

Subject: FEBEG's position regarding the public consultation on the proposal of amendment of the T&C BSP aFRR

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## Introduction

FEBEG wishes to thank Elia for the opportunity to ELIA's Public consultation on the Proposal for Amendment to the T&C BSP aFRR<sup>1</sup>.

The comments and suggestions of FEBEG are not confidential.

FEBEG notes that Elia wishes to address the below topics in this consultation:

- Connection to the aFRR Platform
- Reduction of the full activation time to 5 minutes
- Moving the capacity auction from D-2 to D-1
- Method for activating aFRR energy bids
- Possibility to use a real-time baseline
- Participation of low-voltage Delivery Points
- Enabling a future application of Transfer of Energy for the aFRR market segment
- Other smaller amendments.

We like to address the Low-voltage and TOE topics separately from the more operational topics of the consultation.

## Main comments

We appreciated a lot the explanatory notes which give an excellent overview of the proposed changes. The efforts made to distinguish the different scopes of the consultation with color-codes are really welcome, in addition to the clear inclusion of the articles that are changed in the T&C.

As already mentioned at many occasions, the connection to Picasso is for FEBEG a very important project, and we are overall supportive of the T&C aFRR proposal. We appreciate the efforts being made by Elia to already prepare now the connection as of October, and not wait the outcome of the ACER consultation in August. We still do regret as well that so much time was needed to find a solution

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<sup>1</sup> [https://www.elia.be/en/public-consultation/20240228\\_public-consultation-on-the-proposal-for-amendment-to-the-tc-bsp-afrr](https://www.elia.be/en/public-consultation/20240228_public-consultation-on-the-proposal-for-amendment-to-the-tc-bsp-afrr)

Regarding the participation of low voltage we note that, overall, we don't see sufficient changes in this consultation/proposal in order to allow for a positive business case for the delivery of aFRR (or other ancillary/balancing service) at low voltage level.

## Detailed comments

### Connection to Picasso

FEBEG is very much looking forward for the connection to PICASSO. It should be noted that the BSPs have made the necessary investments to implement and enable the connection to PICASSO 2 years ago. We therefore urge Elia to ensure that the timeline will be respected and that the connection will effectively take place in October 2024. Any further delay would simply not be acceptable for FEBEG members.

We understand the amendments of the T&C as strictly necessary to allow the connection to PICASSO. As mentioned before at numerous occasions, FEBEG considers that the temporary cap/floor on contracted energy bids an acceptable solution to allow for a fast and timely connection to PICASSO. This solution does not differ so much from the cap & floor on all aFRR energy bid prices which was discussed 2 years ago. While we acknowledge the efforts made to align all the stakeholders, we call for more pragmatism and to keep the focus on a connection as soon as possible.

However, we do believe that these interventions should be limited in time and we are convinced that in the next years (2025,2026,2027) the cap/ floor should be relaxed and removed in close discussion with the market, in order to move towards the target model.

Concretely, we propose to have a structural and recurring evaluation, for example, based on a yearly review, to examine if the thresholds should be amended or withdrawn. We also would prefer to have a fixed "phase out" date after for example 3 years, unless the need of this threshold can be clearly demonstrated.

FEBEG will comment the elastic demand in the specific consultation that will soon be launched by Elia.

### aFRR activation – FAT – 5 min.

FEBEG understands that the move to Full Activation Time 5' is necessary to comply with European balancing guidelines. We do not have fundamental remarks on this, however, we would like to warn that the move to FAT 5' will most likely lead to less volumes offered by certain technologies. BSPs will adapt the volumes according to the evaluation of which power output can comply with it. We also wish to draw Elia's attention to the fact that a 5min FAT will exclude the participation of heat pumps at the low voltage.

Elia offers the possibility to react/deliver a (de)activation with a faster full activation time. While we welcome this possibility, we are currently lacking information to evaluate if this would be desirable for the well-functioning of the market. Indeed, it is not clear which aFRR bids will be selected, how bids with different ramp rates will be integrated in the common merit order list of Picasso and how the Elia controller will use them. We for example wonder if a more expensive bid could be activated before a cheaper one because it has a faster ramping rate. FEBEG believes that aFRR should remain a harmonized product and should not – de facto – become 2 different products i.e. one for very fast technologies and another one for technologies complying with FAT 5' but not more. We stress the fact that the selection of aFRR energy bids should strictly follow an economical merit order. Concretely, we like to underline that aFRR is one product, and should thus be treated this way. Should Elia see the need for defining 2 products, it should first determine the need for this, and treat these as such in the T&Cs. Indeed, we cannot accept the implementation of a non-transparent technico-economic merit order by Elia.

