

CONSULTATION REPORT

Report on the public consultation regarding *Rules for suspension and restoration of market activities, in accordance with Article 36(1) and Rules for imbalance settlement and settlement of balancing energy in case of suspension of market activities, in accordance with Article 39(1) of Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration*

17th July 2023



Contents

1.	Introduction	3
2.	Feedback received	3
3.	Instructions for reading this document	4
4.	Comments received during the public consultation	5
4.1	General comments received during the public consultation	5
4.2	Specific comments received during the public consultation	6
5.	Additional changes in the version submitted to the CREG	15
6.	Next steps	15
7.	Attachments	15
7.1	Answer from Febeliec	16
7.2	Answer from Febeg	19

1. Introduction

Elia organized a public consultation on the second proposal for the “Rules for suspension and restoration of market activities” and the “Rules for settlement in case of suspension of market activities” (hereinafter referred to as “Market Suspension Rules”) as required by articles 36(1) and 39(1) Regulation EU 2017/2196 establishing a network code on electricity emergency and restoration (hereinafter referred to as “NC E&R”). The purpose of this consultation is to obtain comments from the market parties. Two presentations of this new proposal were done informally also to market parties during the Working Group European Market Design and System Operation (WG EMD&SO) of 14/10/2022 and the Working Group Balancing (WG Balancing) of 22/03/2023.

In article 36(1) of the NC E&R, there is a requirement for each TSO to develop a proposal for rules concerning the suspension and restoration of market activities by 18 December 2018. Similarly, and for the same deadline, article 39(1) of the NC E&R states that each TSO shall develop a proposal for rules for imbalance settlement and settlement of balancing capacity and balancing energy which shall be applicable for imbalance settlement periods during which the market activities were suspended.

In 2018, Elia submitted a proposal for these “Market Suspension Rules” to the CREG.

In September 2019, CREG rejected with decision (B)1941 Elia’s proposal and required Elia to submit an adapted proposal considering the remarks formulated in this decision.

This proposal of Market Suspension Rules addresses CREG’s comments from decision (B)1941, and takes into account feedbacks that were provided by the market participants (during the public consultation and the sessions of the working groups) as well as by the CREG during alignment meetings organized during the drafting process.

Elia invited all stakeholders to submit any comments and suggestions they may have on the document during a public consultation that took place from 07/04/2023 to 08/05/2023.

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

2. Feedback received

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

- *Febeliec*
- *FEPEG*

No responses were received that were designated as confidential.

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

3. Instructions for reading this document

This consultation report is structured as follows:

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

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

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

Subject/Article/Title	Stakeholder	Comment	Justification
A	B	C	D

- A. Subject matter covered by the various responses received.
- B. It is indicated who made the comment. In general, the comments are listed alphabetically in the name of the parties concerned.
- C. This document contains an overview of the main, but also specific comments on the document submitted for consultation.
 - In doing so, an attempt was made to list/consolidate all comments received and to argue whether or not they should be taken into account.
 - In order to maintain authenticity, the comments have been copied as much as possible in this document. However, the comments have sometimes been shortened and terms have been uniformed to make them easier to read.
 - For clarification purposes, it is recommended to always include the original comment of the stakeholder concerned, as included in the appendix to this report.
- D. This column contains Elia's arguments as to why a comment was or was not included in the final proposal. However, this column does not contain the final text. For this purpose, the final proposal must be consulted.

4. Comments received during the public consultation

4.1 General comments received during the public consultation

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

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
<i>General</i>	FEBEG	<p>FEBEG wishes to thank Elia for the opportunity to ELIA's Public consultation on the rules for suspension and restoration of market activities and rules for settlement in case of suspension of market activities.</p> <p>While we hope that such situations will never occur, it is indeed vital that we are well prepared and that the rules are clear and fair for all market parties.</p> <p>The proposed changes by Elia can be summarized as follows: changes related to historical suggestions by CREG, limitation of the scope (reduced list of market activities that Elia is allowed to suspend at national level) and changes in the restoration tariff. FEBEG will focus on the restoration tariff in this consultation, since the new proposal by Elia is potentially very impactful for both the injection and the consumption side of the BRP portfolio. The other proposed changes seem reasonable and do not raise major concerns for FEBEG members.</p>	N/A
	Febeliec	<p>Febeliec would like to thank Elia for this consultation on the rules for suspension and restoration of market activities and rules for settlement in case of suspension of market activities. Febeliec greatly appreciates the effort that has been done since the previous (non-approved) version of these rules by taking into account the comments from stakeholders as well as clarifying the processes.</p>	N/A

