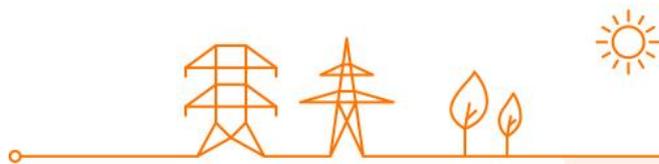


**CONSULTATION REPORT**

# **Public consultation on Terms and Conditions for balancing service providers for automatic Frequency Restoration Reserve (aFRR).**

**18 February 2022**

**NON-CONFIDENTIAL VERSION**



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## 1. Introduction

Between 8 December 2021 and 18 January 2022, Elia organized a public consultation on its new proposal for Terms and Conditions for balancing service providers for automatic Frequency Restoration Reserve (aFRR) (hereafter referred to as “T&C BSP aFRR”)<sup>1</sup>.

The T&C BSP aFRR are developed pursuant to article 18 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as “EBGL”). The T&C BSP aFRR include the Balancing service provider Contract for the aFRR Service (hereafter referred to as “BSP contract aFRR”).

Elia received 4 non-confidential answers to the public consultation from the following parties:

- Centrica Business Solutions, hereafter “CBS”
- Rent-a-Port Green Energy and SRIW Environment, hereafter referred to as “RAP-Green and SRIW”
- Febeg
- Febeliec

In addition, Elia received 2 confidential answers to the public consultation.

This consultation report contains the overview of the non-confidential feedback from the stakeholders, and the answers of Elia thereon. For the full responses of the stakeholders Elia refers to the individual feedback responses. The consultation report follows the same structure as the T&C BSP aFRR.

The response from Elia to the comments of the stakeholders clearly mentions whether or not Elia modified its proposal of the T&C BSP aFRR following the consultation feedback. In addition, Elia updated the T&C BSP aFRR throughout to clarify formulations.

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<sup>1</sup> Consultation webpage: [https://www.elia.be/en/public-consultation/20211208\\_public-consultation-on-amendment-of-the-tc-bsp-afrr](https://www.elia.be/en/public-consultation/20211208_public-consultation-on-amendment-of-the-tc-bsp-afrr)

Below, the summary of the modifications to the T&C BSP aFRR<sup>2</sup>.

<b>Art. II.6.2</b>	Correction of a reference
<b>Art. II.11.9</b>	Clarification of the process and addition of a condition to the relaxation of bid firmness for non-contracted aFRR Energy Bids containing Delivery Point that would be operated to balance the perimeter of the BRP, to balance the ELIA LFC Block, or to perform a trade on the intraday market.
<b>Art. II.11.13</b>	Clarification of the process
<b>Art. II.12.5</b>	Adaptation to restrict the use of a Delivery Point in a red zone only in the direction of the congestion
<b>Art. II.16.7</b>	Correction of a reference
<b>Art. II.18.4</b>	Correction of a reference
<b>Art. II.19.7</b>	Update to allow delivery of both aFRR and redispatching with a same Delivery Point when that Delivery Point is included in several aFRR Energy Bids in the same direction.

All relevant, non-confidential information on this consultation is available on the consultation webpage<sup>1</sup>. Elia has submitted the final proposal of the T&C BSP aFRR together with the confidential and non-confidential consultation feedback and the consultation report to the CREG in line with EBGL requirements.

Related to the T&C BSP aFRR and relevant for the implementation of the 2<sup>nd</sup> step of the new design, Elia also organized a public consultation on the Market functioning rules for the compensation of quarter-hour imbalances (“Balancing Rules”) from 23 December 2021 to 02 February 2022<sup>3</sup>. The non-confidential consultation feedback and reports are (or will be) published on the concerned Elia website consultation page.

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<sup>2</sup> A final version of the T&C BSP aFRR with track changes is also available on the consultation webpage.

<sup>3</sup> Consultation webpage : [https://www.elia.be/en/public-consultation/20211223\\_public-consultation-on-the-market-functioning-rules](https://www.elia.be/en/public-consultation/20211223_public-consultation-on-the-market-functioning-rules)

## 2. Regarding T&C BSP aFRR

### 2.1. Implementation plan

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#### **Febeliec feedback**

Febeliec to stress absolutely that it is of the utmost importance to ensure that the technical, operational and commercial readiness of a sufficient share of balancing capacity (both in number of players and in volume itself) is guaranteed. In case such good not be in place, the entry into force of these T&Cs should be delayed, until it can be guaranteed, and this to safeguard grid users from a very costly premature go-live.

#### **Elia response**

Elia acknowledges that, besides the developments on Elia side and the regulatory process, the readiness of market parties is essential for a successful go-live. Therefore, a continuous monitoring is performed and a readiness check will be done shortly before the go-live.

