

Feedback from Rent-A-Port Green Energy NV and SRIW-Environnement SA on Elia's Public consultation on the proposal for amendment of the T&C BSP aFRR

In their quality of battery project developers and financiers, Rent-A-Port Green Energy (RAP-Green) and SRIW-Environnement (SRIW) wish to make following contribution to Public consultation on the proposal for amendment of the T&C BSP aFRR.

In general, we wish to thank Elia for this proposed amendment. In particular for the modifications to the parts of the T&C related to the capacity auction. Our understanding is that the amendments fully comply with the consensus reached among the stakeholders and we wish to give explicit positive feed-back on those amendments: we find that Elia very well managed to translate the agreed mechanism and all its complexity, in very clear and concise terms.

Our main point of concern at this stage is the RC Factor. In the proposed T&C, CREG may unilaterally decide to modify this RC factor, without any justification nor consultation with the stakeholders. Even modification of the CAV in current T&C requires more justification. We find this unacceptable: a RC factor at 120% is one of the key elements of the consensus found among all stakeholders and of the stability of the design, while the CAV was implemented as an emergency measure based on a shared statement that the design knew significant flaws that had to be quickly corrected in a sufficient flexible way. The very aim of whole new design process was to eliminate the design flaws, and ended up in a wide consensus behind the new auction mechanism. Calling upon the RC factor must therefore be subject to much less frequent and very well justified modification than current option to modify CAV, which is meant as a "dynamic dimmer" to compensate for the current market design flaws.

We therefore believe that following rules should apply:

- RC factor would be updated only subsequent to material elements and evaluation by Elia provided to the CREG (as today for the CAV) and subject to at least discussion with the stakeholders (we agree that formal consultation is an overshoot and would delay the process in an unacceptable way), not upon simple initiative by CREG.
- Such evaluation by Elia Should be in light of very clear and objective KPI's. For this, we refer to the consensus reached in the WG to limit the total cost increase from deviating from the total cost optimum to 20%. RC factor should be updated to achieve such target, on which a broad consensus was existing among the stakeholders.
- This evaluation should be made and sent to the CREG periodically, for instance every quarter (as a fall-back: month), and not every time "something happens even for a short period". The RC factor has a totally different function as the CAV and must provide for stable market conditions. It cannot be that the RC is updated every single week.
- We don't understand why there is a cap to 120% applied to the RC factor and don't agree with this. This is the (starting) value agreed with all stakeholders. If we agree to let it decrease we should also open the option to increase it if one make the statement that a RC factor at 120% doesn't allow achieving the balance between the main objectives of the design change. If a cap is maintained foreseen, this can't be 120% and we require a floor to be then also explicitly foreseen: If we recognise that such mark-up in the price reference is needed, this floor should be at 110%, otherwise RC factor has no effect anymore. But our preferred option would be to have no cap neither floor, but a starting value at 120% and have a transparent evaluation based on clear KPIs.

- Maximum adaptations (of 2% for instance?) per periodic evaluation should be considered for avoiding creating market instability. Again: RC factor has a totally different function than the CAV and should be much less volatile.

As for the remaining part of the T&C, our contribution mainly consists in questions and clarification requests, with some remarks/comments. It is difficult to take a real and final positioning on the terms before to have obtained clarifications on those particular terms. We trust that this will happen in a (dedicated or not) WG Balancing.

- Art II.1 Definitions – aFRR redispatching (and related articles): it is not fully clear to us how this re-dispatching will work and what will be the remuneration for activated bids under re-dispatching
- Art II.1 Definitions – Delivery Point with Limited Energy Reservoir.
 - We understand that only those would be subject to an Energy Management Strategy, correct? But it is unclear for us what power will be used to define the energy duration (with other words, what will be the MW used in the MWh/MW calculation defining the size of the reservoir in hours) in particular for DPPGs as for those, the prequalified/rated power is defined at the level of the providing group/pool, not the delivery point? What is the reference/rated power on which the Limited Energy Reservoir will be “sized” to 4 hours then?
 - What if the delivery point combines storage with other assets (cogen and load for instance)? How will you determine the size of the Energy reservoir in hours?
 - Is this definition (and the obligation to have a energy management strategy in place) only applying to electricity storage? If yes, isn't it discriminatory? There are other energy limited assets such as demand respond that can't activate for more than 4 hour?
- Art II.1 Definitions – Delivery Point DPPG (and related articles)

