Request for amendment on Elia's methodology to determine the required balancing capacity

October 9, 2020

Disclaimer

This document is ELIA's proposal on the modifications for the ELIA LFC Means in accordance with Article 228(3) of the Belgian Federal Electricity Law

Contents

THE BELGIAN TRANSMISSION SYSTEM OPERATOR, TAKING INTO ACCOUNT THE FOLLOWING,

Whereas

(1) Article 228 §3 1° of the Federal Grid Code (hereafter referred to as FGC) specifies that:

   a. the transmission system operator shall submit, after a public consultation, a proposal for approval (hereafter referred to as "LFC Means") containing the methodology to determine for each of the balancing services, the balancing capacity that has to be reserved within the LFC block of Elia.

   b. this proposal shall be submitted for approval at the same time as the LFC block Operational Agreement (hereafter referred to as "LFCBOA"), which is the proposal specified in Article 6(3)e of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as "SOGL").

   c. the methodology in the proposal shall be based on an analysis of the optimal provision as specified in Article 32(1) of Commission Regulation (EU)2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as "EBGL").

(2) The balancing capacity for FCR to be reserved by Elia Transmission Belgium (hereafter referred to as "Elia") is determined by all Transmission System Operators (hereafter referred to as 'TSOs') of the synchronous zone in application of the provisions of Article 153 of the European guidelines SOGL and specified in the Synchronous Area Operational Agreement (hereafter referred to as SAOA).

(3) The LFCBOA referred to in Article 6(3)e determines the methodology to determine the needs for reserve capacity other than FCR. It is developed by the Transmission System Operator of the LFC block in accordance with Article 119 of the SOGL. The LFCBOA is submitted by Elia for approval in accordance with Articles 6(3)e and 119(2) of the SOGL.

(4) Pursuant Article 32(1) of the EBGL, each TSO shall perform an analysis on optimal provision of reserve capacity aiming at minimization of costs associated with the provision of reserve capacity. This analysis shall take into account the following options for the provisions of reserve capacity:

   a. procurement of balancing capacity within control area and exchange of balancing capacity with neighboring TSOs, when applicable;

   b. sharing of reserves, when applicable;

   c. the volume of non-contracted balancing energy bids which are expected to be available both within their control area and within the European platforms taking into account the available cross-zonal capacity.

(5) Pursuant Article 228 §3 2° of the FGC:

a. if the period of purchase of balancing capacity is equal to or longer than one year, the result of the practical application of the dimensioning rules shall be submitted by the TSO to the NRA for approval;

b. for all other periods of purchase of balancing capacity, the volumes of balancing capacity following the application of the dimensioning rules by the TSO shall be notified immediately by the TSO to the NRA.

(6) Elia consults the stakeholders on the draft proposal in accordance with Article 10 of the EBGL. This consultation takes place from October 9, 2020 until November 6, 2020.

SUBMITS THE FOLLOWING PROPOSAL FOR APPROVAL TO THE CREG:

Article 1. Dimensioning of the reserve capacity for aFRR and mFRR

Article 3(1)a of the LFC Means is adapted to facilitate the potential implementation of a dynamic aFRR dimensioning methodology. Such methodology shall be specified in the LFCBOA. This paragraph is replaced by:

> *"Elia determines the positive and negative aFRR needs based on the dimensioning methodology as specified in the last approved version of the LFCBOA."*

Article 2. Sharing of reserves

Article 4(2) is adapted to take into account a new mFRR reserve sharing agreement with AMPRION. This paragraph is replaced by :

> *"Elia disposes of reserve sharing agreements on mFRR with RTE, TENNET, AMPRION and NGESO that facilitate the sharing of mFRR with neighbouring TSOs. Each of these agreements is foreseen to be operational in 2021 and will facilitate a positive and negative shared capacity of 350 MW."*

Article 4(6)a is adapted to take into account an increased availability of mFRR sharing. This paragraph is replaced by:

> *"the positive sharing capacity included in the dimensioning to 250 MW"*

Article 3. Non-contracted balancing energy bids

Article 5(1), 5(3) and 5(5)c are adapted to take into account an update of the historic observations of non-contracted balancing energy. The specific paragraphs are replaced by :

> Article 5(1) : *"Elia determines the volume of non-contracted balancing energy bids that can be taken into account to cover the required reserve capacity for FRR based on an analysis of the historical availability of these non-contracted balancing energy bids for aFRR and mFRR for a period of two years (from July 1, 2018 to June 30, 2020)."*
>
> Article 5(3) : *"Elia determines the availability of all non-contracted balancing energy bids for aFRR. It is found that this availability does not exceed 61% (incremental bids) or 20% (decremental bids) of the observed quarter-hours."*
>
> Article 5(5)c *: "includes all expected decremental bids from wind power in 2021, based on historic production nominations, taking into account the increasing capacity between 2018-20 and 2020."*

Article 5(6) is adapted to take into account an increased availability of mFRR sharing and an update of the historic observations of non-contracted balancing energy. The paragraph is replaced by :

> *"The calculation of the available volume of non-contracted balancing energy bids is complemented with the available FRR sharing capacity through the available interconnection capacity (ATC) after intra-day for the same time period. This remaining interconnection capacity is limited to :*
>
> *a. the shared capacity per border as specified in Article 4(2);*

b. *the positive and negative shared capacity as specified in Article 4(6).*

The analysis of the availability of non-contracted balancing energy for mFRR complemented with the available FRR sharing capacity shows that:

a. *no significant positive capacity is available on top of the 250 MW of positive sharing capacity specified in Article 4(6);*

b. *substantial negative capacity of 800 MW - 900 MW is expected to be available for respectively 95 % - 93% of the time and this level of availability is expected to further increase."*

Article 4. Balancing Capacity

In Article 6(1) and Article 6(2) are adapted to facilitate the potential implementation of a dynamic aFRR dimensioning methodology, as well to align with the implementation of the T&C BSP aFRR and T&C BSP mFRR (by removal of the last part of the last sentence of both paragraphs: "and until their entry into force, the market functioning rules for the compensation of quarter-hourly imbalances (also referred to as the 'Balancing Rules')". The paragraphs are replaced by :

Article 6(1) – *"As specified in Article 4(1), Elia does not dispose of reserve sharing for aFRR. As specified in Article 5(2), non-contracted balancing energy bids for aFRR do not have sufficient availability to cover part of the required reserve capacity for aFRR. Therefore, the volume of aFRR balancing capacity is determined equal to the value of required reserve capacity following Article 3(1)a. The procurement process and product requirements are specified in the T&C BSP aFRR."*

Article 6(2) - *"Elia will cover the positive reserve capacity for mFRR specified in Article 3(1)b, after taking into account reserve sharing and non-contracted balancing energy bids as specified in Article 4 and Article 5, for a volume mFRR balancing capacity equal to the value of required remaining reserve capacity. The procurement process and product requirements are specified in the T&C BSP mFRR."*

Article 6(4) is adapted and Article 6(6) is deleted due to the implementation of the increase of the minimum capacity of 640 MW of mFRR Standard as from July 1, 2020. This also impacts the numbering of the following paragraphs of that Article 6(6). Article 6(4) is replaced by :

"Elia will cover the balancing capacity for mFRR with a capacity of mFRR Standard determined by the minimum of a threshold determined at 640 MW and the required mFRR balancing capacity. The remaining required positive reserve capacity, if positive, is procured by means of the products mFRR Standard and mFRR Flex."

Article 5. Volumes as from January 1, 2020

Article 7 is deleted as it lost relevance due to the implementation of a daily procurement of mFRR following the approval of the T&C BSP mFRR. This impact the numbering of the next Articles.

Article 6. Timing for implementation

Article 8 is adapted to specify the timing of implementation of this proposal. The paragraph is replaced by :

> *"The LFC Means enter into force after being approved by the national regulatory authority. The LFC Means do not enter into force before January 6, 2021, the date of calculation to determine the balancing capacity for January 7, 2021."*