



## **EXPLANATORY NOTE ON THE PUBLIC CONSULTATION OF THE RULES FOR THE ORGANIZATION OF TRANSFER OF ENERGY**

ELIA

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## PRACTICAL INFORMATION

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This note serves as an explanation for the current consultation on the **Rules organizing the Transfer of Energy** and the **FSP Contract DA/ID**. The purpose of this consultation is to obtain comments from the market players involved. At the end of the public consultation, Elia will provide a consultation report that will be available to all market parties.

All responses on this public consultation will be made public via a consultation report on Elia's website, except those comments for which market parties ask to treat their contribution as confidential. However, all responses on this public consultation will be submitted to the CREG in the context of the official approval procedure<sup>1</sup> for the Rules organizing the Transfer of Energy.

Stakeholders have a period of **one month** to submit their comments. The responses must be submitted no later than the **19<sup>th</sup> of November 2020** via the online form on the Elia website. The draft proposal for the Rules organizing the Transfer of Energy that is available for consultation can be consulted on the Elia website.

Questions regarding these documents can be sent to the following email address: [BMMconsult@elia.be](mailto:BMMconsult@elia.be).

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<sup>1</sup> Conform Art. 19bis of the law of 19 April 1999 concerning the organization of the electricity market.

## INTRODUCTION

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Art. 19bis of the law of 19 April 1999 concerning the organization of the electricity market foresees a phased implementation of Transfer of Energy (ToE) for the day-ahead (DA) market, the intraday (ID) market, the strategic reserves market and the balancing market (with the exception of the frequency containment reserves). In this context, the proposed changes in the present Rules organizing the Transfer of Energy (ToE Rules) relate to the implementation of Transfer of Energy for the DA and ID market segment.

In 2019, Elia performed a study relative to the implementation Transfer of Energy to the DA and ID market segments. The final results of this study, after public consultation, were published in October 2019.<sup>2</sup> Afterwards, an implementation plan based on the main conclusions of the study was proposed to the CREG, and presented to market participants during the working group balancing meeting of March 2020. This implementation plan can be summarized as follows:

- ToE will be implemented for the DA and ID markets.
- The activation combo functionality (i.e., the use of a delivery point for providing two services within the same quarter hour) will not be implemented. The decision not to implement this functionality will be re-assessed once a better view can be built regarding the volumes and types of assets participating to the DA/ID markets and the stakeholders' needs for this functionality. This re-assessment will be finalized at the latest 1 year after the entry into force of ToE for the DA and ID markets. In the meantime, a contractual combo (i.e., the possibility of a single delivery point to provide different services in different moments in time) will be enabled.
- The multiple FSP functionality (i.e., enabling multiple FSPs to be active on a single delivery point) will not be implemented.

In July and August 2020, a consolidated design note<sup>3</sup> describing in detail the final proposed design for the implementation ToE for the DA/ID markets has been published and publically consulted.

In line with this consolidated design note, this public consultation proposes adjustments to the Rules organizing the Transfer of Energy in order to implement ToE, as well as the Opt-out regime and the Pass-through regime, to the DA and ID markets. In addition, this public consultation proposes a contract that has to be concluded between the FSP participating to the DA and ID market and Elia and in which their rights and obligations are described (i.e., the FSP Contract DA/ID). An overview of the main proposed changes to the ToE Rules is described in Section 1 of this document, whereas Section 2 provides an overview of the FSP Contract DA/ID.

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<sup>2</sup> The 2019 study relative to the implementation of ToE in DA/ID markets and the consultation report on this study can be consulted on the following site: [https://www.elia.be/en/public-consultation/20190617\\_public-consultation-designnote\\_toeidda](https://www.elia.be/en/public-consultation/20190617_public-consultation-designnote_toeidda).

<sup>3</sup> The consolidated design note of the implementation of ToE for the DA/ID markets can be consulted via the following link: [https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020\\_07\\_design\\_note\\_toe\\_da\\_id.pdf](https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020_07_design_note_toe_da_id.pdf).

## 1. Proposed changes to the ToE Rules

The proposed changes to the ToE Rules can be grouped into changes related to:

1. the implementation of ToE for the DA and ID markets
2. the rules governing the participation of a delivery point to multiple services
3. the removal of asymmetric imbalance adjustment for all market segments
4. the revision of the system for informing the BRP<sub>source</sub> of activations happening in its perimeter
5. Other changes

An overview of each of the above elements are discussed in the sections below.

### 1.1. Changes related to the implementation of ToE for the DA and ID markets

The majority of the proposed changes to the ToE rules are related to the implementation of ToE for the DA and ID markets.

