

Feedback in response to the public consultation on the “T&C OPA, T&C SA, and the rules for coordination and congestion management in the framework of iCAROS phase 1 and the planning of iCAROS phase 2”

In this reaction, Belgian Offshore Platform responds to the public consultation on the “T&C OPA, T&C SA, and the rules for coordination and congestion management in the framework of iCAROS phase 1 and planning of iCAROS phase 2” as launched by Elia on 6th of June 2023.

General remarks

As more and more renewable generation will be introduced into the electricity system, they gradually become the standard type of generation assets. Revisions and new procedures are to be designed to maximize the benefits of the renewable generation assets instead of limiting their use by trying to force them within a framework originally designed for fully controllable and plannable assets.

While Elia has demonstrated in the past to use available tools and measures appropriately and proportionately, the current version of the documents lacks clear language outlining the situations, limitations and thresholds that are to be respected in applying the described tools and measures. From a legal perspective, there is little to no protection for the grid user / OPA / SA from misuse by Elia. We request that such principles are properly reflected in the documents.

Operational planning and scheduling are tools for Elia in the context of congestion management, and this should be reflected in the documents and in their design:

- Firstly, it needs to be made explicit in the relevant T&Cs that these tools will indeed only be used for congestion management, and not for balancing purposes, for example. Certain mechanisms described in the documents made available in the public consultation flirt with this distinction.
- Secondly, the fact that the tools serve Elia’s congestion management, implies that the obligation of the OPA or SA should not be construed as providing perfect forecasts of availability and production, as such obligation is not required for congestion management. In addition, it is also not adapted to the technical reality of weather-dependent assets. The OPA and SA should provide sufficiently accurate forecasts (the accuracy of which can be controlled ex post taking into account due diligence criteria) for Elia to perform its congestion management, but any changes and errors in the forecasts, especially for weather-dependent production, are not to be penalized directly or indirectly in the OPA / SA procedures (e.g. via rejection of change requests or non-remunerated return-to-schedules and this independently of weather conditions such as storms). The OPA / SA terms and conditions now treat different types of generation assets (weather-dependent vs predictable and linear) that are in a different forecasting situation identically and without any objective justification, which in our opinion does not comply with the general principle of equal treatment.

BOP also repeats its general message that any limitations imposed on grid users regarding power offtake or injection are to be considered as a service and must thus be remunerated, in accordance

with the EU Electricity Market Regulation 2019/943¹ (the “Electricity Market Regulation”). Also, non-market based interventions are only to be introduced after a thorough investigation and a robust justification of its need and effectiveness, supported by extensive data analysis, and are only to be applied as last resort options with a transparent ex-post justification and reporting of its use to the parties involved (BRP/producer...).

The current status of the iCAROS design phase 1 and its elaboration in the documents under consultation is, in our view, not sufficiently discussed and has not sufficiently advanced to close phase 1 and to formally approve the proposed terms and conditions and rules. BOP urges Elia to extend the discussions in a new series of workshops with the stakeholders and based on a major update of the proposals following the input from this public consultation and an extensive investigation and justification of the need for new congestion management measures.

T&C OPA

Definitions

The Dutch definitions of DP_Pmax_{inj} and DP_Pmax_{off} are identical. We assume this is a typo, as the first should refer to injections whereas the latter to offtake? We noticed the same issue with the definitions DP_Pmin_{inj} and DP_Pmin_{off}.

Definition #29 (Pmax Available): the last sentence “*indien een Leveringspunt zowel vermogen kan injecteren als afnemen, is de richting met de laagste waarde het Pmax Available*”. We understood that this is not intended or applicable for offshore wind parks. Please confirm this in the consultation report and clarify the definition in the contractual documentation.

Availability plan (art II.9.4)

Art II.9.4 describes that the availability plan is automatically generated based on the final availability status of the ready-to-run procedure on Thursday Week -1 at 18:00. Any changes to the Availability plan after this deadline, require active approval of Elia.

