

CONSULTATION REPORT

**Report on the public consultation on
the proposal of exemption from the
obligation to procure upward and
downward balancing capacity for
aFRR separately**

22/10/2024



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1. Introduction

Elia organized a public consultation from 5 September 2024 to 5 October 2024 regarding proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately. During the public consultation, the proposal has been discussed with stakeholders during the working group energy solutions that took place on the 30th of September 2024.

The purpose of this report is to consolidate the feedback received during the public consultation and to reflect Elia’s response and position.

2. Feedback received

During the public consultation, Elia received the non-confidential replies from the following parties:

- BSTOR
- FEBEG
- Febeliec

All non-confidential responses have been appended to this report.

3. Instructions for reading this document

This consultation report is structured as follows:

- Section 1 contains the introductory context,
- Section 2 gives an 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 related to the provided comments,
- 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 documents published for consultation, the reactions received from the market participants (annexed to this document) and the final proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately.

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

Subject	Stakeholder	Comment	Justification
A	B	C	D

A. Subject matter covered by the various responses received.

- B. Stakeholder making 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.
 - o In doing so, an attempt was made to list/consolidate all comments received.
 - o 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 the terminology has been harmonized to make the report easier to read.
- D. This column contains Elia's response to the comment received.

4. 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
<p><i>Elia's proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately</i></p>	<p>BSTOR</p>	<p>In general, BSTOR strongly supports the principles of asymmetric procurement of ancillary services, and more widely of all principles fostering a technology-neutral level playing on those markets.</p> <p>On the specific case of aFRR in Belgium, a long interactive process involving the TSO, the NRA and all stakeholders had led to a widely supported consensus on a roadmap to implement such level-playing field within a reasonable timing and with reasonable impact on the procurement costs. The latter consensus includes maintaining symmetrical procurement for a share of the procured volume that will fade out with time and with the emergence of liquidity on the market.</p> <p>However, we request this to be the last exemption period in order to finally reach compliancy with the EBGL and the Clean Energy Package thereafter, stating that services should be non-discriminating and technology neutral and that procurement of upwards and downwards capacity should be carried out separately.</p> <p>We therefore wish to express our support to the exemption request made by Elia, but we call for a fully EBGL/CEP compliant procurement process as from 2028, and more urgently, for a roadmap to reach such compliancy</p>	<p>Elia would like to thank BSTOR for its support for the proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately.</p> <p>Elia would further like to react to BSTOR's statement that symmetrical procurement would be maintained for a share of the procured volume that would be gradually reduced. Specifically, Elia would like to clarify that there is no minimum volume imposed that would need to be procured via symmetrical bids. Indeed, the full aFRR capacity can be procured via aFRR capacity bids offered for a single direction only. In this regard, Elia is convinced that the current aFRR capacity auction design is technology-neutral and not discriminatory.</p> <p>Finally, regarding future developments, Elia will indeed re-evaluate the need for the exemption at the latest 18 months before the</p>

			<p>end of the exemption. Depending on the outcome of this evaluation, a new exemption might be requested or not.</p>
	<p><i>FEBEG</i></p>	<p>Generally speaking, we do not have fundamental remarks on the documents under consultation. Elia framed the discussion in a correct manner, and also made a consistent proposal that is acceptable for the FEBEG members.</p> <p>One of the main arguments of Elia, to ask for an extension of the exemption, is the procurement cost. Elia points out that units with must-run costs are still selected for a non-neglectable percentage of the time. Consequently, if Elia would contract separately aFRR up and down, this would result in a higher procurement costs. Indeed, we understand that Elia could very well pay 2 times the must-run cost for the same unit if it is procured separately in up & down. FEBEG agrees with this conclusion and believes it would be an undesirable side effect of the separate contracting of reserves.</p> <p>Furthermore, FEBEG considers that the current rules governing the aFRR capacity bidding and awarding have a very limited to no impact on the BSP's that only have the possibility to offer asymmetrical bids. Indeed, the asymmetrical capacity offers per 4 hours (per-CCTU) will be combined to form a fictive 24h (all-CCTU) capacity offer and this latter will compete with the capacity offers per 24 hours (regular all-CCTU).</p> <p>Ultimately, the BSPs traditionally offering 24h capacity bids - even though Elia expects combined offers for up and down volumes at the same time – are equally obliged to offer all other combinations with null volume in one direction and/or non-null volume in the other direction. Therefore, we don't see an urgency in moving towards asymmetrical bidding. One could even consider asymmetric bidding to be implemented with the safeguards put in place by Elia.</p> <p>FEBEG supports the conclusion of Elia because the current methodology helps minimizing the procurement costs and, at the same time, does not hamper the BSPs.</p>	<p>Elia would like to thank FEBEG for its support for the proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately.</p>

	<i>Febeliec</i>	Febeliec supports this proposal, as it remains (under the current conditions) the most efficient way to procure aFRR.	Elia would like to thank Febeliec for its support for the proposal of exemption from the obligation to procure upward and downward balancing capacity for aFRR separately.
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5. Next steps

Considering the positive feedback from the stakeholders regarding the current proposal for exemption from the obligation to procure upward and downward balancing capacity for aFRR separately, no changes have been made to the proposal before it has been submitted to the CREG.

6. Attachments

Contact

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