#### 1.1.1. Definitions

Section 3 introduces a number of new definitions related to the implementation of ToE for the DA/ID markets. In addition, the opportunity of the revision of the ToE rules is taken to align several definitions with the last approved version of the T&C BSP mFRR. In this context, the following definitions are either added or adapted:

- DA/ID Flexibility Service
- FSP Contract DA/ID Reference price for the Belgian Bidding Zone
- Bidding Zone
- Providing Group
- SDR Service
- Balancing energy offer aFRR/mFRR
- Delivery point
- Delivery point DP<sub>PG</sub>
- Requested volume of flexibility
- Pass-through contract

#### 1.1.2. Field of application

Section 4 extends the field of application of the ToE rules to the participation of DP<sub>PG</sub> to the DA and ID markets.

#### 1.1.3. Entry into force and duration of the rules

Section 6 clarifies that the proposed changes to the ToE rules will entry into force at the same time as the T&C BRP containing the modifications to extend the ToE mechanism to the DA/ID market segment will entry into force, and at the earliest on the first of April 2021.

#### 1.1.4. Roles and responsibilities

Section 7 clarifies that the FSP needs to have a contract with the TSO for the delivery of each service he wants to deliver. For the DA/ID flexibility service, this is the new FSP Contract DA/ID.

### 1.1.5. Calculation of the Delivered volume of flexibility

Section 12.4 is added to describe the principles for the calculation of the delivered volume of flexibility in case of an activation of a delivery point in the context of the DA/ID flexibility service. Specifically, it is stated that the delivered volume of flexibility is calculated by subtracting the measured power from the baseline for each delivery point with a notified activated volume different from zero in the latest notification sent by the FSP. The delivered volume of flexibility is furthermore capped by the maximum power that the FSP can activate at this delivery point in the context of the DA/ID flexibility service.

Section 10.2.3 is added to indicate that the baseline methodology High X of Y\* is used as a baseline for the DA/ID flexibility service. This methodology is described in Section 10.3.3.

### 1.1.6. Principles for perimeter correction

In Section 8.1 and Section 13.1, the description of the principle for the perimeter correction of the  $BRP_{FSP}$  is formulated more generally in order to be applicable to all services that can be provided (mFRR, aFRR, SDR and the DA/ID flexibility service). Specifically, the principle is reformulated to state that the perimeter of the  $BRP_{FSP}$  is corrected in such a way that he takes up the balance responsibility for the activation.

This modification is needed because the perimeter correction performed by the TSO in case of an activation to provide the DA/ID flexibility service is different from the perimeter corrections performed by the TSO in case of an activation of an aFRR/mFRR energy bid or an activation of SDR. Notably, in case of an activation of the DA/ID flexibility service, there is no perimeter correction performed by the TSO with minus the requested volume of flexibility. This because a trade made by the  $BRP_{FSP}$  on the DA or ID markets (representing a certain requested volume of flexibility) already impacts the perimeter of the  $BRP_{source}$ .

### 1.1.7. Notifications from the FSP to the TSO

In Section 14, a new subsection 14.2.3 is added. In this section, the notifications that need to be provided by the FSP in case of an activation in the context of the DA/ID flexibility service are described.

Section 15.4 describes the penalties applicable in case of repeated missing notifications.

## 1.2. Rules describing the participation of a Delivery point to multiple services

A new Section 9 is added to the ToE rules which contain supplementary rules for the participation of a delivery point to one or more services. Specifically, this section specifies that a delivery point can be included in the pool of delivery points registered in the context of the FSP Contract DA/ID on the one hand, and the BSP Contract mFRR/aFRR on the other hand under the following conditions:

- The delivery point complies with the conditions for delivery points specified in the respective contracts;
- The same party takes up the role of the FSP for the delivery point in the different contracts;
- During a given quarter hour, the delivery point does not participate to both an aFRR/mFRR balancing energy offer and the DA/ID flexibility service.

In addition, this section clarifies that a Delivery point used in the context of a contract for SDR cannot be used in the context of the FSP Contract DA/ID or in the context of a BSP Contract mFRR/aFRR.

Section 15.5 is added describing the penalties applicable in case a delivery point is used for both the DA/ID flexibility service and an aFRR/mFRR balancing energy bid for the same quarter hour.

Finally, Section 12.4 specifies the principle for the calculation of the delivered volume of flexibility in case a delivery point (under a market situation with Transfer of Energy) is used for the provision of the DA/ID flexibility service and activated in the context of the provision of mFRR balancing energy within the same quarter hour. Specifically, it is stated that in this case, the delivered volume of flexibility is calculated in agreement with the methodology applicable for an activation of mFRR balancing energy.