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### 3. Regarding Part II - Specific Conditions

#### 3.1. Definitions

Art. II.1	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
	<p>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.</p>	<p>The concept of aFRR Made Available refers to each BSP individually. When a BSP is retained in the capacity auction or performs a secondary market deal he has a capacity obligation (aFRR Obligation). The BSP is expected to submit at least the volume of bids corresponding to that obligation (contracted volume submitted). ELIA defines the aFRR Made Available taking into account art.II.11.14, the aFRR Obligation and the contracted volume submitted.</p> <p>Elia remains available for any specific question.</p>

#### 3.2. Conditions for participation

##### 3.2.1. Delivery points

Art. II.3	<b>Febeliec feedback</b>	<b>Elia response</b>
	<p>Elia stipulates that the BSP and Elia agree on the list of delivery points connected to the Elia Grid or to a CDS and a range of requirements and conditions and practices are listed, but Febeliec wonders what will be applied for (public) DSO connected delivery points.</p>	<p>Delivery Points connected to the (public) DSO Grid are managed by the DSO. All requirements for participation to the aFRR-service of Delivery Points on DSO Grid as well as the pool management is described in the BSP-DSO contract.</p>
Art. II.3.1	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
	<ul style="list-style-type: none"> <li>• How is the delivery point defined when the access point is not at point of interconnection (shared connection for instance)</li> <li>• 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?</li> </ul>	<p>The location of a Delivery Point can be put within an electrical facility as stipulated in art.II.3.1. In such a case, the BSP proposes a location and provides the necessary documentation. Elia validates this location within the electrical facility taking in to account the rules of the T&amp;C BSP aFRR.</p> <p>As written in art.II.3 and art.II.5 a combination of Delivery Points behind one Access Point as well</p>

		as a group of technical units within one Delivery Point is allowed.
<b>Art. II.3.12</b>	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
<b>Art. II.3.13</b>	We do not understand the reason behind such declarations of DPafrr,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?	Pool management of the BSP is performed on Delivery Point level, both for DPpg and DPsu. In order to perform the pool management, the DPafrr,CB/max,up/down are required at the level of the Delivery Point, as the impact of adding/removing a Delivery Point from the Pool of the BSP or from an Energy Bid needs to be correctly taken in to account.
<b>Art. II.1</b>	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
<b>Art. II.3</b>	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	The aFRR service works with a pool based activation principle. This means that it is up to the BSP to decide with which Delivery Points he provides the aFRR requested for each 4 seconds time step (taking in to account possible congestion risks). So even though Delivery Points DPsu cannot be part of the same aFRR Energy Bid and prequalification test (at the exception of DPsu part of the same Technical Facility) they can perfectly be combined to ensure a proper delivery of the aFRR service.  Due to the pool based activations there is no impact on the possible Energy management Strategy proposed by the BSP.

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same capacity/energy bids? This should be the case, otherwise, we reject the terms providing for pooling restrictions.

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### 3.2.2. Private measurement requirements and commissioning test

Art. II.3.2	<b>CBS feedback</b>	<b>Elia response</b>
	<p>Centrica renews its claim regarding the need to lower the submetering requirements in order to unlock some aFRR untapped potential.</p> <p>As for mFRR, submetering requirements for aFRR are today a concrete blocker for some DPs that could technically provide some aFRR capacity or support. Centrica therefore renews its claim to see Elia revisit the need for such high requirements when it comes to submetering in the balancing services.</p>	<p>Elia reminds that the technical requirements for private measurement devices for aFRR are aligned with the technical requirement for metering devices for the mFRR service since mFRR and aFRR are both energy products.</p> <p>The metering requirements are set on a non-discriminatory manner for all BSPs.</p> <p>Regarding a possible evolutions of the requirements, Elia notes that :</p> <ul style="list-style-type: none"> <li>• For low voltage assets, Elia is investigating the data exchange requirements for LV assets in aFRR via the IO.Flexity 2.0 demonstration project, together with market parties, and DSOs.</li> <li>• For medium voltage assets, Elia would be interested in knowing how many volumes would be additionally offered in the aFRR capacity and energy markets if the submetering requirements were lowered.</li> </ul>

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### 3.2.3. Assets with Limited Energy reservoirs

Art. II.1	FEBEG feedback	Elia response
Art. II.3.8	<p>The definition of the “Limited Energy Reservoir” (“LER”) and the requirements ELIA would set forth for the energy management strategy (EMS) will be of considerable importance for having a reliable and qualitative aFRR Energy Delivery.</p> <p>In this section FEBEG would like to point out an inconsistency in the definition of the LER and sketch the context in which the EMS requirements would need to ensure this reliable and qualitative aFRR energy delivery.</p> <p>The proposed definition of the Limited Energy Reservoir seems not consistent with the definition of the term used in the T&amp;C of FCR:</p> <ul style="list-style-type: none"> <li>• For aFRR a LER is any Delivery Point with a Technical Unit which is unable to continuously supply one direction for 4 hours (one CCTU) when starting from a 50% filled energy reservoir.</li> <li>• For FCR this is any delivery point that could face an exhaustion of its energy reservoir within the time frame contracted by ELIA and taking into account the effective energy reservoir level available at the beginning of that timeframe.</li> </ul> <p>To FEBEG the reasoning behind the aFRR LER definition is unclear.</p> <p>Together with the definition of a LER, good requirements for an Energy Management Strategy or EMS will need to ensure a reliable and qualitative aFRR Energy delivery today and in the future, which is of the responsibility of ELIA.</p> <p>FEBEG would however like to sketch the context within which the approved EMS would need to</p>	<p>Elia is aware that the definitions of LER differ between FCR and aFRR. The reason is that the consequences of being “LER” differ:</p> <ul style="list-style-type: none"> <li>• In the FCR market, in accordance with SOGL article 156 (9), each FCR provider shall ensure that its FCR providing units or groups with LER are able to fully activate FCR continuously as of triggering the alert state and during the alert state and for a time period to be defined in the CBA. As a result, being categorized as “LER” allows the BSP not to deliver the FCR service in certain circumstances (or to deliver the service in “reserve mode” once SAFA A-2 will be implemented).</li> <li>• In the aFRR market, the purpose of the EMS is to guarantee that the service will be delivered continuously in any circumstances.</li> </ul> <p>Therefore, the definition of LER in FCR, which is reminded below, can’t be applied to aFRR.</p> <p><i>“A Delivery Point for which the full activation of FCR for the time frame contracted by ELIA might, <u>even in case of an active energy reservoir management</u>, lead to a limitation of its capability to provide the full FCR activation due to the depletion of its energy reservoir(s) taking into account the effective energy reservoir(s) available at the beginning of that time frame.”</i></p> <p>Regarding the time frame and the initial state of charge, both definitions are consistent. A different wording has been used in aFRR for the sake of clarity.</p>

