



## 20191004 public consultation on the LFC block operational agreement and the LFC Means

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Organization	Febeliec
Comments/suggestions to the consultation	<p>Febeliec answer to the Elia consultation on the LFC block operational agreement and the methodology to determine the balancing capacity in the Elia LFC block</p> <p>Febeliec would like to thank Elia for this consultation on the LFC block operational agreement and the methodology to determine the balancing capacity in the Elia LFC block.</p> <p>Concerning the LFC block operational agreement (LFCBOA), Febeliec has following remarks:</p> <ul style="list-style-type: none"><li>• Febeliec understands from the consultation that the LFCBOA will enter into force, after approval, the same day as the T&amp;C BSP mFRR. Febeliec does not oppose this approach, yet does not necessarily like linking such important evolutions as a delay in one might unnecessarily delay also the other. Febeliec would for instance regret that the planned evolutions in mFRR would be delayed because of any ongoing discussion on the LFCBOA. Febeliec understands however that a close coordination is being conducted between Elia and the regulator in this instance, but wants to make the point also in a broader context.</li><li>• On the proposed dimensioning rules for reserve capacity on FRR, Febeliec welcomes the fact that Elia is constantly revising and improving its methodologies. Nevertheless, and notwithstanding the potential benefits of the newly proposed approach, Febeliec wants to remark that the proposed approach, based on machine learning algorithms and combinations of dynamic probabilistic and deterministic methodologies results evermore in a black-box outcome from the point of view of all other stakeholders than Elia (and the regulator, insofar involved in checking the operational implications). Febeliec would thus strongly ask Elia and the regulator to improve the transparency as much as possible and foresee</li></ul>

clear evaluation of the proposed methodology as well as dissemination of the results towards stakeholders at regular intervals and in any case after each implementation of methodological changes.

Concerning the methodology to determine the required balancing capacity (LFC means), Febeliec has following remarks:

- Febeliec is in favour of sharing reserves with neighbouring TSOs under the existing framework. However, and as voiced numerous times, Febeliec does not support any reservation of cross-border capacity for exchanging balancing energy, as this would be according to Febeliec not necessarily efficient for the system and could even create additional inefficiencies (e.g. withholding capacity from yearly, monthly, day-ahead and/or intraday auctions for the balancing timeframe, which might in the end not be used at all). Febeliec remains strongly in favour of giving as much cross-border capacity as early as possible to the market. And especially for the balancing timeframe, Febeliec has many reservations about reserving capacity as the system imbalance is rather random and linked to outages more than energy flows based on relative fuel mixes in countries.
- On art 4.6, Febeliec would like Elia to justify the 50 MW and 350 MW of respectively positive and negative sharing capacity, as these values are not justified neither in the LFC means document nor in the explanatory note. Febeliec would like to know how these were calculated and which hypotheses were taken into account, especially since both values (especially the positive sharing capacity) seem very low, taking into account the addition of two electrical neighbours for Belgium in the recent past/future.
- The same applies for art 5.3, where Elia states that “it is found that this availability does not exceed 75% (incremental bids) or 43% (decremental bids) of the observed quarter-hours”, without justification. Febeliec would also here like to get a more precise explanation and justification.
- On art 5.4, Febeliec finds the proposed approach, as already indicated before during numerous previous consultations and discussions, extremely conservative and an

underestimate of the flexibility available in the balancing timeframe, leading to an over-reservation of balancing capacity and thus an unnecessarily high cost for consumers. Febeliec yet again urges Elia to develop a more refined methodology on this point that would allow to take better into account the flexibility in the system.

- On art 5.5.b, concerning the bids from pump storage units, Febeliec does not understand why energy constraints in both incremental and decremental bids are considered simultaneously during the same hours. Febeliec would rather expect one or the other and thus different blocks and ask Elia to further clarify this point.

- On art 7, Febeliec takes note of the proposed volumes for aFRR (145 MW) and mFRR (844 MW) until the entry into force of the T&C BSP mFRR, but is missing any indication of what the volumes might be after foresaid entry into force. Does Elia expect the volumes to diverge drastically from the proposed volumes for the beginning of 2020? Moreover, Febeliec takes note of the 844 MW of mFRR, of which at least 314 MW mFRR standard, and wants to stress again that for Febeliec it is very important that in 2020 but also consecutive years R3Flex remains part of the balancing means arsenal of Elia as the product is firstly already revised and has become much more stringent and thus valuable for Elia, while at the same time providing mFRR balancing reserves at a (substantially) lower cost than mFRR standard (as can for example be seen in the beginning of the winter 2018-2019). Febeliec also wants to refer to France, where a similar product has been prolonged after acceptance from the regulator as it has shown to provide ample value for money. Febeliec thus continues to urge Elia and CREG to be extremely cautious about the diminishing of R3Flex volumes in the mFRR mix and definitely any future abolition of the R3Flex product, to the detriment of the cost for the consumers.

Answer confidential ? No