This timing might make sense for traditional and predictable production units, but does not seem fit for weather-dependent production units. Especially offshore, also maintenance is weather dependent. The maintenance schedules for offshore wind farms are only tentatively planned one week ahead, and subsequently confirmed on D-3 (or even D-2) with a final GO/NOGO decision on D-1, depending on the weather forecasts. In the proposed approach the availability plans in case of large offshore maintenance (requiring a full outage) will always need to be manually evaluated for all offshore wind parks, at least once and often multiple times.

The T&Cs provide no comfort to the OPA that (i) a request will be dealt with as soon as possible (a ‘best effort’ obligation on Elia), (ii) will only be refused in case of serious grid issues where other market-based measures are not available, and (iii) Elia will provide sufficient justification in case of a refusal. We understand from Elia that it is indeed their intention to apply the approval process in such manner; it should therefore not be controversial to formalize this in the T&Cs.

In order to make the procedure suitable for weather-dependent assets, BOP suggests to integrate an automatic update of the availability plan for weather-dependent production without the need for a manual approval either for an extended period of time (e.g. until D-1 10:00) or in case the impact of the update is expected to be below a certain threshold in MW (e.g. 350 MW corresponding to the capacity of an offshore cable) or a combination of both (impacts of > 350MW are automatically

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0943>

approved only until Thursday W-1, impacts of < 350MW are automatically approved until D-1) . This will significantly reduce the amount of manual approvals to be handled by Elia.

An alternative would be to already make the 'congestion risk indicator' public as of Thursday Week-1. This data is already available within Elia, as any refusal / acceptance of an updated Availability plan is based on the risk for congestion. Any Availability plan update could then be automatically approved as long as the CRI does not indicate any risk.

Validation criteria for change requests (ART. II.9.10-12)

The T&Cs OPA do not go in much detail with regards to how change requests from the status "Unavailable" to the status "Available" (and vice versa) will be evaluated. There seems to be no link with the Congestion Risk Indicator, nor a best-effort obligation from Elia. The report on Congestion Management to the CREG does not provide sufficient comfort in this regard neither, as it focusses on Costly Remedial Actions or additional Remedial Actions after the closure of the Day-ahead Market, and approvals of rejections of availability plans are thus not included.

Art II.9.10 stipulates that approval or rejection can occur up to 30 minutes before the respective quarter hour. For offshore wind farms, this could imply that a maintenance outage can still be rejected by Elia when the vessel (with the internal & external teams and the spare parts) is already offshore.

This implies that Elia can unilaterally decide to reject any request that is inconvenient to Elia at a given situation. Possible negative impacts for the OPA cannot be verified.

It is also unclear to BOP how the remuneration (referred to in Art II.9.9 & Art II.11.3) works. It seems as if Elia can request compensation for having to approve a change in the Availability plan of an OWF, but an OWF cannot request compensation for having a change request rejected. Given that maintenance planning of an OWF is always done within the time period in which 'manual approvals' are required, this seems very one-sided.

We insist on including transparent evaluation criteria, and a best-effort commitment in the T&C OPA that will be used to approve or reject the status change request and that the OPA is properly informed about the reason for any rejection. In particular, the impact of a change request on grid safety (via the Congestion Risk Indicator) should be a key criterion, and this should be made explicit.

Changes to the Availability plan

Considering:

- Change requests can be submitted until redispatch gate closure time (RD GCT) in order to alter the (automatically generated) availability plan (art II.9.7). This is 45min ahead of real-time.
- Validation of the change requests are manually validated or rejected by Elia not later than 30 minutes before the beginning of the quarter-hour (art. II.9.10)

Can Elia guarantee a proper handling of change requests in a period of approx. 15minutes, the window between the RD GCT and 30 minutes before real-time?

What happens in case Elia does not timely approves/rejects a last-minute change request submitted just before RD GCT?

Must-run and May-Not-Run

From art. II.5.2 it is unclear to BOP under which conditions Elia can request a must-run or may-not-run? Can Elia do so for any reason, and must it at all times be linked to system security (not only when the request is made after D-5, as per art. II.5.3)? If so, can this be clarified in the contractual documentation?