	<p>operate, and for which we ask ELIA to duly consider in its requirements:</p> <ul style="list-style-type: none"> <li>• More frequent occurrences of days with very asymmetric system imbalances (see graph in the full feedback)</li> <li>• Relaxing of the Day-Ahead balancing obligation</li> <li>• High interest of market parties to invest in LERs providing aFRR, potentially leading to a considerable participation of LERs in the aFRR capacity product on a short to midterm horizon</li> <li>• Reduction in mFRR contracted capacity: potentially both less aFRR and mFRR energy which can be delivered</li> <li>• The stakeholder consultation on the “ALL CE and Nordic TSOs’ result of CBA in accordance with Art. 256(11) of the Commission Regulation (EU) 2017/1485 of 2 August 2017”</li> </ul>	<p>Regarding the context in which the requirements are being established, it will be requested to the BSP to demonstrate its ability to deliver the service continuously, even with asymmetric imbalances and with a high LER share in the aFRR market.</p>
<p>Art. II.1</p>	<p><b>RAP-Green and SRIW feedback</b></p>	<p><b>Elia response</b></p>
<p>Art. II.3.8</p>	<p>Delivery Point with Limited Energy Reservoir.</p> <ul style="list-style-type: none"> <li>• 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?</li> </ul>	<p>As stated in the PfA of the T&amp;C BSP aFRR:</p> <ul style="list-style-type: none"> <li>• Only Delivery Points with Limited Energy Reservoir have an obligation to provide an EMS. The rated power of the asset is considered to define the energy duration. So for a 20MW battery offering/prequalifying 10MW in aFRR, ELIA would consider 20MW as rated power of the asset.</li> <li>• The definition applies to each individual Delivery Point and not to a pool of Delivery Points.</li> <li>• The definition is technologically neutral. It doesn’t apply to electricity storage alone as it refers to the energy content</li> </ul>

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- 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 an 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?
- which is also relevant for pumped hydro for example.

Art. II.1

**RAP-Green and SRIW feedback**

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.

**Elia response**

Elia confirms that the EMS can be defined at pool level. Note that the BSP will have to apply its EMS when delivering the service. A generic pool-based EMS is not considered as acceptable if in reality the supporting assets used in the EMS demonstration are not available when needed (with the exception of forced-outage).

### 3.2.4. Combinability conditions

Art. II.5	<b>CBS feedback</b>	<b>Elia response</b>
	<p>Centrica asks Elia to continue working on unlocking the aFRR/mFRR combo.</p> <p>With the increasing participation of new assets in aFRR, aFRR and mFRR combination on the same QH is likely to become more and more of a concrete opportunity for some DPs. Centrica therefore asks Elia to consider options to introduce this feature in the next versions of the aFRR T&amp;Cs.</p>	<p>Elia reminds that the aFRR/mFRR combo is already allowed for DP<sub>SU</sub>.</p> <p>The possibility of combining aFRR and mFRR for DP<sub>PG</sub> will be evaluated this year in the framework of an incentive.</p>

## 3.3. Capacity tender

### 3.3.1. General

Art. II.9 Annex 7	<b>FEBEG feedback</b>	<b>Elia response</b>
	<p>The aFRR Capacity Market Design has already been extensively discussed. The resulting design, which is represented in the T&amp;C now under consultation, is a delicate balance between the viewpoints of all different market participants. We appreciate the efforts of Elia to come to a balanced proposal and to take into account, as much as possible, the concerns put forward by the market parties in the various workshops and discussions.</p> <p>For FEBEG there is no need to adapt the current Capacity Market Design as these changes could distort the balance in the current proposal, which would be unfortunate</p>	<p>Elia thanks Febeg for the positive feedback and agrees that the compromise solution is a delicate balance.</p>
Art. II.9	<b>FEBELIEC feedback</b>	<b>Elia response</b>
	<p>Febeliec remains worried about the suppression of the Cap Adjusting Variable and hopes that the proposal by Elia will avoid that yet again a huge cost explosion for grid users will arise as with the</p>	<p>With the design proposed, the volume allocated to the per-CCTU bids will depend on the competitiveness of the bids received, in order to guarantee an efficient economic outcome. No fix volume is attributed to the per-CCTU auction</p>

	previous design by Elia (for which then the cap was introduced).	anymore so there is no need for a Cap Adjustment Variable anymore.
Art. II.9 Annex 7	<b>FEBELIEC feedback</b>  Febeliec however wants to stress that it is positive about that endeavor of Elia to correct and improve the faulty aFRR capacity process and supports in principle the approach with the different steps, under the premise that the points Febeliec in this consultation answer lists as problematic are addressed and resolved.	<b>Elia response</b>  Elia thanks Febeliec for the positive feedback.
Art. II.9 Annex 7	<b>RAP-Green and SRIW feedback</b>  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 feedback 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.	<b>Elia response</b>  Elia thanks RAP-Green and SRIW for the positive feedback.