### **1.3. Removal of asymmetric imbalance adjustment from all market segments**

In Section 12.2 (calculation of the delivered volume of flexibility for mFRR) and Section 12.3 (calculation of the delivered volume of flexibility for SDR), the text related to asymmetric imbalance adjustment (AIA) is removed as AIA will no longer be applied for these market segments. In addition, Section 12.4 describes that the calculation of the delivered volume of flexibility in the context of an activation for DA/ID will also not apply AIA.

The term asymmetric imbalance adjustment is used to refer to the process of capping of the sum of the delivered volume of flexibility by all delivery points activated for the provision of a service to the requested volume of that service, and the pro-rata reduction of the delivered volume of flexibility of the involved delivery points. AIA was introduced in 2016 during the design of the Bidladder project and has been applied for the calculation of the delivered volume of flexibility in case of activations in the context of mFRR or SDR. After stakeholders expressed concerns about AIA when applied to the DA and ID markets, and after an analysis of Elia regarding the relevance of AIA in the context of changes in the balancing markets, Elia recommended, in the consultation report of the study regarding the implementation of ToE in DA/ID markets, not to apply AIA for ToE in DA/ID and to remove the use of AIA for all other markets where ToE is applicable.<sup>4</sup>

### **1.4. New system to inform the BRP<sub>source</sub> about activations in its perimeter**

Section 14.3 is modified to describe the new system to inform the BRP<sub>source</sub> about the impact of activations of DP<sub>PG</sub> on its balancing perimeter.

As discussed in detail in the consolidated design note of the implementation of ToE for the DA/ID markets<sup>5</sup>, the system of notifications to inform the BRP<sub>source</sub> is modified in order to provide the BRP<sub>source</sub>

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<sup>4</sup> A detailed discussion regarding asymmetric imbalance adjustment can be found in the consultation report of the 2019 study regarding the implementation of ToE in DA/ID markets. The study and the consultation report can be consulted on the following site: [https://www.elia.be/en/public-consultation/20190617\\_public-consultation-designnote\\_toeidda](https://www.elia.be/en/public-consultation/20190617_public-consultation-designnote_toeidda) .

<sup>5</sup> The new system for notifying the BRP<sub>source</sub> is described in Section 4.4, 4.5 and Annex 1 of the consolidated design note of the implementation of ToE for the DA/ID markets. This design note can be consulted via the following link: [https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020\\_07\\_design\\_note\\_toe\\_da\\_id.pdf](https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020_07_design_note_toe_da_id.pdf)

a more user-friendly overview of the total impact of activations of Delivery points  $DP_{PG}$  on its perimeter. Instead of informing the  $BRP_{source}$  about the impact that each individual activation has on its perimeter, the new system of notifications informs the  $BRP_{source}$  about the total impact (aggregated over all activations) on his perimeter. This is particularly relevant in case of multiple simultaneous or overlapping activations (in the context of possibly different provided services) impacting the perimeter of the  $BRP_{source}$ .

## 1.5. Other changes

In Section 3, the definition of the Pass-through contract has been modified in accordance with the definition adopted in Decision 1677(3) of the CREG.

## 2. New proposed contract: FSP Contract DA/ID

The FSP Contract DA/ID describes the rights and the responsibilities of Elia and the FSP participating to the DA/ID Flexibility Service.

The FSP Contract DA/ID consists of three parts:

- General Conditions;
- Specific Conditions;
- Annexes.

The General Conditions are, to the extent possible, aligned with the General Conditions of other regulated contracts (T&C of FCR, aFRR, mFRR, VSP, RSP).

The Specific Conditions have the same structure as the T&C of the balancing products (FCR, aFRR and mFRR). The content is aligned with the consolidated design note describing the design of Transfer of Energy in DA and ID markets, as published in July 2020.<sup>6</sup> The Specific Conditions describe in particular:

- The conditions to be fulfilled by the FSP and the procedure for FSP acceptance;
- The conditions for delivery points, the procedure for delivery point acceptance and the procedure for registering delivery points connected to the Elia grid or to a closed distribution system;
- The conditions for the application of the Transfer of Energy;
- The combinability conditions (in accordance with the new Section 9 of the ToE rules);
- The modalities related to the use and the exchange of information;
- The conditions and procedure related to the communication test;
- The applicable activation controls and penalties.

The Annexes explain in more details the rules stipulated in the Specific Conditions of the FSP Contract DA/ID. The structure has been aligned with the T&C of the balancing products.

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<sup>6</sup> The consolidated design note of the implementation of ToE for the DA/ID markets can be consulted via the following link: [https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020\\_07\\_design\\_note\\_toe\\_da\\_id.pdf](https://www.elia.be/-/media/project/elia/elia-site/electricity-market-and-system---document-library/transfer-of-energy/2020/2020_07_design_note_toe_da_id.pdf).