We understand that for system operations/congestion management purposes, particular information and scheduling tasks apply for large units with Daily Schedule. But we believe that such units should have sufficient freedom to deliver the service as a group/pool (id est within a BRP Pool without pooling restriction under the same Energy Bid during delivery, or as part of the same a Providing Group at prequalification stage). Lifting pooling restrictions at prequalification stage and during delivery is desirable as it enables maximizing cost efficiency. For instance, it is a clear advantage for the cost and technical efficiency of the service that large scale batteries can pool with pumped hydro, or with CCGTs to deliver the service (avoidance of start-up costs, avoidance of must run costs, avoidance of marginal costs due to wear and degraded efficiency by avoidance of operation at partial/transient load of CCGT/PHS). It is unclear enough to us at this stage if it is sufficiently the case. Can DPSU base an energy management strategy on energy management by other DPSU at prequalification stage for instance? Can two DPSU be part of the same capacity/energy bids? This should be the case, otherwise, we reject the terms providing for pooling restrictions.
- Art II.1 Definitions – Supporting aFRR Providing group (and related articles such as II.11.8)

The whole concept and its added value for Elia/Market participants isn't very clear to us.
- Art II.3.1. (Delivery point).
 - How is the delivery point defined when the access point is not at point of interconnection (shared connection for instance)
 - How is the delivery point defined when there are several technical units behind the access point? Can there be several delivery points on the same access point here?

- Art II.3.12 & 13: We do not understand the reason behind such declarations of $DP_{\text{afrr,CB/max,up/down}}$ for the DPPG. We understand that such declaration should be made at providing group level, or even at bid/BSP portfolio level?
- Art. II.9.10 – RC factor. See above or general remarks.
- Art II.11.9 – aFRR Energy bids after GCT.

Could Elia please explain in which situations a BSP would use the opportunity listed in first bullet : decreasing bid volume due to (self-)balancing or intraday trading? Could Elia also describe possible limitations for decreasing the volume? In particular, can the BRP lower its volume under the contracted volume if he had a capacity remuneration?

In discussions about energy management strategies for energy limited assets, Elia has so far shown some reluctance in allowing recharging strategies on the imbalance/intraday markets but here we see that energy management (or energy management constraints) based on (self-)balancing or intraday trading is a valid reason for impacting the service volume after GCT.

This brings us to the following comments:

- This may not cause discrimination to batteries/storage versus other type of units such as demand response/generation. If one is allowed to update its volume due to (self-)balancing constraints/purposes or intraday occurring in the quarter-hour(s) before the aFRR Energy bid Validity, why would another not be allowed to update such volume due to balancing to (self)balancing constraints/purposes & intraday trading occurring in the quarter-hour(s) after the Energy Bid validity and or to update one's baseline for those quarter-hour(s)?
- In general we advocate for maximal freedom in recharge strategy on the short term markets for batteries. Batteries must be seen as THE cost saver for system stabilisation in the future: in a context of decreasing grid inertia/liquidity from large generation assets to deliver the service (in particular in high RES periods), batteries must help avoiding to structurally rely on generation curtailment and load shedding to stabilise the system. For normal, "everyday" imbalances, this is indeed totally suboptimal as it means paying someone for not producing electricity or paying someone for not consuming electricity. Those options should be left as a later recourse for less frequent, higher imbalance. If not, the system costs due to reserve activation will explode (keep on exploding), and undermine BRPS financial strengths by having them bearing risks they can't materially support. Batteries have a limited energy reservoir. Every activation in one direction under the service must therefore soon or late be compensated by an activation in the other direction, otherwise reservoir limits are hit. Most straightforward way to do this is through a price strategy maximizing the chance to be activated in the opposite direction starting from the next energy bid Validity Period (id est something else than a pricing strategy to avoid being selected in the same direction), but the BSP operating a battery is strongly limited to do so: as the GCT is 25 min before the Validity period, he cannot change the price of an aFRR Energy bid for the next Validity Period, neither for the second next Validity period (except during the first 5 minutes of the ongoing Validity Period). If maximizing chances of "counter activation" under the aFRR through pricing strategy is not sufficient, the only option left for batteries is to compensate such activation by updating its baseline and shifting it from a OMW setpoint and to try to cover such imbalance either on the intraday market or on the imbalance market. This is a desirable situation. This is what batteries can do to control system activation costs: by time shifting energy to match and eliminate subsequent imbalances of opposite direction. In regular situations, direction of an imbalance (with significant amplitude) will change after 1, 2, or maximum 3 quarter hours. It is therefore desirable, for limiting system costs to allow batteries to time-shift energy over such short time spans.

