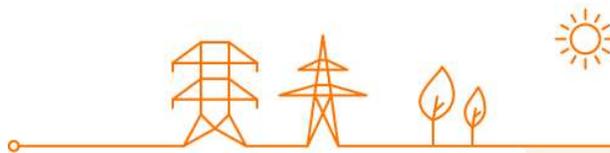


CONSULTATION REPORT

**Public consultation on the Market
functioning rules for the
compensation of quarter-hour
imbalances (“Balancing Rules”).**

10 December 2019



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1. Introduction

Between 11 October and 8 November 2019, Elia organized a public consultation on its new proposal for the Market functioning rules for the compensation of quarter-hour imbalances (hereafter referred to as “Balancing Rules”)¹. The Balancing Rules are developed and amended pursuant to article 200 of the Federal Grid Code of 22 April 2019.

The consultation aimed to receive feedback from the stakeholders on the proposed modifications to the Balancing Rules, which were mainly related to the proposal and entry into force of the new T&C BSP mFRR. Other drivers for modifications related to the entry into force of the new Federal Grid Code, the end of the Winter Product (announced in the previous version of the Balancing Rules), the new tariff proposal for the 2020-2023 period, the new LFC block operational agreement, and updates in line with regional evolutions for FCR and imbalance netting.

Elia received two non-confidential answer to the public consultation from Febeliec and from FEBEG. This public consultation report contains the overview of the feedback and response of Elia thereon. For the full responses of the stakeholders, Elia refers to the individual feedback responses.

The response from Elia to the stakeholders’ comments clearly mentions whether or not Elia modified its proposal of the Balancing Rules following the consultation feedback. In addition, Elia updated the Balancing rules to clarify formulations and specifically to clarify the section on Slow CIPU bids in section 8.9 considering the questions on the topic.

Below the **summary of the modifications to the Balancing Rules following the consultation feedback**²:

Section 3	Clarification concerning the link with Federal Grid Code.
Section 7.1	Clarification and clean-up of the text concerning the limits for IGCC.
Sections 6.2.4, 6.2.5, 6.2.6 & 8.2.1	Adaptations in coherence with the current FCR design in the GFA R1.

All relevant, non-confidential information on this consultation is available on the consultation webpage¹. Elia submits the final proposal of the Balancing Rules together with the consultation feedback and the consultation report to the CREG on December 10, 2019.

¹ Consultation web page: <https://www.elia.be/en/public-consultation/20191011-consultation-publique-balancing-rules>

² A final version of the Balancing Rules with track changes is also available on the consultation webpage.

Related to the Balancing Rules and relevant for the implementation of the new mFRR design Elia also organized two other public consultations. The non-confidential consultation feedback and reports are published on the concerned Elia website consultation pages.

- Public consultation on the Terms and Conditions for balancing service providers for manual Frequency Restoration Reserve (“T&C BSP mFRR”) organized from 4 October to 4 November 2019³.
- Public consultation on the LFC block operational agreement and the methodology to determine the balancing capacity in the Elia LFC block organized from 4 October to 4 November 2019⁴, including the proposal for daily dimensioning of the mFRR capacity needs and the means to be procured daily starting from the entry into force of the proposed T&C BSP mFRR.

2. Feedback regarding relation with T&C BSP mFRR

Febeliec generally refers to its feedback on the consultation on those T&C BSP mFRR without adding remarks concerning the impact on the Balancing Rules.

Elia acknowledges the feedback and refers to the report of the consultation on T&C BSP mFRR for its response to the comments and questions of Febeliec.

3. Feedback regarding regulatory framework from the Federal Grid Code

FEPEG questions the reference to article 226-227 of the Federal Grid Code with respect to real-time follow-up of availability of balancing services and refusal of program changes.

Elia has modified the Balancing Rules accordingly, clarifying the specificities in articles 226 and 227 of the new Federal Grid Code in section 3 of the Balancing Rules.

³ Consultation web page : <https://www.elia.be/en/public-consultation/20191004-public-consultation-on-the-terms-and-conditions-for-the-mfrr>

⁴ Consultation web page: <https://www.elia.be/en/public-consultation/20191004-public-consultation-on-the-lfc-block-operational-agreement-and-the-lfc-means>

4. Feedback regarding the deleted sections on the winter product (“Slow non-CIPU Incremental bids”)

Febeliec repeats its concerns about discontinuing the product for “Slow non-CIPU Incremental bids”, which was introduced at the end of 2018. Febeliec would like to see the product return to unlock the additional demand response and requests Elia to restart a trajectory for implementation, especially as Elia maintains the use of slow incremental bids on CIPU units.

