

CONSULTATION REPORT

**Report on the public consultation
regarding the study on a technology-
neutral framework for the use of Units
that cannot be activated following the
FRR processes**

17 December 2021



Contents

1.	Introduction	3
2.	Feedback received	3
3.	Instructions for reading this document	3
4.	Comments received during the public consultation	5
4.1	General comments received during the public consultation	5
4.2	Specific comments received during the public consultation	8
5.	Next steps	17
6.	Attachments	17

1. Introduction

Elia organized a public consultation from 20 August 2021 to 24 September 2021 regarding the study on a technology-neutral framework for the use of Units that cannot be activated following the FRR processes.

The scope, objectives and planned approach of the study were presented during the Working Group Balancing meeting of 17/3/2021 and the preliminary findings were presented during a dedicated workshop on 1/7/2021. Following the public consultation, the feedback was presented during the Working Group Balancing meeting of 28/10/2021 and the implementation plan was presented during the Working Group Balancing meeting of 8/12/2021.

The purpose of this report is to consolidate the feedback received from the public consultation, while at the same time reflecting Elia's position on these reactions.

2. Feedback received

In response to the public consultation, Elia received the following non-confidential replies from the following parties:

- Centrica Business Solutions
- FEBEG
- Febeliec

All responses received have been appended to this report. These reactions, together with this consultation report, will be made available on Elia's website.

3. Instructions for reading this document

This consultation report is structured as follows:

- Section 1 contains the introductory context,
- Section 2 gives an overview of the responses received,
- Section 3 contains instructions for reading this document,
- Section 4 discusses the various comments received during the public consultation and Elia's position on them,
- Section 5 contains the annexes of the consultation report.

This consultation report is not a 'stand-alone' document, but should be read together with the study published for consultation, the reactions received from the market participants (annexed to this document) and the final study.

Section 4 of the document is structured as follows with additional information on the content per column below.

Subject	Stakeholder	Comment	Justification
A	B	C	D

- A. Subject matter covered by the various responses received.
- B. Stakeholder making the comment. In general, the comments are listed alphabetically in the name of the parties concerned.
- C. This document contains an overview of the main, but also specific comments on the document submitted for consultation.
 - o In doing so, an attempt was made to list/consolidate all comments received.
 - o In order to maintain authenticity, the comments have been copied as much as possible in this document. However, the comments have sometimes been shortened and terminology has been standardized to make the report easier to read.
- D. This column contains Elia's arguments as to why a comment was or was not included in the final study report.

4. Comments received during the public consultation

4.1 General comments received during the public consultation

This section provides an overview of the general reactions and concerns of market players that Elia received to the document submitted for consultation.

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
<i>Terminology</i>	<i>Febeliec</i>	<p>Febeliec would like to thank Elia for this consultation on the technology-neutral framework for the use of units that cannot be activated following the FRR processes. Febeliec in this context prefers to refer to slow start units or units with longer lead times, as it is a more correct representation of the basis for its request for the development of such a framework, as many demand response (and generation) units require longer lead times than those applicable in the balancing timeframe in order to be able to adapt their processes and put their available flexibility at service of the system operator.</p>	<p>Elia recognizes that the most common technical constraint resulting in the inability to participate to the balancing markets relates to the activation time/lead time. However, in line with the LFCBOA, Elia referred in this study more generally to units that cannot be activated via the FRR processes.</p> <p>Elia further highlights that in the proposed framework for the participation of slow DP_{PG} to the exceptional balancing measures, the lead time/activation time that is required to perform the activation can be reflected by the BSP in the bid.</p>
<i>Prioritization of the implementation</i>	<i>Centrica Business Solutions</i>	<p>Centrica supports Elia's proposal not to prioritize the implementation of a technology-neutral framework for the slow reserve at the condition that a regular monitoring is ensured in order to detect any future change of market conditions which would increase the need for such a reserve and justify a rapid implementation of such a technology-neutral framework.</p> <p>Centrica acknowledges the figures presented by Elia on the fact that the "slow reserve" is called upon too rarely to justify the cost of implementing the required changes to open it up to non-CIPU Units, and thereby understands the</p>	<p>Elia takes note of CBS' support for the recommendation not to prioritize the implementation of the proposed technology-neutral framework for the exceptional balancing measures, while performing a monitoring of the need for this framework.</p> <p>Elia further confirms that a monitoring on the future need/benefits of enabling the participation of DP_{PG} to the exceptional balancing measures will be performed and that market parties will</p>