### 3.3.2. RC Factor

Art. II.9	<b>CBS feedback</b>  Centrica points out that the process to revise downwards the 20% mark up on the reference price used for the per-CU auction should be more transparent and subject to consultation.  Centrica believes that in case the CREG would want to reduce the 20% markup that is applied to calculate the effective reference price for the selection of the virtual bids in the per-CCTU auction, a transparent process with consultation of market parties should be foreseen. Indeed, such a markup has been introduced following a	<b>Elia response</b>  The compromise of the RC factor results from long interaction process with stakeholders and with the CREG and is a delicate balance. Elia reminds that:  <ul style="list-style-type: none"> <li>The initial proposal was not have an RC factor. The RC factor has been introduced following claims for market parties intending to bid in “per-CCTU” that they would not be able to grasp a</li> </ul>
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thorough and lengthy process of discussion between all market parties. Would there be any need to decrease, remove (or even increase) it, this should be at the sole discretion of the CREG. Centrica therefore supports any clarification of the current wording in the draft T&Cs going in this direction.

fair remuneration compared to “all-CCTU bidders”.

- Elia identified market-functioning related risks when introducing an RC factor.

Therefore, while the RC factor was introduced, it is necessary to have a process to reduce the RC factor if deemed necessary by the CREG.

Art. II.9

**RAP-Green and SRIW Feedback**

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:

The process to review the RC factor has been agreed on with the CREG. Depending on the situation, it can't be excluded that a revision of the RC factor would need to be applied quickly. It's however clearly not the objective to modify the RC factor every week.

Finally, Elia reminds that while the energy will be remunerated in paid-as-cleared as of the go-live step 2, the capacity will still be remunerated in paid-as-bid.

- 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.
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- 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.

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Art. II.9 **FEBELIEC feedback**

Febeliec remains strongly opposed as it does not at all see an added value. The RC Factor according to Febeliec only increases the cost for aFRR balancing capacity at the detriment of grid user invoices and does not guarantee at all that additional volumes will be offered compared to a situation without this factor. Febeliec thus as said strongly opposes this proposal, as also always stated during the discussions, and insists that in case it would be applied against the will of the grid users paying for the reservation costs, it is very diligently and frequently analyzed by both Elia and the regulator and phased out as soon as possible and in any case immediately when it is believed that it is either not delivering any value or being misused for gaming purposes or windfall profits. Febeliec even more strongly insists on this as aFRR will be remunerated under a pay-as-cleared instead of a pay-as-bid principle and thus this could ultimately unduly increase the price and thus cost for aFRR capacity in Belgium and after the connection to the European platform even all over Europe, and could thus have even more widespread (cost) repercussions.

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### 3.4. Submission of aFRR Energy Bids

#### 3.4.1. Price cap

Art II.11	<b>Febeliec feedback</b>	<b>Elia response</b>
	<p>As long as the Belgian aFRR market is not coupled to the European platforms, Febeliec strongly insists that the price caps (+ and – 1000€/MW) remain in place to safeguard against opportunistic bidding behavior (not based on real costs) in case liquidity would be insufficient after the switch to these new T&amp;C BSP aFRR (see also above). Febeliec wants to avoid that yet again insufficient liquidity and/or a faulty or premature design implementation lead to important cost increases for the grid users.</p>	<p>Elia confirms that it is planned and drafted in the T&amp;C BSP aFRR like this.</p>

#### 3.4.2. Differences between DP<sub>su</sub> and DP<sub>pg</sub>

Annex 9A	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
	<p>Specifications for an aFRR Energy Bid.</p> <p>We don't understand why the volume of an Energy Bid related to DP<sub>PGS</sub> would be limited to 50MW. Without further justification and subject to our good understanding we reject this limitation as it creates a discrimination between DP<sub>PG</sub> and DP<sub>SU</sub> 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.</p>	<p>The bid volume for DP<sub>PG</sub> is limited to mitigate the impact:</p> <ul style="list-style-type: none"> <li>• In case of filtering of bids containing DPs in multiple red zones</li> <li>• In case an availability test is triggered on an Energy Bid containing DP<sub>pg</sub>.</li> </ul> <p>Without a cap on the volume, this could lead to an even greater loss of available aFRR balancing volume.</p> <p>DP<sub>su</sub> Energy Bids are not pooled and on their own can reach volumes above 50MW. DP<sub>pg</sub> Energy Bids can typically only reach this limit by pooling Delivery Points. In the specific case of DP<sub>pg</sub> this leads to the following attention points:</p> <ul style="list-style-type: none"> <li>• In case of Energy Bids containing delivery points DP<sub>pg</sub> located in different areas with one of them in a red zone, the volume of aFRR made unavailable for ELIA is higher</li> </ul>