Can you also clarify how the formula in Annex 10 ensures cost-reflectiveness for an OWF? Or is this formula to be considered as a minimum, and can the OWF provide a different (i.e. higher) price quotation to Elia (art II.5.6)?

Daily schedule

The granularity of the daily schedule is 0.1 MW, on a quarter hour basis. The SA is required to continuously update this schedule (art II.6.3). Such requirements might make sense for traditional and predictable production units, but impose a significant workload for weather-dependent production units, as forecasts constantly change. Nor does it seem necessary from the point of view of forecasting congestion risk.

In order to make the obligation reasonable and the workload manageable:

- Please clarify in the T&C that this granularity is not to be confused with a tolerance band for deviations from a schedule.
- Continue working on the digitalization of communication processes, so that updates can occur automatically.
- Please clarify in the T&C that, in case continuous updates are not reasonable due to specific circumstances (e.g. the system for automatic updates is unavailable, updated weather forecasts are only available a few times per day,...), a minimum of 1 update per day should be maintained.

As forecast errors are inherent in weather dependent production, and production forecasting is a difficult process, the obligation to continuously provide updates should be construed as a 'reasonable effort' obligation. In any penalty scheme relying on the schedules, forecast errors are to be accounted for by introducing appropriate tolerance bands.

Storm event

Art II.6.8 states that Elia can refuse an update of the Daily Schedule after a Sea Storm, however no conditions or evaluation criteria are mentioned. These conditions are not elaborated upon in the "Gedragscode" nor in the "T&Cs BRP", so BOP would have expected them to be worked out in detail in the T&Cs SA.

Such criteria should, as a minimum, take into account whether or not a cut-in poses a congestion or a security risk, as well as a best-effort basis of Elia to deal with such requests as soon as possible and an (ex-post) reporting / communication obligation as to the reasons of a possible rejection.

Return-to-schedule (RTS)

BOP opposes the introduction of RTS without a more elaborated justification of its need, based on an extensive data analysis with objective criteria.

For weather-dependent generation sources, it is impossible for the scheduling agent to perfectly predict the production of its assets 45 minutes ahead of time. Imperfect forecasts are not a sign of lack of reasonable care by the SA, they are a technical reality. The unremunerated Return-to-schedule is a disproportionate measure, punishing weather-dependent assets for this technical reality.

The issue stems from the fact that the volume of RD bids available to Elia for congestion management, is calculated based on the schedules. A solution would be to deviate from this rule for weather-dependent assets, whereby the RD bids from such assets are based on schedules before real-time but updated with a real-time Available Power baseline (as is already provided by these assets for other ancillary services). This would imply that in case an OWF is able to produce 200 MW, rather than the forecasted 175 MW, that Elia is able to redispatch the full 200 MW via the RD Energy bids (potentially in 2 steps, with one step being ahead of real-time and another real-time).

If the above solution is not (yet) possible, weather-based assets should either be fully exempt from the RTS, or should be fully compensated for missed injection.

Can Elia elaborate on where in the documents it is made clear that the RTS procedure can only be used after all RD Energy Bids are exhausted?

BOP is however of the opinion, and has sought legal advice in this regard, that the proposed, unremunerated, procedure is not in line with the Electricity Market Regulation, which defines 'redispatching' as: *a measure, including curtailment, that is activated by one or more transmission system operators or distribution system operators by altering the generation, load pattern, or both, in order to change physical flows in the electricity system and relieve a physical congestion or otherwise ensure system security;*

According to this definition the Return-to-Schedule clearly to be considered as "redispatching" and thus subject to the following two provisions of the Electricity Market Regulation:

- art 13.2: *"The resources that are redispatched shall be selected from among generating facilities, energy storage or demand response **using market-based mechanisms and shall be financially compensated.**"*

and

art 13.7: *"**where non-market based redispatching is used**, it shall be subject to **financial compensation** by the system operator requesting the redispatching to the operator of the redispatched generation, energy storage or demand response facility except in the case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy."*

It seems that Elia does not consider the Return-to-Schedule procedure as 'redispatching' within the meaning of Article 13 of the Electricity Market Regulation, arguing that daily schedules are expected to be firm which would mean that a Return-to-Schedule order comes down to "a return to the baseline and therefore an activation request of 0 MWh. Consequently there is no remuneration for the activation".