	<p>proposal of Elia not to prioritize this project.</p> <p>However, Centrica asks that Elia continues to regularly monitor the indicators presented in the study, so that if market conditions change and the balancing margins of Elia start to become scarce, there is sufficient time to increase the level of priority for this project and ensure that it can be implemented rapidly for non-CIPU units to effectively access this scheme to the benefit of society.</p>	<p>be kept informed. The specific monitoring actions proposed are described in the implementation plan of the final study.</p>
<i>FEPEG</i>	<p>FEPEG is mostly aligned with the content of the executive summary and fully supports the conclusions Elia puts forward in the document.</p> <p>Elia has made a lot of developments with the objective to give any available flexibility the opportunity to find its way on the market. FEPEG believes that some of those developments were necessary while others (such as TOE DA/ID, mFRR non-contracted DPpg) remain, today, very theoretical and only the future – with facts and figures (activated MWh) - will tell us whether it was necessary.</p> <p>FEPEG believes that there are very few blind spots left in the market design when it comes to facilitating access to the market for an existing flexibility such as large DPpg. Therefore, any new developments are likely to have a low added value, while the overall efforts to implement these are significant, and therefore likely to be not very cost-effective.</p>	<p>Elia takes note of FEPEG’s support for the recommendation not to prioritize the implementation of the proposed technology-neutral framework for the exceptional balancing measures.</p>
<i>Febeliec</i>	<p>Febeliec has read the consultation document with great interest and would like to voice one fundamental concern. Febeliec is of the impression that Elia is taking a very serious risk by recommending not developing such a technology-neutral framework for slow start units. Febeliec observes that many major changes are expected in the near future regarding the balancing framework, not in the least the switch to the European balancing platforms (MARI/PI-CASSO), with significant change to the product specifications (more stringent)</p>	<p>Elia takes note of this comment.</p> <p>The viewpoint of Elia remains that an implementation at this point cannot be justified. This because the benefits of implementing a technology-neutral framework are assessed to be low in the coming years and an implementation would come at the expense of other project as it requires significant resources from</p>

		<p>and potential substantial negative impact on liquidity. Febeliec considers the development of a technology-neutral framework for slow start units a no regrets solution, especially in light also of the situation during the winter 2018-2019 where such a product was designed in extremis but with a design and implementation discussion that extended so long in time that interested parties were caught up by time as winter was over before they could have reasonably prequalified a significant volume.</p>	<p>both Elia and the market parties. As such, Elia does not consider the (immediate) implementation of the proposed technology-neutral framework to be a no-regret solution.</p> <p>Regarding the liquidity, Elia reiterates that the analysis in Section 3.3 of the study shows that there is currently sufficient liquidity in the mFRR markets. Moreover, based on the high prequalified volumes of mFRR, Elia expects market dynamics to provide the incentives to make available additional volumes in case the liquidity would temporarily decrease. Finally, Elia would like to clarify that a potential lack of available mFRR capacity in a certain moment in time does not (necessarily) mean that there would be insufficient mFRR Energy Bids available closer to real time. In addition, even in case of insufficient mFRR Energy Bids being offered in absence of exceptional measures, this does not necessarily imply that there is a lack of incremental flexibility available to Elia (in the form of slow-starting units) to ensure system security via the escalation procedure. In this regard, Elia does not see a current need to be able to call additional volumes within the exceptional balancing measures.</p> <p>Nevertheless, a monitoring of the future need/benefits of implementing the proposed framework is foreseen as part of the implementation plan, and market parties will be kept informed on the monitoring results. Based on the monitoring, the implementation can be planned/prioritized in case a future need (or clear benefits) are identified.</p>
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4.2 Specific comments received during the public consultation