		<p>than strictly needed as the whole bid is put unavailable while only part of the energy bid may actually be impacted by the red zone. If a DP<sub>SU</sub> bid is higher than 50MW and is in a red zone, the whole Energy Bid will have to be filtered anyway, regardless of the volume.</p> <ul style="list-style-type: none"> <li>• Availability test would also trigger an unnecessarily high loss of available volume.</li> </ul>
Annex 9B	<p><b>RAP-Green and SRIW feedback</b></p> <p>We don't understand why bids related to DP<sub>SU</sub> may not take part to the same group of aFRR Energy Bids. This looks like limiting pooling possibility of DP<sub>SU</sub> 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.</p>	<p><b>Elia response</b></p> <p>The aFRR product allows pool based activation, but this does not imply that bids are at pool level. In addition, the evolutions in the bidding structure compared to the current design gives more flexibility to BSPs (several bids with same DP<sub>SU</sub>, several DP<sub>SU</sub> from a same Technical facility in the same bid, etc.).</p>

### 3.4.3. Support Providing Groups

Art. II.1	<p><b>RAP-Green and SRIW feedback</b></p>	<p><b>Elia response</b></p>
Art II.11.8	<p>Supporting aFRR Providing Group.</p> <p>The whole concept and its added value for Elia/Market participants isn't very clear to us.</p>	<p>Elia refers to the technical guides and to the presentation on this specific topic during the technical workshop of 03/06/2021.</p> <p>As DP<sub>SU</sub> cannot not be combined in Energy Bids (only on conditions that they are part of the same technical facility) and an Energy Bid of 0MW is not accepted by the aFRR-Platform, the only way to add supporting DP<sub>SU</sub>'s is by using the Supporting aFRR Providing Group concept.</p> <p>So, Supporting aFRR Providing Groups allow pool based activation for DP<sub>SU</sub> without creating 0MW bids.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>• As it will be possible to limit the duration of the bids, this feature allows to have the</li> </ul>

- same Supporting Assets throughout the day, without having to add the DP in several bids.
- It also allows to avoid filtering bids because of the presence of a support providing DP that would be in a red zone.

Elia remains available for any specific question.

### 3.4.4. Modification of bids after GCT

Art II.11.9	<b>FEBEG feedback</b>	<b>Elia response</b>
	<p>ELIA allows BSPs to adjust their aFRR energy bids under certain circumstances up to 5 minutes before the start of delivery period. However ELIA does not guarantee that this change will be taken into account. Should a delivery point which is included in a non-contracted aFRR Energy Bid have a technical malfunction, the unit might still be activated by the PICASSO platform even if it was announced as unavailable 5 minutes before the start of the delivery period. To FEBEG, ELIA should be able to avoid aFRR activations on non-contracted bids which have been updated 5min before the delivery – this is similar to the discussions held on the activation of non-contracted mFRR bids in the context of the MARI platform in which FEBEG has the same remark.</p>	<p>Elia gives the possibility to market parties to request a decrease of the volume of their bids after BE GCT in certain circumstances. It's of course Elia's objective to avoid activation beyond the newly provided volume. However, it can't be excluded that those modifications are not taken into account by the aFRR-Platform. If Elia accepts the volume reduction request in that case, it would lead to an inconsistency between the merit order used by the aFRR-Platform and the merit order used by Elia's LFC controller, socializing related costs and potentially leading to an increase of Elia's FRCE. The modification of the volume bid on the BSP's request is performed on a best effort basis, with no guarantee that the change will be (timely) taken into account by the platform; these risks will be borne by the BSP and not socialised.</p>
Art II.11.9	<b>RAP-Green and SRIW feedback</b>	<b>Elia response</b>
	<p>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</p>	<p>The conditions in which the BSP is allowed to decrease its bid volume are listed in the T&amp;Cs, article II.11.9.</p> <p>With the exception of bids impacted by a forced outage, this possibility only exists for free bids, not for bids related to a capacity obligation.</p>

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 (see full feedback for detailed argumentation).

We would like to recommend Elia to update the T&C as follows:

- 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 (see full feedback for arguments).
- 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)?
- In all cases, BSP should live with the risk that modifications after GCT cannot be guaranteed for technical reasons as proposed.

There is no link between this possibility and the EMS requirements, as those target different situations. As a reminder, the objective of the EMS requirements is to ensure the BSP is able to deliver in real time the offered volume continuously. Therefore, imbalance charging is not allowed. On the contrary, when a BSP requests a decrease of the volume of a bid before the start of the validity period to sell the energy on the ID market, this does not lead to undelivered aFRR.

Elia reminds that the BSP can modify its baseline until 1 minute before real-time. Self-balancing and intraday are valid reasons to modify the baseline, as those have a direct impact on the power that would have been measured at the Delivery Point without activation of the aFRR Service.

Finally, modification of the bid price after GCT is not allowed by EBGL.