Further, the Belgian imbalance price should only be impacted by the selection of energy bids based on an economical merit order. If the selection would become technico-economical, we believe it would distort the market and be in conflict with European balancing guidelines.

### D-2 vs. D-1

We understand the proposal to move the aFRR capacity auction to D-1 as it further aligns with other balancing auctions and it is a prerequisite to implement a dynamic procurement of aFRR capacity.

FEBEG supports this evolution, but we want to raise an operational risk for assets who may/must participate to mFRR auctions and then be offered on the EPEX market. The operators cannot afford to face delays in the awarding process as it would jeopardize the bidding process on mFRR and EPEX for those assets. More concretely, we clearly expect the aFRR awarding and results publication to follow the happy flow and be available not later than 9h10. In very rare and exceptional circumstances, the results could be published at 9h30 but it will put a lot of stress on the teams. If results are not published by 9h30, it should trigger a second gate, but certainly not ad-hoc late operations (after 9h30) pushed on BSPs.

### Real Time Baseline

FEBEG supports Elia in the possibility to work with a RT baseline. It is true that the default baseline would not be applicable for certain technologies and consequently would create a barrier to entry. Introducing this RT baseline creates a level-playing field which will be at the benefits of market liquidity. We appreciate the efforts made by Elia.

## Low voltage delivery points

Specifically on the application of baseline to Low Voltage delivery points. FEBEG understands the logic behind opening aFRR to low-voltage delivery points. All technologies should have the possibility to participate to this market. The efforts made in amending the T&C BSP aFRR will not enable aFRR Low Voltage participation with a positive business case. We need to keep in mind the cost to deliver the service (OPEX, CAPEX) and the current metering requirements – which is still very stringent to our opinion – which are barriers to entry.

Elia identifies the increased market liquidity as one of the most important elements but we do not see this happening following the changes in this T&C. We believe that Elia should strike a better balance between metering accuracy and cost to deliver the service.

We would also welcome following clarification: do we understand correctly that if multiple assets in same Home/EAN are connected to the same gateway then they are all in the same pool by design as per EAN?

While we are aware that Elia cannot test something outside of the “offered” time window (namely they cannot test when the FSP did not submit any offers) we do regret the overall impact on the customer of this monthly test and the fact that there is no compensation. This has an overall negative impact on the business case and is a barrier to offer these services.

## Transfer of Energy

For the specific case of the transfer of energy, FEBEG is very firm that its members should be neutralized at all times for the imbalance and the ‘vol d’énergie’ at all times. A situation where this would be (i) too complex, (ii) transfer price would be too low or (iii) even impossible by the regulation is not acceptable for FEBEG members. We ask Elia to guarantee a fair market design irrespective of the voltage level (TSO-connected delivery points do already compensate for the sourcing costs).

It has been some time that FEBEG has advocated for the individual correction model as presented by Elia. The multiple BRP scheme is also a good way to tackle this issue. FEBEG wants to thank Elia for the efforts done in the past but also in the future with DSOs.

With regards to the other amendments, most of them are related to the 2023 study on prequalification, control and penalties for the aFRR and mFRR Services, FEBEG does not intend to repeat its feedback shared in the consultation and the 3 workshops and refers to its reaction to the public consultation<sup>2</sup>.

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<sup>2</sup> FEBEG comments on ELIA’s public consultation on the prequalification, control, and penalties for the aFRR and mFRR services (23/10/2023)

### Other topics: penalties and prequalification

We understand and support the evolutions of the prequalification tests because it will lower the barriers to participate to aFRR market. However, at the time of the incentive, we clearly mentioned that the part about penalties was not sufficiently addressed (Elia indicating a lack of time to include FEBEG comments in the report submitted to the CREG). FEBEG members provided fair feedback on the calibration of the penalty, and Elia acknowledged that the points raised were valuable. The main pain point was the inclusion of the capacity remuneration in the penalty for missing energy. This is discriminatory to technologies having high reservation costs as it will unnecessarily inflate the penalty. Likewise in mFRR, capacity should not be introduced in this penalty because there is no link.

### Conclusion

FEBEG wants to thank Elia for this extensive consultation. Among the many topics addressed, we want to make clear that a timely connection to PICASSO is the absolute priority.