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
<p><i>Need for a technology-neutral framework</i></p>	<p><i>Centrica Business Solutions</i></p>	<p>Centrica acknowledges Elia's most recent analysis regarding the satisfying level of liquidity in mFRR, and considers that this constitutes a sound basis to consider an evolution towards PAC in mFRR capacity auction.</p> <p>Centrica has well noted the quantitative data presented by Elia in the study, which has been confirmed on the slides presented in the Working Group balancing organized on 15th of September, demonstrating that there was no lack of liquidity in the mFRR market. Elia confirmed its intention to phase-out the mFRR flex product based on this assessment.</p> <p>Liquidity in the mFRR capacity auction has also been a key KPI to monitor in the context of the shift from the current pay-as-bid (PAB) towards a pay-as-cleared (PAC) remuneration in the procurement of mFRR capacity. Elia's previous assessments from 2019 and 2020 considered liquidity and competition to be insufficient for such a change, and recommended to extend the observation period to follow-up on market evolutions. Given the most recent evidence produced by Elia in September 2021, Centrica believes that the conditions now seem to be met to reconsider previous conclusions. In particular, when looking at both liquidity and competition in the mFRR market, it is key to consider all available mFRR means of the BSPs that are available, and not only the ones offered in the mFRR capacity auction: as underlined by Elia, while the latter volumes can sometimes appear like close to the mFRR requirements of Elia, overall available mFRR volumes are</p>	<p>Elia observes that CBS acknowledges the conclusion that future activations of slow-starting units resulting from a lack of liquidity for mFRR are not expected or only in highly exceptional cases.</p> <p>Elia further takes note of the fact that CBS considers that the current liquidity of mFRR constitutes a sound basis for considering an evolution towards a paid-as-cleared remuneration of mFRR Balancing Capacity, but reminds that the remuneration of mFRR Balancing Capacity is out of scope of the present consultation.</p> <p>As indicated in the WG Balancing meeting of 15/9/2021, Elia proposes, after discussion with the CREG, to first have a better view on how the market behaves after connection to the MARI platform. In addition, Elia emphasizes that a sufficient level of liquidity is not the only criterion to consider for the evolution towards a paid-as-cleared remuneration. As indicated, in the study on the remuneration of aFRR and mFRR capacity, it is also important to have a reasonable level of competition (i.e., lack of market concentration).</p>

		<p>in reality usually much higher as some BSPs do not submit all their available MWs in the auction (especially if they have low chances to be selected).</p> <p>CBS therefore asks Elia to reconsider its position against the shift towards PAC expressed during the above-mentioned Working Group Balancing.</p>	
	<i>FEBEG</i>	<p>FEBEG is fully aligned with Elia when assessing that the probability that such slow-starting units DPpg would be activated is very low. Several circumstances would need to occur at the same time i.e. need of exceptional measures (exhausted, escalation measures or reduce FRCE), DPpg not offered on DA or ID (why wouldn't it be offered if there is flex?), having DPpg cheaper than DPsu (experience of mFRR energy MOL does not support this), etc.</p>	<p>Elia observes that FEBEG acknowledges Elia's conclusion regarding the frequency of activations of the exceptional balancing measures and regarding the limited potential for reducing the cost of the exceptional balancing measures by implementing a framework to enable the participation of DP_{PG}.</p>
	<i>Febeliec</i>	<p>In general, Febeliec also strongly believes that any product of Elia should be made technology-neutral as it is not up to the TSO to favor certain technologies over other ones.</p>	<p>Elia takes note of Febeliec's remark and recognizes the importance of technology-neutrality. However, with respect to the exceptional balancing measures, Elia considers that it is justified to be pragmatic considering that it relates to a procedure that would only be used during highly exceptional cases and that Elia at this moment assesses that it is unlikely that the flexibility that would be offered by slow units of the type DP_{PG} would be made available at a lower cost than the flexibility available from DP_{SU}. The possibility to participate to the operational process of exceptional balancing measures is not a "product" as such, and the creation of a new dedicated contractual framework and IT implementation for those assets not bound by T&C SA (yet) deserves some analysis to avoid unnecessary burdens and inefficient prioritization.</p>