- Based on the above (and subject to our good understanding), we would like to recommend Elia to update the T&C as follows
 - o Instead of allowing a volume reduction, why don't Elia instead explicitly allows baseline modification for energy management and (self-)balancing and intraday trading purpose until 5 minutes before Validity Period. We see couple of advantages to this option:
 - less discriminatory among type of technical units: Demand side vs generation vs storage, everyone can make use of such baseline modification
 - less discriminatory among suppliers: BSPs that are also BRPS with significant portfolio vs pure aggregator BSPs have the same freedom in energy management and (self-)balancing and intraday trading
 - contractual obligation remain unchanged: energy bids must at least cover contracted volume per BSP, it is up to the BSP to keep sufficient headroom between offered volume for contracted capacity and the technical capacity of its assets to deliver the contracted capacity for the range of baselines he considers. This is where aggregator can have their added value: by defining such optimal headroom.
 - Additional volume can sometimes be offered, while with current T&C the only modifications allowed after GCT are the ones reducing the offer.
 - o Why wouldn't Elia allow price modification until 5min before Validity, to the extent that such modification increases the activation probability (meaning lower activation up price or higher activation down price)?
 - o In all cases, BSP should live with the risk that modifications after GCT cannot be guaranteed for technical reasons as proposed.
- Art II.11.14 – Definition of aFRR Made Available. We couldn't understand this section, neither whether this definition is made at the level of each BSP individually or for all BSPs together. It would be helpful if Elia would illustrate the concepts of contracted volume submitted, aFRR Obligation and aFRR Made available.
- Art II.19 – Activation for other purpose. It's not fully clear to us what are the remuneration principles under such activations.
- Annex 2D – Energy management strategy. Quote of proposed text (we underlined): “The energy management strategy aims to prove the ability of a Delivery Point with Limited Energy Reservoir, on its own or together with other Delivery Points of the Pool, to comply with requirements for provision of the aFRR Service”. If we understand correctly, Energy Management Strategy are to be defined at Pool level that may combine DPPG and DPSU (or at least, door is open for this pooling)? This is indeed desirable for allowing CCGT + Batteries and Pumped Hydro + Battery combination that definitely make sense in term of system cost optimisation.
- Annex 9A – Specifications for an aFRR Energy Bid (and related articles such as Annex 9D). We don't understand why the volume of an Energy Bid related to DPPGs would be limited to 50MW. Without further justification and subject to our good understanding we reject this limitation as it creates a discrimination between DPPG and DPSU and looks as an infringement of the principles according to which Energy Bids are at the level of a complete BSP Pool, not at the level of particular providing groups.

- Annex 9B we don't understand why bids related to DPSU may not take part to the same group of aFRR Energy Bids. This looks like limiting pooling possibility of DPSUs and infringe principles that bids are at the level of the whole BSP pool, not of a particular providing group. Subject to correct understanding, we reject this modification.
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