4.2 Specific comments received during the public consultation

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
<p><i>Scope of obligations and general approach</i> Article 3(1)</p>	<p>Febeliec</p>	<p>Concerning the other activities which can be suspended by Regional Control Centers (RCCs), Febeliec can again understand the approach but wants to insist that the safety of the Belgian grid and its users should be at the center of what is allowed and that it should be clear that the related costs and potentially damages should be limited as much as possible and not be unduly and adversely borne by the Belgian grid users.</p>	<p>Elia will demonstrate vigilance during the regional discussions with Regional Coordination Centers (RCCs) regarding this specific topic. Elia will always collaborate with the RCCs in order to consistently ensure that the objectives of the procedures remain reasonable, proportionate, and prioritize the safety of the European and Belgian grids, as well as their users. Furthermore, Elia is committed to delivering a comprehensive analysis and providing a well-founded rationale in the report, which will be submitted no later than 30 days following the restoration of market activities.</p>
<p><i>Scope of obligations and general approach</i> Article 3(4)</p>	<p>Febeliec</p>	<p>Febeliec understands and even supports the need for a pragmatic approach for crisis management, with often unexpected issues, but also wants to insist that every party remains responsible for their actions and decisions and that there are thus limits to the level of pragmatism that can be applied. Elia tries to strike this balance by making a distinction between binding rules and guidelines, but as indeed not all situations can be ex ante described it is necessary to keep a certain level of agility and flexibility, yet constrained by an obligation to limit as much as possible risks, damages and costs</p>	<p>N/A</p>
<p><i>TSO coordination</i> Article 4(3) and 4(4)</p>	<p>Febeliec</p>	<p>Also the pragmatic approach regarding decision moments for suspension of market activities can be supported by Febeliec, to avoid rigidity which could result in an even bigger negative outcome in case of an incident.</p>	<p>N/A</p>

<p><i>Market Activities</i> Article 5(2)</p>	<p>Febeliec</p>	<p>On the reduced scope of the number of market activities that can be suspended by Elia, Febeliec follows the reasoning and can accept the reduction to the described 7 activities.</p>	<p>N/A</p>
<p><i>Article 7(4)</i></p>	<p>Febeliec</p>	<p>Concerning the provision of information during TSO controlled dispatch, Febeliec understands the reflection made by Elia on best efforts, yet remains worried as the text does not provide a lot of clarity on how market actors' information flows will be evaluated to fulfill this best effort principle over the duration of the period (e.g. when moving towards the end of the TSO controlled dispatch period, when they should be slowly reverting towards normal procedures). It remains largely unclear which obligations (and potentially penalties) would be applicable at each of the steps of the TSO controlled dispatch period.</p>	<p>By default, the obligations of T&C BRP and T&C BSP remain applicable. However, Articles 7(1) and 7(2) of the MSR clarify that during a period of suspension of one or more market activities, the obligations of Elia and the BRPs related to such market activity(ies), as outlined in the T&C BRP and T&C BSP, shall be suspended if they become impossible to fulfill due to the suspension of the respective market activity. This suspension does not affect the parties' obligations arising from the governing rules.</p> <p>Additionally, Article 7(3) and 7(4) introduce further provisions for the suspension of certain obligations within the context of the TSO-controlled Dispatching period.</p> <p>As explained in the Explanatory note, Elia acknowledges that the required information may not always be readily available or of perfect quality. However, Elia emphasizes that the more information it receives, the more efficient the grid and market restoration process can be. It is essential for all stakeholders to make their best effort in order to rebuild the grid in the most efficient manner, ensuring a smooth transition and resumption of normal market operations.</p>