<p><i>Assessment of potential volumes</i></p>	<p><i>FEBEG</i></p>	<p>FEBEG underlines that ICAROS phase 2 will include demand units. Wouldn't it be more pragmatic to wait for this phase 2 to go-live and assess in the meanwhile whether there is a market potential from DPpg?</p>	<p>In ICAROS phase 2, it is indeed foreseen that demand facilities can provide MW schedules and offer their available flexibility on a voluntary basis in the context of the Terms and Conditions Scheduling Agent. In this context, it can be noted indeed that as of the go-live of ICAROS phase 2, demand facilities will already be enabled to contribute to the exceptional balancing measures via the Terms and Conditions Scheduling Agent (as foreseen in the latest version of the LFCBOA).</p> <p>Elia confirms that all available information will be used when assessing the need to target implementation of the proposed framework. Thus, also the information available from DP_{PG} participating to ICAROS phase 2 will be considered. However, Elia would like to indicate that</p> <ul style="list-style-type: none"> • a decision to target implementation of the proposed framework could be made prior to the go-live of ICAROS phase 2 (e.g., if a need to acquire additional volumes occurs and/or in case there are clear indications for potential from DP_{PG}). • the volumes of DP_{PG}/demand facilities participating to ICAROS phase 2 on a voluntary basis are not necessarily representative for the full potential of DP_{PG}/demand facilities to participate to the exceptional balancing measures. This because, as indicated in Section 5.1 of the study, Elia does not consider the Terms and Conditions Scheduling Agent to be the most suitable framework for slow units of the type DP_{PG} that solely would like to offer their flexibility as part of the exceptional balancing measures.
<p><i>Design of a technology-neutral framework</i></p>	<p><i>FEBEG</i></p>	<p>Concerning the contractual framework, if Elia would develop this, FEBEG calls of course for a level-playing field between technologies. For instance, if a DP_{SU} does not get a reservation/ preparation fee via the T&C Scheduling Agent, there is no reason to pay it to DP_{PG} via a new specific contract for slow starting units. In the</p>	<p>Elia takes note of FEBEG's remark and recognizes the objective of maximally ensuring a level playing field between all technologies.</p> <p>Elia first of all confirms that a reservation/preparation fee does not exist for DP_{SU} (contributing to the exceptional balancing measures via the framework</p>

		<p>same spirit, current proposed rules to remunerate the re-dispatching bids of DP_{su} is cost-based; the same logic should apply to DP_{pg}.</p>	<p>of the T&C Scheduling Agent) and is also not foreseen in the proposed contractual framework for slow units of the type DP_{PG}.</p> <p>With respect to the cost-based remuneration, Elia reminds that the main goal of developing a framework to enable DP_{PG} to participate to the exceptional balancing measures would be attracting additional volumes of (competitive) flexibility to enhance system security and/or lower costs in highly exceptional circumstances. In this regard, cost-based remuneration is not considered to provide sufficient incentives for slow DP_{PG} to offer their available volumes on a voluntary basis.</p>
	<p><i>FEBEG</i></p>	<p>Also, from an operational point of view, OPA & SA will need to spend a lot of resources and efforts in the portfolio representation with the new ICAROS design. FEBEG asks Elia to maximize the alignment of the bid properties with those proposed in the ICAROS design. FEBEG would like to remind that its members are also active with DP_{pg} and that it would not make sense to have two different ways to represent its portfolio (read different bid properties) i.e. one for DP_{su} and one for DP_{pg}.</p>	<p>Elia takes note of the remark of FEBEG.</p> <p>As motivated in the study, the bidding properties have been proposed with the purpose of maximally reducing barriers for participation by enabling participants to reflect technical constraints while keeping the bidding process and bid properties as simple as possible (considering that not all participants necessarily have experience with the bid properties and design proposed in the ICAROS project). In this regard, the ICAROS bid properties have been re-used where possible, but alternative bid properties are foreseen to avoid the complexity related to the technical linking.</p> <p>For instance, assume a Delivery Point that faces a fixed and a variable cost related to an activation and that is available for a certain period. In the proposed design, this can be reflected in a single bid in which the fixed cost and the start and end time of the availability can be directly provided via the bid properties. In contrast, in the ICAROS design, bids should be provided for each quarter hour, and the fixed cost can be reflected by having multiple bids for each quarter hour (one bid with and one bid without the fixed cost included in the single bid price) that are linked via the quarter-hour linking.</p>

