

Subject: Comments on the public consultation on Terms and Conditions for balancing service providers for manual Frequency Restoration Reserve (mFRR)

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Please find hereafter the comments of FEBEG on ELIA's public consultation on the Terms and Conditions for balancing service providers for manual Frequency Restoration Reserve (mFRR).

### General comments

- For FEBEG, having a hybrid situation in place for Pricing of Flexibility instead of a nomination of volumes is prone to errors. We hereby wish to highlight that a pricing structure based on operating modes and a mFRR nomination procedure based on Components could lead to inconsistencies.
- Therefore, FEBEG is questioning the need to apply the full liability for any inconsistencies as long as this framework has not been aligned. FEBEG notes that there are solutions in place which have been implemented based on European guidelines (ex. GLDPM) allowing communication with DSO and TSO level based on the same data structure and both in day ahead and intraday. So then, FEBEG proposes to implement a future proof and consistent data structure over the different timeframes in order to guarantee consistency and allow for European integration. As we need to prequalify per operating mode, one could assume that we should be allowed to communicate and nominate on the level of operating mode as well.
- FEBEG welcomes the introduction of pay-as-cleared remuneration for selected energy bids.
- FEBEG agrees that reliability for the capacity bought by Elia is crucial. However, we urge Elia not to forget the technical reality that generation units may experience the occasional technical difficulty. We therefore call on Elia to reflect this in the penalty regime appropriately. Also, during availability testing generation units may trip and the penalty regime should not punish diligent generators that suffer an occasional technical default in the performance of their balancing service. In this context we would like to remind Elia that any such penalty / outage risk will have to be priced in and may lead to higher prices and/or less interest for market parties to participate in the balancing markets.
- FEBEG asks Elia to publish the demand for balancing energy in a day-ahead timeframe and not up until 7am on the day of energy bid submission. Allowing only three hours for market participants to calculate and submit their respective bids is not sufficient in an ever more complex environment with various types of generation.
- FEBEG welcomes the first steps toward simplifications and uniformization by creating a unique contractual structure applicable to both DPpg and PDsu and allowing for more efficient BMAP renominations within a single portfolio. We

regret however that Energy bids are not allowed to consist from both DPpg and DPsu which does not allow a fully integrated portfolio and its merits (ex. intra-portfolio back up).

- Regarding Title 9: Other dispositions activation of mFRR service for other purposes. FEBEG would like to emphasize that the activation of mFRR bids for congestion reasons will require for a full neutralisation of its direct and indirect effects on the balancing (imbalance price) and reserves market. On top of that we would like to question the activation of mFRR bids in advance for congestion purposes. For remedial actions in a short time span within the hour you could consider the proposed price. But for bids in the future, FEBEG thinks it should be feasible for the BSP to update the activation price.
- FEBEG believes the performance of Bmap will allow for extremely quick and easy adaptations of nominations as well as integrated links with other communication channels like transparency or SMART in order to manage unavailability's of Delivery Points and renominations. However, FEBEG is not in favour of going live with this project during the winter period considering the market constraints during this period.

### Detailed comments on the contract

- Considering that the T&C concern both reserved and non-reserved mFRR, FEBEG would like to get more insight on which basis/contract, the non-contracted reserved mFRR bids will be settled if a market participant does not wish to participate to reserved contacted mFRR tenders, but still needs to allow implicitly to put flexibility to the disposal to Elia.
- FEBEG notes that the minimum duration of the product is not explicitly mentioned in the document. Is the product considered as activated for a duration of min 15Min with a ramp up time of 15Min in all cases?
- For FEBEG, nominating on SMART in the intraday scope will no longer require to identify the assets in SMART and match the volumes with the concerned capacities.
- ART 10.D/E: FEBEG strongly opposes to multiple information flows where the actors need to inform Elia of the same Event in different communication channels (forced outage for transparency, forced outage for mFRR bids, Own Use). FEBEG pleads for a transition period where an efficient and lean way for communicating on forced outages could be designed. In the meantime, we can inform Elia dispatching in the current operational ways on outages. We inform Elia through the transparency platform and communications of outages and their expected duration.
- Art II.11.7 What happens if we don't respect the 15 min rule or if we trip? One failure is acceptable, two consecutive failures and we are out? New pre-qualification test imposed?
- Art II.16.5. In case of suspension, why would all DP's of an activation energy bid be excluded? Would make sense to exclude DP's that failed and keep DP's that succeeded, on top of correcting R3 max.
- FEBEG suggests to allow Elia the right to penalize to allow for a qualitative assessment of the reason to penalize and its desired effect. This should only cover exceptional circumstances and not in any case be detrimental to the applicable rules.

- How should operators nominate a 0 price for the availability tests as the price is not considered by the price nominated in the BMAP Bid but the regular IDPCR nomination.
- Similar to our proposal on prequalification for a specific product (ex mFRR only for CCTU 00h00–04h00 and 04h00–08h00) FEEBG proposes to consider the fact that penalties are applicable to a specific product for which you are prequalified. Penalties – Cap per product (4hour block).