			<p>Elia highlights that the information requested from market parties primarily pertains to the status of their assets and/or forecasts regarding their portfolio positions. Similar to the current practice, Elia does not impose penalties for forecast errors made by market participants. However, it reserves the right to apply sanctions (as outlined in the T&C BRP contract) in cases of identified voluntary manipulation, negligence or intentional withholding of information.</p> <p>In the report following each market suspension situation, Elia will evaluate the lessons learned and identify potential improvements in the information provision process. This evaluation aims at addressing any challenges that market parties may have faced in providing information to Elia during the market suspension period.</p>
<p>Article 11(4), Explanatory Note and Tariff proposal of Elia 2024-2028</p>	<p>FEBEG</p>	<p>According to FEBEG the following principles (similar to those of Elia) should be taken into account in case of a TSO-controlled dispatch:</p> <ul style="list-style-type: none"> • Transparency: formula used for the invoicing should be well known by market parties that will be exposed to it and its result should be published on Elia's website • Financial neutrality for BRPs/suppliers/producers: costs for grid restoration/injection should cover the actual cost for the electricity produced, and the Restoration tariff should be neutral overall (injection/offtake) for the BRPs/suppliers/producers • Cost reflectiveness: formula should strive to cover the costs of the production units mobilized during the TSO control dispatch period by Elia to restore the grid in case of a bottom-up situation. 	<p>Elia would like to emphasize that the formula referenced by FEBEG was provided in the explanatory note for illustrative purposes and in order to provide a complete frame of Elia's proposal. Indeed, the formula as such is a tariff-matter. As a consequence, the comment from FEBEG is out of scope of the document "Market suspension rules".</p> <p>Indeed, upon discussions with CREG on the Market suspension rules, it has been decided to include the formula for the restoration tariff in the Tariff Proposal to submit to the CREG for the tariff period 2024-2027. This detailed formula has been extensively described in the document titled "Key Elements of Foreseen Evolutions Included in the Tariff Proposal 2024-2027" that has been publicly consulted between 14/02/2023 and</p>

		<p>FEPEG notes that Elia is proposing the following Restoration Tariff: “the average of 5 best representative Belgian day-ahead reference prices for this same MTU in the Belgian bidding zone.”</p> <p>However, FEPEG is not convinced that the proposal of Elia is meeting criteria of financial neutrality and cost reflectiveness, indeed, according to FEPEG, the restoration tariff should as much as possible reflect the normal sourcing cost of the energy. Changing the approach because of exceptional circumstances (such as last year’s gas prices) is not sustainable, since “crisis times” are the exception and “normal times” are the rule, and the Restoration Tariff should not be tailed to fit an exceptional time. In addition, regarding the specific proposal, there is absolutely no guarantee that the Day Ahead Prices of the last days reflect the sourcing cost of energy, in fact, the probability that this is the case will decrease drastically in the coming years due to the increased share of intermittent renewable energy sources.</p> <p><i>(2 examples Grid restoration after a period with high wind speeds / storm and Grid restoration after holiday period are described in the answer)</i></p> <p>For the above reasons, FEPEG would very much recommend a different approach, since the proposal of Elia could in practice have very large negative consequences for FEPEG members.</p> <p>As an alternative, the proposed formula in 2018, namely based on the default price for the transfer of energy would be more appropriate as this formula attempts to reflect the sourcing cost.</p> <p>$[73 \% * 1/3 (Cal Y+2 + Cal Y+1 + M+1) + 27 \% AV (EPEX \text{ spot BE DAM})]$</p> <p>Concerning the price for the injected energy - which is produced following the instructions of Elia - it should reflect the real production cost specific for each power plant, conform the third criteria ‘cost reflectiveness’. Indeed Elia may request the operation of an OCGT whose production cost may be much higher than the Grid restoration tariff, certainly if this would be based on market prices</p>	<p>20/03/2023. Elia notes that no negative feedback was received regarding the proposed formula during this consultation period.</p> <p>This being said, Elia will consider and address FEPEG’s comment on the restoration tariff formula in the framework of the Tariff proposal procedure with CREG.</p> <p>Here bellow, Elia provides explanation on : the proposal of formula, its comments on FEPEGs proposal and finally on the way it intends to address FEPEGs comments.</p> <p><u>Transparency:</u> Elia intends to publish the restoration tariff during the TSO-controlled dispatch period in order to allow market parties (and in particular consumers who are authorized to consume again) to adapt their injection/offtake profile on the basis of information reflecting what their offtake would cost during this period.</p> <p>In this way, the formula proposed in the Tariff proposal for settlement purposes ensures that market parties are well informed in advance and allows simple calculation and easy publication in due time, even during the TSO-controlled dispatch period. A formula such as the ToE formula would be more complex to reconstitute and publish in real time while the “individual” injection prices would obviously not be published for confidentiality reasons. But above all, as the approach recommended by FEPEG would not guarantee financial neutrality between what Elia pays for injections on the one hand and what Elia receives for offtakes on the other, the delta between the two would be socialized and</p>
--	--	---	---