			<p>Elia understands that for stakeholders that have a portfolio of both DP_{SU} and DP_{PG}, the most convenient could be to fully align the bid properties with the ICAROS design. However, Elia also considers that for stakeholders participating with a single DP_{PG} (e.g., demand facilities) or a portfolio consisting only of DP_{PG} (e.g., aggregators), the complexity of the ICAROS bidding properties could result in barriers for participation.</p>
	<p><i>Febeliec</i></p>	<p>Febeliec strongly believes that such products should be designed in tempore non suspecto in order to allow for a thorough discussion on them, to put together a solid design so that when the need arises, such products can be easily taken of the shelf and be implemented.</p> <p>Febeliec also believe that the discussion on the possible volumes is a false discussion, as this entails a chicken-and-egg situation, where the absence of a product with a clear product design as well as a need for volumes of course will not lead to volumes being offered. However, breaking this deadlock by preemptively providing a clear design was exactly, in Febeliec’s opinion, the purpose of the CREG’s incentive.</p> <p>Febeliec’s biggest concern is thus that Elia will have wasted the chance to develop a good technology-neutral framework and might come to regret it when balancing reserves in the future would be insufficient (e.g. because liquidity dried up following much more stringent product specifications or highly exceptional situations which yet might occur), in which case it would yet again have to revert to the hasty work of winter 2018-2019 without necessarily any volumes to show for.</p>	<p>Elia takes note of the remarks from Febeliec.</p> <p>Elia agrees with Febeliec that there are benefits of designing and discussing the process for the participation of slow DP_{PG} to the exceptional balancing measures in a moment there is no urgent need. Exactly for this reason, Elia has proposed in Section 5 of the study a framework/design for the participation of all technologies to the exceptional balancing measures.</p> <p>Elia understands from Febeliec’s comments to the public consultation that certain elements of the proposed design could be further clarified (for instance, prequalification requirements, required activation time/activation profile, the process of bid selection, the contractual requirements and the metering requirements). In this regard, Elia has carried out amendments in the final study report to further clarify these elements of the design. As such, Elia strongly believes that the study provides a solid design that can be taken of the shelf and implemented at the moment a future need or clear benefits are identified.</p> <p>In addition, Elia has developed a “process sheet” as an Appendix of the study. This process sheet forms a stand-alone document that contains an</p>