This is not correct.

The definition refers to *any* alteration of the actual production ordered by the TSO (regardless of whether such actual production would match the volume indicated in the daily schedule nominated by the scheduling agent). Since this procedure would indeed involve an order by the TSO to alter the actual production in order to relieve congestion, Article 13 of the Electricity Market Regulation is clearly applicable. This implies that, even when the actual production would deviate from the scheduled production, any curtailment of offshore wind farms should be market-based and financially compensated (pay-as-bid) in accordance with the regular congestion management rules. If non-market-based curtailment would be necessary, then priority access for renewable energy as well as financial compensation for loss of revenues must be applied (see Article 13(6)-(7) of the Electricity Market Regulation).

Note that the Electricity Market Regulation is directly applicable in the Belgian legal order and supersedes the Code of Conduct for electricity (as approved by the CREG by decision (B)2409 on 20 October 2022) which contains an explicit legal basis for this Return-to-Schedule procedure in article 131, §1, 9°.

If the RTS is to be further pursued (after a full justification based on objective criteria and data analysis), it should at least be used as a last resort measure with remuneration for renewable (or weather dependent) energy producers and come with a transparent evaluation of its use.

Transparency and reporting of RTS

Even if RTS is to be installed, as a remunerated service, BOP would still insist on a transparent evaluation of every event where the RTS was requested, with a clear proof to the involved parties (BRP/SA/producer...) that (i) there was an imminent congestion management risk (ii) there were no other solutions than to trigger the RTS (iii) the RTS was at the same time not used to resolve a balancing issue.

Penalties of RTS

BOP opposes the proposed penalty, as it is (i) arbitrary (with a mix of the imbalance price and historic DA prices), (ii) not proven to effectively improve adherence to an RTS, and (iii) disproportionate, as it does not factor in technical realities of OWF such as manual needed actions.

As a minimum, a higher tolerance should be introduced in the quarter-hour following the request in case a request was sent in the last [7.5] minutes of the quarter hour. At least 20 minutes is to be provided in order to be technically able to react to the change request, as this requires manual changes at the side of the offshore wind farms.

As a general principle however, there cannot be a penalization for a service that is not remunerated. If Elia wants guarantees of a proper execution of the RTS, Elia can send out warnings and ultimately disconnect assets that systematically and intentionally ignore their obligations. Alternatively, penalties are at the start to be calibrated at zero, and can only be increased after a full demonstration of the need and suitability for higher values.

Cost-based Redispatch Bids

Elia proposed to introduce cost-based prices instead of free bidding for redispatch bids. The cost-formula are to be proposed by the SA and to be approved by Elia when signing the T&C SA. As long as the RD price is used only in case of grid safety concerns (as a last resort measure with full transparency

on its use), BOP understands the reasoning of cost-based prices. Any bid used for balancing purposes is to be market-based.

The elements mentioned in Annex 6 however, are extremely limiting. They do not take opportunity costs, or a reward for risk taken (e.g. penalties, data errors, asset steerability issues, etc.) into account. This should be added to the elements mentioned in Annex 6.

In iCaros phase 1, the same price put forward by the SA/BRP is used as RD prices and mFRR bids. Also in case of emergencies, RD Energy bids can be used for balancing purposes (e.g. the “incompressibility procedure” recently launched). In such instances, balancing prices should be used.

In addition, the pricing of RD bids should be made more complex, to allow for separate pricing depending on the extent of the downward activation (e.g. the first 50MW @ price X, the second 50MW at price Y).

As long as these options are not fully implemented, RD Bids should remain market-based (rather than cost-based).