) should be assessed following Cost-benefit analysis.
- REstore asks Elia that the neutralization delay of 8 hours is applied in 2020 from the end of the activation and not the beginning
- REstore asks Elia to consider the full cost-benefit analysis of implementing an interim solution regarding the procurement cycle of FCR, aFRR, and mFRR in 2020.
- REstore asks Elia to explicitly add as a pre-requisite for a move to dynamic dimensioning a cost-benefit analysis to assess the best methodology to implement

Optimal mFRR product mix

As presented to Elia, we believe that moving to a unique mFRR Standard product in 2020 would lead to the loss of a significant amount of flexibility that as of today is useful to the grid. Going for a first step of mFRR Flex improvement in 2020, in order to assess the feasibility of a progressive move towards a unique standard product therefore seems a more efficient approach.

REstore underlines that beyond 2020, Elia should still be able to procure a specific mFRR product beyond the minimal volume of standard one, since the European legislation is much less advanced and prescriptive regarding standardization of capacity products than it is for energy products.

Unless it is demonstrated that an mFRR Flex-like product does not bring any value to the Belgian Grid beyond 2020, and/or that only current R3 standard (with no limitations in duration of activations and no neutralization delay) can cover the need of Elia, REstore believes it continues to play an important role in the market and should continue to be procured by Elia in addition to the mFRR Standard one.

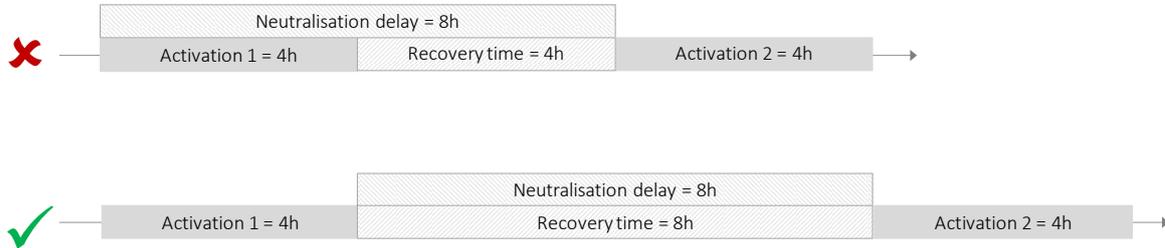
Finally, we understand Elia wants to progressively increase the minimal volume of mFRR Standard that is procured, in order to ensure the effective transition towards a single product. However, in line with the previous comment, we ask that this progressive increase is undertaken with sufficient visibility and concertation with market parties, and if demonstrated by a quantitative analysis that only such a product can meet the need.

-> REstore supports proposal of Elia to maintain enhanced mFRR Flex product in 2020, and asks Elia to not take definite conclusions regarding the future of the mFRR Flex product beyond 2020. Door should remain open for existence of this product, and any future evolution of the mFRR mix (specs and volume) should be assessed following Cost-benefit analysis.

Neutralization delay

From 2020, with a maximum activation duration of 4 hours, applying the 8 hours neutralization delay from the start of the activation will lead to effectively leave only 4 hours of recovery between 2 activations if the first one lasts 4 hours.

Applying the neutralization delay from the end of the activation will guarantee to the participants that they always have enough time to recover, no matter the duration of the activation triggered by Elia.



-> REstore asks Elia to apply the 8 hours neutralization delay from the end of the activation instead of the beginning.

Maximal number of activations

REstore agrees that in a daily procurement scheme, the maximal number of activations for mFRR Flex is not relevant anymore. The solution proposed by Elia to associate several activation prices to a bid will ease the possibility (that already exists today) for a BSP to increase the price after a given number of activations in order to limit to number of activations he will provide.

Organization of mFRR auctions

We agree the procurement cycle in 2 steps proposed by Elia for mFRR standard and flex will increase the overall transparency in the auctions.

However, we rather support to move directly to the long-term vision for the organization of daily procurement of FCR, aFRR and mFRR. As it has been raised by market participants during the workshop organized by Elia on 19 November, introducing an intermediate step will add a layer of complexity, and additional costs for all involved parties. A step-wise approach will *de facto* force market parties to adjust their systems, processes and contractual arrangements twice. As an illustration, market parties will have to check and possibly modify all contracts, as well as have to develop pricing models specifically for the short time gap when the intermediary solution will be put in place. After this transitional period, all contracts and pricing models will become obsolete, and must be adapted once again.

REstore therefore asks Elia to not only identify and document advantages of an interim solution, but also consider these costly, time-consuming and inefficient constraints in the full cost-benefit analysis of implementing a phased approach.

-> REstore asks Elia to consider the full cost-benefit analysis to assess whether implementing an interim solution is really needed regarding the procurement cycle of FCR, aFRR, and mFRR in 2020.

Dynamic dimensioning of mFRR

Moving to a dynamic dimensioning of mFRR Standard and Flex is a highly important step that will have to be done taking into account the long-term effect of a changing need. The current proposal of Elia



opens the door for an implementation of this procurement as of February 2020, which seems very early.

As it has been outlined in the last consultation by Elia and feedback from market participants, dynamic dimensioning cannot be done as long as daily procurement is not implemented. However, how such a dimensioning will impact the availability of the needed MWs in the long run still has to be assessed. In particular, we note that Elia states that *“Results of dynamic dimensioning methodology should be published by Elia at least one month before its go live to give a better understanding of the expected volatility to market parties”*: we ask that there is additional time given to market participants before the results of the methodology are applied to give sufficient visibility on the trend and concrete figures.

-> REstore asks Elia to explicitly add as a pre-requisite for a move to dynamic dimensioning a cost-benefit analysis to assess the best methodology to implement