		<p>in the week preceding the TSO controlled dispatch period (such unit may then have been out of the money).</p> <p>Therefore FEBEG requests that the initial proposal of Market Suspension Rules is maintained (to be updated for the SA contract instead of CIPU contract):</p> <p><i>Pour l'énergie injectée par les unités de production d'électricité pour lesquels il existe une obligation de programmation de la production, une compensation financière est payable au BRP. La rémunération est calculée comme la rémunération applicable pour le jour de début de la période de « Dispatching contrôlé par le GRT », conformément aux paiements pour la procédure de nomination, tel que prévu à l'article 13.2.5 du contrat CIPU, mis-à-jour avec les prix du carburants et/ou le coûts du CO2 le cas échéant. Pour les unités pouvant être coordonnées de manière limitée ou ne pouvant pas être coordonnées, le tarif de rétablissement sera appliqué.</i></p>	<p>passed on later to certain market parties (offtakes) via the access tariff. As a result, even if the ToE formula was published, a client offtaker would not be able to estimate how much it would cost to offtake from the network during the TSO-controlled dispatch period.</p> <p><u>Financial neutrality:</u> Apart from any cross-border energy imports, the restoration tariff proposed by Elia guarantees total financial neutrality for the system as a whole. The costs associated with activating generation units and the revenues generated by activating consumption units are identical. This approach avoids imposing additional costs on market parties through subsequent tariff adjustments, which is not the case with the approach proposed by FEBEG. Indeed, the latter will inevitably create a difference between Elia's incomes and expenses that will have to be socialized. Elia is not convinced that the other market parties would support such an approach.</p> <p><u>Cost reflectiveness:</u> Elia's proposed restoration tariff, which is mainly based on day-ahead prices for a "short" period preceding the TSO-controlled dispatch period, correctly reflects gas prices and therefore the production costs of the units that will be called upon when the network is restored during the TSO-controlled dispatch period. Furthermore, as extreme values are removed, the impact of unusual and/or less representative moments is mitigated (e.g. a sunny Sunday leading to very low day-ahead prices, or isolated situations of high prices caused by network or market problems). In addition, by offering a restoration tariff per</p>
--	--	---	---

			<p>market time unit (MTU), the formula is particularly well suited to price variations during the day.</p> <p>Elia therefore believes that the proposed formula is not designed exclusively for periods of crisis, but that it can also be effective in normal situations. This is not the case with a formula such as the ToE formula, which mainly takes account of electricity prices over a two-year period. Its result will therefore inevitably be influenced by past periods: either too high if the period of controlled dispatch takes place during a period of normal prices but which follows a crisis with high prices as in the summer of 2021, or too low if the period of TSO-controlled dispatch takes place during a period of crisis/high prices which has just started.</p> <p>Finally, Elia does not fully understand Febeg's arguments on the risks for BRPs. A "balanced" BRP, whose total injection is approximately equal to its total withdrawal, would be in a financially neutral position under the formula proposed by Elia. For BRPs in pure injection during the TSO-controlled dispatch period, the formula should largely cover their production costs as explained above. Finally, a BRP in pure offtake should pay a price reflecting the day-ahead prices for the load in its portfolio. The amount to be paid by this BRP would start at zero and increase gradually during the restoration period, with the charge after a blackout being at zero and increasing gradually but without likely reaching the maximum level of the charge in its portfolio. This would be comparable to a situation where the BRP has to buy volumes</p>
--	--	--	---