### Comments on the annexes

#### *Annex 6 – Prequalification test*

The time window of 48 hours during which Elia can request by surprise an activation of the bid is not acceptable. As we will be not remunerated for this test, we want the time windows to be short as possible in order to limit operational costs. We also find the prequalification process discriminatory against some type of assets, the rules could also depend on the type of technology (the cost and the loss of opportunity for a CCGT is more higher than an OCCGT or a battery. Elia should make sure that the impact of the testing mechanism is reduced to an absolute minimum.

At least, Elia should limit the duration to 24 hours (technology neutral) or allow to qualify for a particular product (for example having the option to qualify for the CCTU 00h00 – 04h00 and 04h00–08h00 by foreseeing a total of 48 hours per CCTU product in consecutive days where Elia can perform a prequalification test. This would be technology neutral.

In section 6B, “The mFRR<sub>max,std</sub> and mFRR<sub>max,flex</sub> are determined by summing the results of all prequalification tests”. Is this with or without rounding down? E.g if a 1st prequalification test delivers 2.6 MW and a 2nd test on new connections delivers 1.4 MW, will the mFRR<sub>max,std</sub> be 3 MW (2.6M and 1.4M rounded down to respectively 2 and 1 MW) or 4MW?

#### *Annex 8 Transfer of Obligation*

it’s not clear how we should handle the nomination of the mFRR energy bids if we do a transfer of obligation to another BSP: we need a way to ‘cancel’ the mFRR energy bids that we have already sent to Elia for that obligation. However, it’s not clear if we can send an update of a bid where the volume of all QH’s is 0.

#### *Annex 9 – MFRR Energy bid Submission*

9E Template for forced outage communication

Regarding outage communication FEBEG proposes to remain as efficient and consistent as possible and not to impose additional communication channels via emails regarding the same event (FO). Removing the bids concerned from BMAP or updating them should allow for correct activations by the TSO and aligned with different communication channels regarding transparency and availabilities.

Annex 10 – Activation

#### *10B Activation of Non–contracted mFRR energy bids including delivery points DP<sub>su</sub>.*

FEBEG strongly opposes the exhaustive list of reasons provided for acceptance of (partial) rejection of non–contracted mFRR Energy Bids. The BRP may to consider flexibility to respect our BRP obligations. This reason has not been foreseen. By signing this contract, the BRP would therefore not be able to respect its BRP obligations.

*10.C “When an electronic message sent by Elia does not receive one of the requested acknowledgement messages...”*

What does imply this sentence? Does ELIA consider there is no activation officially asked by them or that we are not respecting our obligations. In case of technical issue when communicating to BSP, it's up to ELIA to check if the request has been correctly received by us, if not, Elia can switch to the backup communication solution (phone). Technical issue can also be on ELIA side.

#### *Annex 14 – Penalties*

1. Annex 14 #CCTUnon-compliant = The number of Capacity Contracting Time Units for which a penalty related to the mFRR Made Available for the concerned mFRR Capacity Product applies for the period comprised between Day D-29 until Day D (i.e. 30 Days), where Day D is the date of the concerned non-compliance with mFRR Made Available

The severability of a non-compliant activation is not taken into account in the #CCTUnon-compliant” => 1 MW not made available during 15 minutes will have the same weight as 10 MW during 4 hours. In our view the severability should be taken into account otherwise it will give an incentive not to report minor unplanned incident (if one knows that reporting the 1MW unavailability for 15 minutes will penalize you for 30 days, one may decide not to report it and hope for no activation at that moment). Ideally, availability can be checked with submetering and frequent activation tests. This would allow a gradation in penalties: availability and activation penalties. We understand that a large-scale installation of submeters is not possible, but a connection of the BSP metering with Elia could enable this.

2. Regarding the terminology, the annex 14 refers to MW not made available.

It should in fact refer to **MWh** not made available.

3. Annex 14: regarding the definition of CPWA

We propose to add “to the BSP” to make it clearer:

CPWA = The weighted average of capacity prices corresponding to all awarded mFRR Capacity Bids **to the BSP** of the concerned mFRR Capacity Product for the period comprised between Day D-29 until Day D (i.e. 30 Days), where Day D is the date of the concerned non-compliance with mFRR Made Available.

If Elia means “the price auctioned by the BSP”:

We would propose to make the following paragraph clearer: In case no mFRR Capacity Bid has been awarded to the BSP for the period comprised between Day D-29 until Day D (i.e. 30 Days), where Day D is the date of the concerned non-compliance with mFRR Made Available, CPWA is equal to the **average** price of the capacity auction corresponding to the Capacity Contracting Time Unit **obtained by the BSP** for which the non-compliance is observed;

4. Part II 16.5: “All Delivery Points included at least in 3 non-compliant mFRR Energy Bid activations, as per Art. II.14.1, over the last 6 months (i.e. from M-8 to M-2), will be suspended from the mFRR Service for 30 calendar Days”

Is a failed availability test considered as non-compliant mFRR Energy Bid Activation?

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