### Complementary information on modification of bids after GCT

After discussion with the CREG on the T&C BSP aFRR and given the ongoing discussions on the Balancing Rules, Elia has brought modifications related to the relaxation of bid firmness (Articles II.11.9 and II.11.10 in the adapted T&C BSP aFRR):

- The following condition has been added to the relaxation of bid firmness for non-contracted aFRR Energy Bids containing Delivery Point that would be operated to balance the perimeter of the BRP, to balance the ELIA LFC Block, or to perform a trade on the intraday market:

*“the BSP has a firm intention, at the moment of the request, to actually dispatch one or several Delivery Points, part of that non-contracted aFRR Energy Bid, to balance the perimeter of the BRP (i.e. for self-balancing), balance the ELIA LFC Block (i.e. for reactive balancing) or perform a trade on the intraday market [...]*

*Upon request of Elia, the BSP has to justify the request taking in to account the above mentioned conditions and explain how he operated the volume removed from the aFRR Energy Bid.”*

The objective is to avoid misuse of the mechanism.

- The BSP sends a request for volume reduction of its aFRR Energy Bid, not an update of its aFRR Energy Bid. This modification does not impact implementation. In other words, the BSP will use the same file and the same tool as for bid submission before GCT.

### 3.4.5. Red zones

Art II.11.17	FEBEG feedback	Elia response
	<p>In the proposed T&amp;C ELIA requests the BSP to make best effort to update their aFRR Energy bids and shift the aFRR obligation to other DPs whenever the BSP’s Energy Bids are impacted by a Red Zone. In contrast to the current aFRR T&amp;C ELIA can request the BSP to demonstrate the actions taken. This makes it important to have a mutual understanding of what constitutes “best effort”.</p> <p>As the term is not defined in ‘Art. I.1. Definitions’ the common legal interpretation of “best effort” is a heavy obligation. Although for “best effort” a party is not expected to take actions possibly leading to bankruptcy, the term would mean all needs to be done to perform the obligation, even if it incurs substantial costs on the side of the</p>	<p>The notion of best effort to update aFRR Energy bids and shift the aFRR Obligation to other DPs whenever the BSP’s Energy Bids are impacted by a Red Zone is already included in the current T&amp;C. It corresponds to an obligation of means, not an obligation of results. The fact that it is now explicitly mentioned that the BSP has to be able to demonstrate it is a clarification of the process.</p>

BSP. These substantial costs can arise when, for example, a less efficient and cold CCGT would need to start to take over the aFRR obligation of a DP in a red zone.

From FEBEG's point of view, ELIA has the means to make the aFRR reallocation between two units of a BSP through redispatch. The non-constrained unit can be redispatched by ELIA to an operating level suitable to take over an aFRR obligation. When this is done the BSP can adjust their aFRR Energy bids.

It can't be expected from a BSP having to absorb costs following the reallocation of an aFRR obligation due to a red zone for the following reasons:

- The costs linked to congestion management are to be borne by the TSO (cf above)
- A BSP being placed in a red zone is already suffering income losses due to the impact on the activation revenues
- This expectation would discriminate between BSP's with only one asset and BSP's with multiple assets. The first BSP would face no costs when confronted with a red zone while for the second BSP there can be additional costs
- The above (risk of) costs can't be charged in the capacity auction without impacting the competitive position

Hence FEBEG requests to either:

- Define the term "best effort" in the definitions, clarifying that it's not expected from the BSP to carry costs
  - Change the term to 'reasonable effort'
  - Indicate that redispatching actions that are required to reallocate the reserves, and
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their related costs, are to be borne by the  
TSO

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**Art II.11.17 FEBEG feedback**

Additionally FEBEG would like to remind that the current practice on red zones, which can only impact generation units above 25MW of aFRR, is also discriminatory.

**Elia response**

The proposal for amendment of the T&Cs removes the distinction between DPpg and DPsu and applies red zone filtering to all Delivery Points regardless of the aFRRmax.

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**Complementary information on red zones**

Article II.12.5 has been adapted to restrict the use of a Delivery Point in a red zone only in the direction of the congestion.

### 3.4.6. Forced outages

Art.	<b>FEBEG Feedback</b>	<b>Elia response</b>
II.11.12	<p>Article II.11.11 and II.11.12 mention the proposed procedure to be followed when a BSP is confronted with a Forced Outage of one of their aFRR DP's. It requests communication of the forced outage through two different channels: through an update of the affected Energy Bids and through the use of an email template.</p> <p>The moment of a Forced Outage of a major unit is a hectic and heavily charged moment in which the dispatching teams have many priorities including legal obligations such as REMIT communications which also includes communication toward the TSO.</p> <p>Hence the requirement to communicate to ELIA on aFRR through two additional channels seems redundant and an inefficient use of time at a moment where time is scarce. Especially considering that updating energy bids is mostly done manually and is to be done on a platform which is known to have performance issues (BMAP).</p> <p>Hence FEBEG asks to ELIA to review the communication requirements of Forced Outages. FEBEG suggests ELIA to list which already existing communication procedures (REMIT, OPA/SA) would exempt the BSP from mentioned aFRR forced outage communication requirements.</p>	<p>The new bidding tool (BIPLE) allows receiving Forced Outage notification when updating aFRR energy bids. As the aFRR energy bids need to be updated in case of Forced Outage, there is no additional communication requested to BSPs. The previous communication through email template has been removed from the T&amp;C BSP aFRR.</p> <p>In addition, Elia notes that article II.11.11 is not linked to Forced outage.</p>