			<p>on the day-ahead market to cover its forecast errors for some¹ of its customers.</p> <p><u>Complexity of implementation:</u> The single formula for all injections and offtakes from a BRP as proposed by Elia does not involve any complex implementation and can be used as soon as the rules have been approved by the CREG. FEBEG’s proposal to have different prices for the offtake and for each generation unit would entail significant implementation costs and a long development schedule, which may not be proportional to the probability and duration of the event. If another restoration tariff process, as suggested by FEBEG, were adopted, it would require a modification of certain parts of the Market suspension rules (in this case article 11 and article 12 would have to be adapted as the proposed implementation plan would not be possible with such a process). It would also require an amendment to the T&Cs BRP as it would be necessary to clarify how Elia isolates the relevant units from the rest of the BRP portfolio and how remuneration is applied to them. To take these aspects into account in the Market suspension rules that will be submitted to CREG, Elia added a paragraph in article 12 regarding the entry into force.</p> <p>The costs associated with these developments, which are ultimately borne by the community via the network tariffs, seem to be disproportionate in view of the rarity and limited duration of these situations.</p>
--	--	--	---

¹ Indeed, the volumes of large industrial customers with supply contracts reflecting day-ahead prices must be excluded from these volumes.

			<p>Finally, the solution proposed by FEBEG would create an imbalance in the level playing field between injections from coordinable units covered by a Scheduling Agent contract and injections from other production units.</p> <p>For the reasons given above, Elia believes that the single formula for injections and withdrawals based on an average of the day-ahead prices for a period preceding the TSO-controlled dispatch period has more advantages than the approach suggested by Febeg.</p> <p>However, looking at the examples presented by Febeg, Elia perceives that the problem pointed out by FEBEG is probably not the restoration tariff formula itself, but rather the 7-day period. To address concerns about incompressibility weeks or holiday weeks (which are still very extreme situations, however), Elia will propose to the CREG to extend the formula to cover a period of 21 days instead of 7 days. The purpose of this adjustment is to smooth out the impact of "exceptional" periods of consecutive incompressibility over several days, without falling into the disadvantages of the ToE formula, and to improve the efficiency of the formula in such scenarios.</p>
	<p>Febeliec</p>	<p>Concerning the specific restoration tariff, Febeliec considers this formula to strike a good balance, while of course not being perfectly reflective of actual conditions. In any case, it provides a clear and upfront known market signal for all market parties.</p>	<p>Elia notes the positive feedback from Febeliec regarding the restoration tariff formula proposal.</p>

	Febeliec	Febeliec would suggest that the quarter hourly outcome of the restoration tariff formula should also be published by Elia and/or CREG in order to ensure that there is no ambiguity whatsoever on which are the correct price levels to be applied.	Elia intends to publish the quarter-hourly outcome of the Restoration Tariff on its website throughout the TSO-controlled dispatch period, as outlined in Article 11(4). This can be achieved with the proposed single formula approach for both production and consumption, as stated above.
<i>Article 11(5) and Explanatory Note</i>	Febeliec	Concerning the two alternative options proposed by Elia for invoicing the restoration tariff, Febeliec is rather in favor for invoicing via the BRP, as the alternative proposal via the access holders comes with many risks and pitfalls, such as risk of double invoicing which would be unacceptable for Febeliec. Moreover, according to Febeliec this second option could lead to issues in the DSO grids as (some) Grid Users in the DSO grids can also be their own access holder, which would even create further problems to be solved in this alternative approach.	Elia thanks Febeliec for its comment and will keep the proposal submitted to public consultation (BRP invoicing) in the version for CREG submission.

5. Additional changes in the version submitted to the CREG

In addition to the changes proposed in chapter 4.2 among which the new disclaimer paragraph in article 12 regarding the restoration tariff formula, Elia has also corrected translation mistakes between the French and the Dutch version:

- In article 3 of the Dutch version, “inter-TSO-coördinatie” has been replaced by “inter-TSB-coördinatie” to ensure consistency through the document.
- In article 11(5) and 11(10) of the Dutch version, “DSB” should be read instead of “TSB” at some specific places as corrected in the document.

6. Next steps

On the basis of the reactions received from market players and its views, as set out in this consultation report, Elia will finalize its proposal on *Rules for suspension and restoration of market activities, in accordance with Article 36(1) and Rules for imbalance settlement and settlement of balancing energy in case of suspension of market activities, in accordance with Article 39(1) of Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration* and will submit it to the CREG.

7. Attachments

The reactions Elia received to the document submitted for consultation:

- Febeliec
- FEBEG

Contact

Elia Consultations


Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium



7.1 Answer from Febeliec



A new answer to the consultation "20230407_Rules for suspension and restoration of market activities" has been submitted on our website.