		<p>In conclusion, Febeliec is of the opinion that Elia did not deliver on the question to develop a technology-neutral framework for the use of units that cannot be activated following the FRR processes, as no such framework has been presented.</p>	<p>overview of the proposed framework for the participation of DP_{PG} to the exceptional balancing measures. Such a process sheet could further facilitate the interactions with the stakeholders and could facilitate getting a better view on the techno-economic potential for DP_{PG} in the future.</p> <p>Finally, with respect to the potential volumes of slow DP_{PG}, Elia recognizes the challenges and inherent limitations of any assessment of the potential volumes in the absence of direct experience. However, Elia remarks that:</p> <ul style="list-style-type: none"> • it has invited stakeholders in several instances to provide indications regarding the potential volumes and associated costs and/or technical constraints. In this regard, Elia again emphasizes that a design for the participation of slow units of the type DP_{PG} to the exceptional balancing measures has been described in Section 5 of the study, which should allow stakeholders to assess the potential. Moreover, even in the absence of a specific product design, Elia considers that it would be possible to provide some indications of volumes that could be realized under certain conditions (e.g., related to remuneration and/or technical constraints). • the study did not conclude that there are no potential volumes of slow units of the type DP_{PG}, but merely that there are no strong indications at this point of significant volumes to be available, a fortiori at a competitive price.
<p><i>Use of ToE DA/ID and mFRR non-contracted bids for DP_{PG}</i></p>	<p><i>FEPEG</i></p>	<p>Several new schemes have been designed and implemented such as TOE DA/ID and mFRR non-contracted bids for DP_{PG}. FEPEG would like to have a clear reporting and more insights regarding this market (frequency and impact of the related transactions). Those new schemes require dedicated implementation and resources that are sometimes imposed to market parties. Hence, it</p>	<p>Elia takes note of FEPEG's remarks, but reminds that a detailed reporting regarding ToE DA/ID, non-contracted mFRR for DP_{PG} and the Winter product falls out of scope of this study.</p> <p>Nevertheless, Elia reminds that:</p>

		<p>should not be seen as a free option because the costs should be compared to the gains. FEBEG also reminds that the roadmap of coming months and years is extremely challenging.</p> <p>A reference to the Winter product created at the time is made in the note. FEBEG would appreciate to have a view on the amount of transactions done. While Elia managed to put the Winter product live, BRPs managed at the same time to offer extra flexibility via DA and ID market (hundreds of MW). It is therefore unclear whether this new product contributed to the total welfare.</p>	<ul style="list-style-type: none"> • For mFRR, Elia provides an annual overview of the balancing services (incl. non-contracted mFRR from DP_{PC}) in the WG Balancing (last overview was presented on the WG Balancing of 17/3/2021). • For ToE DA/ID, as indicated in Section 4.2.1 of this study, no delivery points are registered for this service yet. • For the Winter product, as indicated in Section 2.3.3 of this study and presented during the Working Group Balancing meeting of 25/6/2019, only a few MW have been offered for the Winter product and no activations have occurred due to the positive evolution of the adequacy circumstances in the winter of 2018-2019. <p>Elia further takes note of FEBEG's remark regarding the challenging roadmap for the coming months and years, and understands that FEBEG in this regard supports Elia's recommendation not to prioritize the implementation of the technology-neutral framework for participation to the exceptional balancing measures.</p>
<p><i>Need for an additional instrument to ensure adequacy</i></p>	<p><i>Centrica Business Solutions</i></p>	<p>Centrica points out that while conclusions on the need for a slow reserve open to non-CIPU units are clear, this does not imply that there is no need to consider additional options to replace the strategic reserve in case of tense winters before the go live of the CRM in 2025.</p> <p>Beyond the balancing margins and the question on the need to open the slow reserve to non-CIPU units, Centrica points out that this study does not close the debate on the need for an additional instrument to address the adequacy issues that could arise in case of tense winters, once the strategic reserve will be phased out and before the CRM enters into force.</p>	<p>Elia takes note of CBS' request for clarity regarding possible mechanisms to ensure adequacy before 2025, but reminds that adequacy is out of the scope of the present study.</p> <p>In addition, Elia reminds that any decision on whether there is a need to foresee in an additional mechanism to ensure adequacy is the responsibility of the competent authorities.</p>

		At this stage, it remains unclear which mechanism could be implemented, and Centrica therefore calls for clarifications on this topic.	
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5. Next steps

On the basis of the feedback received from market players and Elia’s response, as set out in this consultation report, Elia has finalized the study (including an implementation plan).

The final study, together with the consultation report and the implementation plan are submitted to the CREG and published on the Elia website.

6. Attachments

Contact

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