

## Elia public consultation on aFRR T&Cs 2020

--

### Centrica Business Solutions (CBS) response

4th April 2020

#### Overall reaction of CBS

While CBS welcomes the proposal of Elia, we also note that the proposed T&Cs include some very structural new elements compared to the design note. Such key design points include penalty formulas, tolerance thresholds etc. They have a structural impact on how open and technology neutral the aFRR market will prove to be. CBS therefore believes that Elia will need and should take enough time, together with the market participants, to thoroughly consider the remarks made during this consultation and propose required changes on significant design elements needed to ensure a successful implementation of the new aFRR product in Belgium.

#### **Key points**

##### Availability tests

- Considering the structural differences between aFRR and FCR/mFRR, CBS asks Elia to implement smart testing from day 1: test should be triggered solely if needed, i.e. if an energy bid has not been activated for more than a minimum period
- For availability tests to be as close as possible to real activation conditions, CBS asks Elia:
  - to remove requirement to freeze the baseline during a test
  - that real activations already done in a given month are considered when calculating the penalties in case of missing MWs during a test
- CBS asks Elia to rather look at a certain percentile (95%) of the deviations rather the maximum one, to discard outliers from the calculation and reflect more properly the real missing MWs.
- CBS asks Elia to limit the duration of the test to only 5 minutes outside of the ramping phase

##### Activation control penalty

- CBS asks Elia to make sure outliers are also properly captured in the activation control using one of the 2 solutions:
  - either ensuring that outliers are discarded from the samples that are considered in the activation control, in addition to the tolerance margin that is proposed.
  - or, in a more elegant and agnostic way merge the two types of deviation allowed, and foresee an overall “deviation budget” that is granted to a bid

##### Baseline check

- CBS asks Elia to review specific points of the baseline check, to avoid penalizing assets with a reference baseline equal to 0 or close to like storage units

##### ToE

- CBS asks Elia to reconsider a possible solution to allow for all assets to take part to aFRR as soon as possible and at latest from 2021, even in the absence of ToE regime available

##### Submetering

- CBS renews its ask not to apply same stringent requirements than for mFRR and urgently calls for TSOs/DSOs engagement to allow for a more pragmatic approach on this topic

##### Bidding obligations for 2 auctions “all CCTU and per CCTU”

- CBS therefore asks Elia to adjust this obligation to ensure no volume is unduly rejected from the “per CCTU auction”

##### Local gateway remarks

- CBS welcomes Elia's announcement during the WG BAL of 20 March 2020 of a one-year transition period related to the final technical requirements
- In case of a delayed go-live, it should be clear that the transition period is shifted accordingly
- CBS asks Elia to confirm that the final technical requirements only apply to high and medium voltage assets, and to initiate discussions on final technical requirements for residential and IoT assets

##### Other remarks

### Availability tests

First of all, CBS points out that the need for availability tests in aFRR is less obvious than for FCR, where activations are very frequent but rarely at 100% of the sold capacity, or mFRR (flex in particular), where activations are very rare but usually at 100% of the sold capacity. As presented by Elia regularly, aFRR is fully activated on a daily basis, meaning that all the sold capacity gets to be activated at its full power very frequently. Considering this, and the fact tests are not paid, **CBS asks Elia to implement smart testing from day 1: test should be triggered solely if needed, i.e. if an energy bid has not been activated for more than a minimum period.** This could for example happen if aFRR gets less saturated and some bids at the end of the merit do start to get less often activated.

Secondly, CBS believes that tests should be as close as possible to real activation conditions, both from a technology and contractual perspective: in that sense, **CBS asks Elia:**

**(i) to remove requirements to freeze the baseline during a test**

**(ii) that real activations already done in a given month are considered when calculating the penalties in case of missing MWs during a test** (not risking the full monthly revenues if plenty of real activation where already done). Indeed, unlike in mFRR (where the availability test is likely to be the only activation occurring during a month), in aFRR this will very often not be the case. Would that be the case, then the penalty would be the same than in mFRR, as no other activation would be considered.

Thirdly, CBS points out that despite the fact that some outliers are allowed during a test (which is a necessity), in case there are still missing MWs beyond the allowed number of time steps, Elia proposed to take the maximal recorded deviation as basis for the penalty. **CBS asks Elia to rather look at a certain percentile (95%) of the deviations, to discard outliers from the calculation and reflect more properly the real missing MWs.**

Finally, **CBS asks Elia to limit the duration of the test to only 5 minutes outside of the ramping phase** instead of a full QH, as the tests are not paid and come up at a cost for the BSP.

### Activation control penalty

CBS points out that the current proposal of Elia (uniform symmetric tolerance band of 15% around requested aFRR volume) does not allow to capture in an agnostic and balanced way the different kind of reasons that could lead to deviations between the aFRR supplied calculation and the aFRR required. These deviations can come from both **technical issues** (asset not able to deliver the volume, or with a ramp that is too steep or too slow,...) and **non-technical issues** (baseline forecast error, communication issue,...). Unlike for the availability tests (where for example deviations caused by very short baseline error are tolerated), the activation control does not foresee any room for outliers causing the delivered aFRR to deviate by more than this tolerance margin. **CBS asks Elia to make sure outliers are properly captured in the activation control** using one of the 2 solutions:

- either ensuring that outliers are discarded from the samples that are considered in the activation control, in addition to the tolerance margin that is proposed.
- or, in a more elegant and agnostic way merge the two types of deviation allowed and foresee an overall "deviation budget" that is granted to a bid: for each time step of an activation control, Elia calculates the deviation between the aFRR supplied and the aFRR requested. The deviations of each time steps are then added up, and only the overall sum of these deviations is assessed. If it is below an overall value of e.g. 7.5 or 15% of the aFRR bid size (important that it is compared to the bid size rather than the aFRR activated), the activation is validated. If the overall deviation is higher, then the extra deviation is considered as subject to a penalty, and compared to the amount of aFRR requested.

### Baseline check

CBS renews its support to the baseline forecast principle, as well as the baseline quality check, but does point out to Elia a couple for points that need to be changed in the proposed approach:

- **The quality factor should not be not assessed per day D but per capacity contracting time unit (CCTU)**, to consider specificities of some assets that may for example run only during part of the day.
- **The quality factor should not be divided by the average reference baseline given the reference baseline could on average be close to zero**, as for example with energy storage or when aggerating demand and generation assets.
- The baseline quality should be assessed with respect to the aFRR needs per quarter, and we would thus suggest to compute the quality factor as:

$$\text{quality factor}(CCTU) = 1 - \sqrt{\frac{\sum_{ts} \text{deviation}(ts)^2}{N}}{V(CCTU)}$$

with V(ts) the average of up and down aFRR contracted volume for the CCTU.

- In case the number N of time steps is lower than 1000, quality factor is computed by aggregating CCTU from different days.

CBS would also like to point out to Elia that for certain technologies like PV solar, passing the baseline check might prove to be too complex using the proposed methodology. Therefore, CBS believes that alternative approaches could be taken for such cases, in order to ensure no technology is left aside of the market because of such limitations.

### ToE

CBS points out that the lack of ToE regime for assets without pass-through contracts constitutes a real blocker, as the opt-out route has proven to be not workable as only alternative. CBS has indeed identified concrete cases of assets eligible to aFRR, but that will not be allowed until a ToE solution is implemented for them. Therefore, **CBS asks Elia to reconsider a possible solution to allow for all assets to take part to aFRR as soon as possible and at latest from 2021, even in the absence of ToE regime available.**

### Submetering

As expressed in the consultation phase around the design note, **CBS renews its ask not to apply the same stringent requirements than for mFRR and urgently calls for TSOs/DSOs engagement to allow for a more pragmatic approach on this topic** if they really want more assets and MW to enter the market. We do notice that the aFRR T&Cs show even stricter requirements, as the specific cases for CDSO meters and flexibility for meters installed before 2015 have been removed.

CBS points out that this submetering issue constitutes a real blocker as of today, already in mFRR, and that adapting the same approach in aFRR will leave out of the market number of eligible MWs, especially on sites with lower amounts of flexibility available than the large industrial assets.

While CBS understands the need for precise measurement of the aFRR quantities provided, CBS recalls that allowing easier use of existing submeters will highly increase the accuracy of the aFRR supplied: indeed, in case of too strict accuracy requirements, BSPs will have no choice but to use the headmeter for settlement purposes, with a baseline much less accurate given the “pollution” coming from other assets aside the flexible one. Imposing too stringent accuracy requirements on submeters will therefore lead to the paradoxical situation where:

- available flexibility will not be brought to the market at all
- or BSPs use a solution (headmeter + wipe-out effect) which actually has a much lower global accuracy than allowing submeters with reasonable accuracy requirements

### Bidding obligations for 2 auctions “all CCTU and per CCTU”

CBS points out that the obligation stated in the bidding rules to offer in the “per CCTU” auction at least the remaining volume offered but non selected in the “all CCTU” could lead to problematic cases. **CBS therefore asks Elia to adjust this obligation to ensure no volume is unduly rejected from the “per CCTU auction”**: indeed, the available volume of a BSP might be lower in D-1 than it was in D-2, especially for aggregated pools, therefore requiring the BSP to offer less volume in this “per CCTU” auction than it did in the “all CCTU” auction in D-2. This should not be considered as a blocker and a parameter that would automatically reject the bid on the submission platform.

### Local gateway remarks

On a more technical note, **CBS welcomes Elia's announcement during the WG BAL of 20 March 2020 of a one-year transition period related to the final technical requirements**, starting at the go-live of aFRR design. During this transition period, the connection via a central platform remains allowed.

CBS also notes that while the meeting minutes indicate the go-live of 1st July is on track, Elia and market parties remain cautious regarding the currently unclear coronavirus situation. **In case of a delayed go-live, it should be clear that the transition period is shifted accordingly.**

CBS furthermore asks Elia to **confirm that the final technical requirements only apply to high and medium voltage assets**. Indeed, as repeatedly noted and given the significant impact on market parties, discussions on final technical requirements for residential and IoT assets still need to be initiated, before any decision can be reached on this matter.

### Other remarks/questions

CBS would also like to point out to Elia additional remarks that are detailed below:

- Looking at all the validation steps to be achieved, the overall lead time to enter the market with a given delivery point looks very long: CBS asks Elia to consider whether some of the steps could be undertaken in parallel in order to shorten this lead time.
- CBS asks Elia whether the mention of the supplier in the 4<sup>th</sup> bullet of the grid user declaration template on p47 is relevant, as the supplier contract should not foresee any reason to forbid a consumer to engage with a BSP.
- In the figure 7 of annex 10, CBS questions the relevance of the “jump”, or “vertical ramp” required as illustration between the QH3 and QH4, that does not seem to be justified. CBS would like to better understand the rationale behind this requirement.
- CBS notices that the proposed T&Cs do not propose at this stage a detailed framework regarding the energy management for limited energy reservoir assets. As this will however be a key feature for the good participation of such assets in aFRR, CBS asks Elia to open discussions as soon as possible to start defining a minimal set of rules in this matter.