Name	Peter Claes
Email	febellec@febellec.be
Organization	Febeliec
Comments/suggestions to the consultation	<p>Febeliec answer to the Elia consultation on the rules for suspension and restoration of market activities and rules for settlement in case of suspension of market activities</p> <p>Febeliec would like to thank Elia for this consultation on the rules for suspension and restoration of market activities and rules for settlement in case of suspension of market activities. Febeliec greatly appreciates the effort that has been done since the previous (non-approved) version of these rules by taking into account the comments from stakeholders as well as clarifying the processes.</p> <p>Febeliec understands and even supports the need for a pragmatic approach for crisis management, with often unexpected issues, but also wants to insist that every party remains responsible for their actions and decisions and that there are thus limits to the level of pragmatism that can be applied. Elia tries to strike this balance by making a distinction between binding rules and guidelines, but as indeed not all situations can be ex ante described it is necessary to keep a certain level of agility and flexibility, yet constrained by an obligation to limit as much as possible risks, damages and costs.</p> <p>On the reduced scope of the number of market activities</p>

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium

that can be suspended by Elia, Febeliec follows the reasoning and can accept the reduction to the described 7 activities. Concerning the other activities which can be suspended by Regional Control Centers (RCCs), Febeliec can again understand the approach but wants to insist that the safety of the Belgian grid and its users should be at the center of what is allowed and that it should be clear that the related costs and potentially damages should be limited as much as possible and not be unduly and adversely borne by the Belgian grid users. Also the pragmatic approach regarding decision moments for suspension of market activities can be supported by Febeliec, to avoid rigidity which could result in an even bigger negative outcome in case of an incident.

Concerning the provision of information during TSO controlled dispatch, Febeliec understands the reflection made by Elia on best efforts, yet remains worried as the text does not provide a lot of clarity on how market actors' information flows will be evaluated to fulfill this best effort principle over the duration of the period (e.g. when moving towards the end of the TSO controlled dispatch period, when they should be slowly reverting towards normal procedures). It remains largely unclear which obligations (and potentially penalties) would be applicable at each of the steps of the TSO controlled dispatch period.

Concerning the specific restoration tariff, Febeliec considers this formula to strike a good balance, while of course not being perfectly reflective of actual conditions. In any case, it provides a clear and upfront known market signal for all market parties. Febeliec would suggest that the quarter hourly outcome of the restoration tariff formula should also be published by Elia and/or CREG in order to ensure that there is no ambiguity whatsoever on which are the correct price levels to be applied. Concerning the two

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium



alternative options proposed by Elia for invoicing the restoration tariff, Febeliec is rather in favor for invoicing via the BRP, as the alternative proposal via the access holders comes with many risks and pitfalls, such as risk of double invoicing which would be unacceptable for Febeliec. Moreover, according to Febeliec this second option could lead to issues in the DSO grids as (some) Grid Users in the DSO grids can also be their own access holder, which would even create further problems to be solved in this alternative approach.

Answer confidential ?

Completely non-confidential

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium



7.2 Answer from Febeg

8.		A new answer to the consultation "20230407_Rules for suspension and restoration of market activities" has been submitted on our website.
Name	Jean-François Waignier	
Email	jean-francois.waignier@febeg.be	
Organization	FEBEG	
Comments/suggestions to the consultation	Please find our comments in attached document.	
	20230508 FEBEG CONS ELIA Rules suspension and restoration of market activities.pdf	
Answer confidential ?	Completely non-confidential	

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium





POSITION

Subject: FEBEG’s position regarding the public consultation on the “Rules for suspension and restoration of market activities” and the “Rules for settlement in case of suspension of market activities”

Date: 8 May 2023

Contact: Jean-François Waignier

Telephone: +32 485 77 92 02

Mail: jean-francois.waignier@febeg.be



Introduction

FEBEG wishes to thank Elia for the opportunity to ELIA’s Public consultation on the “Rules for suspension and restoration of market activities” and the “Rules for settlement in case of suspension of market activities”¹.

While we hope that such situations will never occur, it is indeed vital that we are well prepared and that the rules are clear and fair for all market parties.

The proposed changes by Elia can be summarised as follows: changes related to historical suggestions by CREG, limitation of the scope (reduced list of market activities that Elia is allowed to suspend at national level) and changes in the restoration tariff. FEBEG will focus on the restoration tariff in this consultation, since the new proposal by Elia is potentially very impactful for both the injection and the consumption side of the BRP portfolio. The other proposed changes seem reasonable and do not raise major concerns for FEBEG members.