Elia reminds that from the start, the introduction of the product for Slow non-CIPU Incremental bids was announced as a temporary measure that was applicable until 31 March 2019. The elimination from the Balancing Rules, therefore, concerns a clean-up of the document in line with earlier announced and approved evolutions. The product for Slow non-CIPU Incremental bids was introduced as an exception measure under exceptional circumstances happening in the Winter 2018-2019.

Elia maintains the use of slow incremental bids on CIPU units given the obligation in article 226 of the Federal Grid Code for production units and asynchronous storage facilities of types C or D and with a nominal capacity of 25MW or more (as specified in article 35 §§ 2 and 4 of the Federal Grid Code) to put flexibility at the disposal of Elia regardless of ramping rates.

FEBEG points out that the last paragraph of section 9.1 also concerns slow non-CIPU incremental bids and should therefore also be removed.

Elia confirms that the last paragraph of section 9.1 in the current Balancing Rules should be removed in the new proposal. It was correctly modified in the consulted French version and the ‘clean’ Dutch version but not in the Dutch version of the document with track changes, hence the confusion.

To clarify the use of the “Slow CIPU Incremental bids” and avoid confusion with other balancing products, Elia also modifies the structure of section 8.9 on technico-economic merit order. The position of the Slow CIPU Incremental bids at the end of the merit order is specified and the difference is made between start-ups of these bids and the ‘fast’ start-ups respecting the product requirements of mFRR. To this purpose, Elia re-introduced some paragraphs from the current Balancing Rules that were proposed to be deleted in the consulted version.

5. Feedback regarding the phase-out of the product mFRR Flex

Febeliec repeats its feedback on the consultation of the LFC BOA and LFC Means concerning the phase-out of mFRR Flex.

Elia acknowledges the feedback and refers to its final proposal of the LFC Means and its full response in the concerned consultation report to the comments and questions of Febeliec. Elia has adapted article 6(6) of the LFC BOA to relax the phase-out calendar (partial phase-out in 2020) and introduced an evaluation before proceeding to the full phase-out of the mFRR Flex product.

6. Feedback regarding technology neutrality in the balancing evolutions

Febeliec finds that evolutions in balancing are not as technology-neutral as stated by Elia. In addition to the above-mentioned comments on the abolition of the slow-start non-CIPU product and the phase-out of R3Flex product, Febeliec refers to the abolition of the ICH product.

Elia defines standardized products in response to the needs of the system and the future European developments for the balancing markets, as shown in the design evolutions implemented in the roadmap 2016-2020. These developments are technology-neutral, as they are not specified in function of a specific technology. The requirements for participation to the balancing products are, to the extent possible given the legal framework, harmonized across technologies. Elia discontinued the ICH product, which was only for demand flexibility and thereby not technology-neutral, in order to drive the demand flexibility towards the reviewed products for R3 (mFRR) where at that time participation of demand response as well as smaller production units became possible.

7. Feedback regarding imbalance netting (section 7.1)

With respect to the document, Febeliec has questions regarding the added paragraph in title 7.1 on imbalance netting, as the formulation (in Dutch) is leading to confusion, as a diminishment of the limit leads to higher values.

Elia has modified the text in the Balancing Rules.

8. Feedback regarding FCR (section 6 and 8)

FEBEG points out that in section 6.2.4 (2nd paragraph) the reference to section 8.2 is not correct.

Elia agrees that the reference to section 8.2 can be removed, and **has modified the Balancing Rules**.

FEBEG points out that that section 6.2.4 paragraph 3 on the secondary market for FCR applies for both CIPU and non-CIPU units.

Indeed, **Elia has modified the Balancing Rules** to add the reference to the R1 non-CIPU contract.

FEBEG states that section 6.2.5 must be updated in make the distinction between “pay as bid” remuneration for the local auction platform of FCR and “pay as clear” remuneration for the regional auction platform.

Indeed, **Elia has modified the Balancing Rules** to specify that the “pay as bid” remuneration concerns the bids on the local auction platform and refers to the European methodology for the rules for the regional auction platform.

FEBEG states that sections 6.2.6 and 8.2.1. are not in line with the provisions of the GFA FCR and must be updated.

Indeed, **Elia has modified the Balancing Rules** in coherence with the provisions of the GFA FCR.

9. Feedback regarding monitoring (section 10)

FEBEG points out the error in section 10.6: transfer of obligations are between BSP's and not between BRP's.

Indeed, **Elia has corrected the text of the Balancing Rules**.