### 3.5. Activation of aFRR energy bids

Art. II.12	FEBELIEC feedback	Elia response
	<p>Febeliec also urges Elia to (re)start a reflection on order of activation of aFRR and mFRR bids. In light of ever increasing balancing costs, it would be interesting and important to reassess the current approach by Elia to always first activate aFRR before mFRR bids, as often (much) cheaper mFRR bids are available yet not activated, thus leading ever more frequent to a steep (but potentially unnecessary) increase of balancing costs for consumers. Febeliec insists that this point is also taking into account in all reflections on the balancing philosophy by Elia.</p>	<p>This topic is currently being analysed by Elia and will be further discussed with market parties before the connection to PICASSO.</p> <p>Elia however would like to draw Febeliec's attention on following elements:</p> <ul style="list-style-type: none"> <li>• Proactive activation of mFRR can lead to overshoots. In addition, activating mFRR can lead to price signals triggering reactive balancing, resulting in a counteractivation of mFRR by aFRR. This situation can be avoided if Elia gives the opportunity to BRPs to do reactive balancing, alleviating the need for mFRR activation.</li> <li>• aFRR is an automatic product and activations of bids with high prices cannot be avoided in case of quickly changing power deviations</li> <li>• Economic optimization becomes even more difficult when connecting to PICASSO, as the price will change every 4 seconds, depending on the potentially fast evolving aFRR demand from each PICASSO TSOs and the ATC constraints</li> <li>• The connection to MARI has an additional impact, as MARI will increase the delay between the decision to activate mFRR and the actual mFRR delivery</li> </ul>

### 3.6. Baseline

Art. II.13	<b>CBS feedback</b>	<b>Elia response</b>
	<p>Centrica supports the proposal of Elia regarding the specific case of baseline control applied to DPs engaged in FCR energy bids.</p> <p>The solution presented by Elia appears to be workable for most of the cases, as such DPs will likely sometimes not be engaged in FCR bids for a reason or another, letting Elia the possibility to perform a baseline check if needed, and as long as the choice to bid the involved DPs is not hampered. Such a pragmatic solutions does appear to be a better fit than a more structural fix given the limited number of assets for which such a scenario should occur. If that would not be the case, then Centrica would support the development for a more enduring solution if needed.</p>	<p>Elia thanks CBS for the positive feedback.</p>

### 3.7. Remuneration

Art. II.16	<b>Febeliec feedback</b>	<b>Elia response</b>
Annex 9A	<p>Elia introduces the Cross-Border Marginal Price (CBMP) as of the second phase of implementation, but this creates some confusion towards the applicable price in the first phase. This should maybe be clarified or specified a bit better (Febeliec assumes that all remains the same as currently in place before phase 1 but this is not completely clear).</p>	<p>Joined to the public consultation, Elia has published 2 versions of the contract: one after go-live step 1 and one after go-live step 2. After go-live step 1, remuneration is indeed the same as the current one (paid-as-bid with price cap at 1.000€/MWh for bids in the upward direction (- 1.000€/MWh for bids in the downward direction) as stipulated in Annex 9.A and art.II.16.6 of the step 1 contract template.</p>

### 3.8. Penalty for activation control

Art II.17	FEBEG feedback	Elia response
Annex 15	<p>Given that the Belgian aFRR market still depends on gas-fired power plants, capacity premiums are bound to be high on days with high feed-in from renewable generation. These capacity premiums reflect similarly high costs on the market-participant side and can be even higher in the event of high volatility in generation costs as we have seen under recent market developments.</p> <p>Gas-fired plants are likely to deliver less and less volume (especially on days with high feed-in from renewable generation) while the must-run costs will remain the same. This also means that the capacity price per MWh is likely to reflect that development. Especially in the case of high feed-in from renewable generation, the remuneration for aFRR Awarded will stay high. However, the risk of deviation for gas-fired plants will increase as well.</p> <p>Currently, penalties are only calculated considering monthly average deviations and monthly total remunerations. This leads to a discrepancy between the quality of aFRR delivered and the corresponding penalties, due to the following:</p> <ul style="list-style-type: none"> <li>• The total remuneration for aFRR Awarded depends on the capacity premiums in the respective months, and will be either high or low depending on external factors.</li> <li>• If a deviation occurs on a day with a low capacity premium, this can still lead to very high penalties if in the same month days occur with high capacity premiums.</li> <li>• The penalty risk for gas-fired plants increases and is likely to be factored in by</li> </ul>	<p>Elia reminds that the public consultation only concerns the modifications to the T&amp;Cs BSP aFRR and that the principles of the penalties have not been amended.</p> <p>While it's not fully clear to Elia why gas-fired power plants have a structural disadvantage, as the "remuneration aFRR awarded" is determined individually for each BSP, Elia acknowledges that there might be areas of improvement in the determination of the penalties for activation control. As stated by Febeg, this is a complex topic and it will need to be extensively discussed together with all market parties as well as with the regulator. In addition, the penalty is defined in the same way for the other balancing products, it will need to remain aligned if a modification is considered. Therefore, Elia proposes to gather inputs from the market parties and perform the analysis during the next design evolution.</p>

the BSP, thus leading to even higher capacity premiums.

- Gas-fired plants will have a structural disadvantage because even when the priced-in margins are reasonably low, the penalties can become very high.

Due to the complexity of the subject FEBEG does not, at this point in time, propose concrete changes to the T&C aFRR in this regard. Nonetheless, we invite ELIA to review and analyse these findings and associated risks and to find a solution together with market participants.

### 3.9. Activation of aFRR services for other purposes

Art II.19	FEBEG feedback	Elia response
	<p>The proposed T&amp;C aFRR would allow ELIA to use aFRR for reasons of redispatching. This is an evolution which could potentially have some negative effects on balancing, furthermore we would like to remind ELIA of the principle that costs of redispatching should be borne by the TSO.</p> <p>When a DP is delivering aFRR for redispatch the capacity of that bid and the potentially linked bid will become unavailable for balancing purposes. This could mean:</p> <ul style="list-style-type: none"> <li>• More expensive bids will have to be activated when there is a need for FRR balancing energy. These additional costs will need to be borne by the BRPs in the form of a higher/lower imbalance price</li> <li>• The unavailability of the linked bid can lead to opportunity costs. No activation margins can be captured by the BSP on the linked bid for the duration of the redispatch.</li> </ul>	<p>Elia reminds that contracted FRR bids will only be activated for redispatching purposes as a last resort, when no other means are available to the system operator. Elia agrees to monitor the process, should it be used in a structural way.</p> <p>Regarding linked bids, Elia reminds that the only existing link for aFRR is the link between bids for activation in the upward direction and bids for activation in the downward direction. Therefore, it is necessary to put linked bids unavailable, which doesn't lead to a loss of opportunity. In addition, the BSP's bid is continuously activated and remunerated at the maximum between its bids price and the CBMP, which ensures that there is no opportunity cost for the BSP.</p> <p>However, Elia acknowledges that bids using the same DP<sub>SU</sub> in the same direction do not have to be set as unavailable. This will be modified in the T&amp;C BSP aFRR.</p>

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Hence both BRPs and BSPs are facing part of the costs of congestion instead of the TSO.

Additionally this raises questions on the dimensioning of FRR reserves. As due to redispatching aFRR energy bids are unavailable, it reduced the available aFRR below the procured capacity.

Therefore FEBEG requests ELIA to monitor these effects and ensure a maximum transparency. Should these effects be structural and/or considerable ELIA would need to review this approach.

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Art. II.1	<b>RAP-Green and SRIW Feedback</b>	<b>Elia response</b>
Art. II.19	<p>aFRR redispatching: 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</p> <p>Activation for other purpose: it's not fully clear to us what are the remuneration principles under such activations.</p>	<p>Elia refers to the PfA of the T&amp;C and to the presentation on this specific topics during the WG Balancing of 28/10/2022, and remains available for any specific question.</p> <p>Regarding remuneration, the requested volumes will be remunerated in the same way as for "usual" aFRR activations, at the maximum of the CBMP and the bid price.</p>

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## 4. Other

### 4.1. Graphical illustrations in the contract

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#### Febeliec feedback

Febeliec would like to ask Elia to provide as part of the T&C (e.g. as an annex) a graphical overview of timelines or important steps in sequential order for at least the major processes. While the T&C provides a legal textual representation of the processes, it is not always very easy to understand the sequential order or the interaction with other steps from just the textual representation. Especially for new entrants or smaller parties with less resources, this creates an additional entry barrier which could hamper liquidity (in number of participants). While Elia already presented such flowcharts and overviews during the discussions, it should not require much additional effort to include them in an annex of the T&C and improve the readability of the document. This comment goes beyond the scope of only aFRR and is applicable to all ancillary services.

#### Elia response

The structure and ordering of the articles/annexes of the T&C aFRR represents the steps a BSP has to take in order to be able to participate to the aFRR Service. Elia is always open to explain the different steps in more detail during bilateral meetings with (new) market parties. Elia plans to publish an updated version of the aFRR design note once the T&C will be approved by the regulator. This design note will be in line with the T&C and will include graphical illustrations to ease understanding.

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### 4.2. Bid rejection

#### Febeliec feedback

Febeliec wonders whether the rule that in case a BSP does not respect any part of his bidding obligation, Elia rejects all submitted aFRR Capacity Bids is not too stringent. While Febeliec understands and supports that checks are conducted and applied, it should be avoided to remove too much liquidity of the aFRR market because of potentially very minor mistakes. Febeliec thus insist that this aspect is closely monitored and adapted as soon as possible if deemed proportional in case overreactions

#### Elia response

Elia would like to reassure Febeliec on this topic:

- All capacity bids are only rejected in case the BSP offers more volume in the auction than the volume for which he is prequalified.
- The occurrences of bid rejection are very rare.
- The BSP is immediately informed when he submits his bids if they are accepted or rejected. Therefore, if the BSP submits its bids sufficiently in advance,

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would lead to important negative (side) effects. Febeliec insists that this comment is not only relevant for aFRR capacity and energy bids, but also for all other ancillary services, as a result of changes required by the TSO (a.o. red zones/CRI leading to urgent re-entering of modified bids, which is not always so easy or straight-forward for smaller players without full 24/7 desks).

he has the possibility to correct his bids before gate closure time;

- Should a situation occur when the total volumes to procure is not available for this reason, a Gate 2 will be organized.

In addition, Elia can't take the operational risk to accept bids that would not be physically available.

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