The comments and suggestions of FEBEG are not confidential.

Restoration Tariff

According to FEBEG the following principles (similar to those of Elia) should be taken into account in case of a TSO-controlled dispatch:

- **Transparency:** formula used for the invoicing should be well known by market parties that will be exposed to it and its result should be published on Elia’s website
- **Financial neutrality for BRPs/suppliers/producers:** costs for grid restoration/injection should cover the actual cost for the electricity produced, and the Restoration tariff should be neutral overall (injection/offtake) for the BRPs/suppliers/producers

¹ https://www.elia.be/en/public-consultation/20230407_rules-for-suspension-and-restoration-of-market-activities

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l’Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium





POSITION

- **Cost reflectiveness:** formula should strive to cover the costs of the production units mobilized during the TSO control dispatch period by Elia to restore the grid in case of a bottom-up situation.

FEBEG notes that Elia is proposing the following Restoration Tariff: *"the average of 5 best representative Belgian day-ahead reference prices for this same MTU in the Belgian bidding zone."*

However, FEBEG is not convinced that the proposal of Elia is meeting criteria of financial neutrality and cost reflectiveness, indeed, according to FEBEG, the restoration tariff should as much as possible reflect the normal sourcing cost of the energy. Changing the approach because of exceptional circumstances (such as last year's gas prices) is not sustainable, since "crisis times" are the exception and "normal times" are the rule, and the Restoration Tariff should not be tailed to fit an exceptional time. In addition, regarding the specific proposal, there is absolutely no guarantee that the Day Ahead Prices of the last days reflect the sourcing cost of energy, in fact, the probability that this is the case will decrease drastically in the coming years due to the increased share of intermittent renewable energy sources. Two examples below show the possibility of non-alignment between the approach of Elia and the actual costs:

1. **Grid restoration after a period with high wind speeds / storm:** Imagine that in 2033, with 5.8 GW of offshore wind installed in the North Sea, there is a 7-day period with very high wind speeds, resulting in day ahead prices of 5-10 €/MWh. However, on the 8th day there is a huge storm, which results in a huge drop of injection of wind and grid issues, requiring a TSO-controlled Dispatch. The average price of 5-10 €/MWh would very likely be well below the normal sourcing costs for energy.
2. **Grid restoration after holiday period:** Imagine that the TSO-controlled Dispatch is activated right after the Christmas/New Year holiday period. The prices during the holidays are often much lower than the prices right before or after the holiday. Again, the situation occurring over the last 5-7 days could be completely non-representative for the period of TSO-controlled Dispatch.

For the above reasons, FEBEG would very much recommend a different approach, since the proposal of Elia could in practice have very large negative consequences for FEBEG members.

As an alternative, the proposed formula in 2018, namely based on the default price for the transfer of energy would be more appropriate as this formula attempts to reflect the sourcing cost.

$$[73 \% * 1/3 (CaI Y+2 + CaI Y+1 + M+1) + 27 \% AV (EPEX spot BE DAM)]$$

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium





POSITION

Concerning the price for the injected energy – which is produced following the instructions of Elia – it should reflect the real production cost specific for each power plant, conform the third criteria 'cost reflectiveness'. Indeed Elia may request the operation of an OCGT whose production cost may be much higher than the Grid restoration tariff, certainly if this would be based on market prices in the week preceding the TSO controlled dispatch period (such unit may then have been out of the money).

Therefore FEBEG requests that the initial proposal of Market Suspension Rules is maintained (to be updated for the SA contract instead of CIPU contract):

Pour l'énergie injectée par les unités de production d'électricité pour lesquels il existe une obligation de programmation de la production, une compensation financière est payable au BRP. La rémunération est calculée comme la rémunération applicable pour le jour de début de la période de « Dispatching contrôlé par le GRT », conformément aux paiements pour la procédure de nomination, tel que prévu à l'article 13.2.5 du contrat CIPU, mis-à-jour avec les prix du carburants et/ou le coûts du CO2 le cas échéant. Pour les unités pouvant être coordonnées de manière limitée ou ne pouvant pas être coordonnées, le tarif de rétablissement sera appliqué.

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium

