CONSULTATION REPORT

# Report on the revision of the Energy Management Strategies requirements for Delivery Points with Limited Energy Reservoirs

**19/12/2024**

# Contents

# 1. Introduction

Elia organized a public consultation from 11 October to 11 November 2024 regarding the Proposal for Amendment to the Energy Management Strategy Requirements for Delivery Points with Limited Energy Reservoirs. Prior to this public consultation, the proposed amendments have been discussed with stakeholders during dedicated workshops that took place on the 21st of June 2024 and the 20th 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:

- Centrica;
- FEBEG;
- Bstor;
- Bnewable.

In addition, Elia received one confidential reply.

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 EMS requirements document.

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

| Subject | Stakeholder | Comment | Justification |
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| 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.
    - In doing so, an attempt was made to list/consolidate all comments received.
    - 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 arguments as to why a comment was or was not included in the final Proposal for Amendment to the Balancing Rules.

# 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 | STAKE-HOLDER | FEEDBACK RECEIVED | ELIA'S VIEW |
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| **General feedback related to the EMS requirements** | **BSTOR** | BSTOR generally understands the need for clear and transparent guidance on energy management requirements and supports the revision and harmonization of current requirements.<br><br>BSTOR generally understands the need for clear and transparent guidance on energy management requirements and supports the revision and harmonization of current requirements, but has at the same time some concerns.<br><br>BSTOR feels that the focus put by Elia on energy management strategies for limited energy reservoir may be exaggerated. It is just one among other technical requirements for taking part to the services, to which the same, not less, not more attention should go as other requirements in prequalification and monitoring checks.<br><br>Every technology (thermal plants, demand response, renewables, etc.) indeed comes with its operational constraints, and with risks to fail delivering contracted power for unlimited periods in time and/or within the required FAT and/or for the full contracted power, that can be inherent to the limitations of the technology or to associated gaming behavior. | Elia would like to thank BSTOR for the support for the revision and harmonization of the EMS requirements.<br><br>Elia would also like to thank BSTOR for sharing the reflections related to the emphasis on assets with a limited energy reservoir. Elia agrees with BSTOR that different technologies face different technical constraints. In that sense, the prequalification process aims to ensure that the assets intended to be used to meet an aFRR capacity obligation (together) are effectively capable of delivering the service. In the past, the emphasis was primarily on the ability to follow a setpoint and to deliver the requested power within the full activation time (i.e., the prequalification test). However, **considering the increasing participation of LER in the FCR and aFRR balancing markets and the constraints inherent to such assets, Elia believes it is justified and required to foresee an additional step** in the prequalification process to ensure assets with a limited energy reservoir can continuously deliver the contracted service. |
| | **Centrica Energy** | As an operator of battery assets within the Elia network, CE overall has a positive view of the proposed modifications to the EMS requirements. | Elia would like to thank Centrica Energy for the overall support for the proposed modifications. |

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| | **FEBEG** | FEBEG would like to emphasize that this is a topic of utmost importance. The amount of installed LER capacity will keep growing in the coming years and we do believe that transparent and efficient rules need to be described and validated as soon as possible. BSPs active on LER will implement their optimization processes and the bidding strategies on ancillary market is a part of this portfolio optimization.<br><br>Overall, we support the approach of Elia which aims at striking the right balance between (i) relying on contracted reserves that are genuinely available (hence detailing what is allowed/ not allowed to do) and (ii) not putting overly complex rules which would undermine the market liquidity. This balance will ultimately contribute to social welfare in the sense that it should safeguard grid security (by ensuring reliable contracted reserves) and increase market liquidity (by not limiting the amount of non-contracted energy bids). | Elia thanks FEBEG for their support and acknowledges the importance of this topic considering that the amount of installed capacity of assets with a limited energy reservoir is increasing.<br><br>Elia would like to confirm that it aims to provide rules that are transparent and strike the right balance between ensuring genuinely available contracted reserves and avoiding overly complex rules that could undermine market liquidity. |

## 4.2 Specific comments received during the public consultation

| SUBJECT | STAKE-HOLDER | FEEDBACK RECEIVED | ELIA'S VIEW |
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| **EMS requirements for combo's of contracted services** | **Bnewable** | Regarding the current consultation on the EMS requirements for LERs, we appreciate Elia's effort to harmonize the requirements for FCR and aFRR balancing services. | Elia would like to thank the stakeholders for their support of the recommended changes with respect to combo's of contracted services. |
| | **BSTOR** | BSTOR appreciates the improved framework around combining contracted services. | |
| | **Centrica Energy** | We support the conclusion that EMS requirements should not be extended to the mFRR program. | |
| **EMS requirements for combo's of contracted and non-contracted services** | **BSTOR** | BSTOR appreciates the improved framework around combining contracted with non-contracted services. | Elia wants to reaffirm that the **EMS requirements are not applicable in case only non-contracted services are provided.** This is also described in the EMS requirements as consulted: *"No EMS requirements apply for Delivery Points with Limited Energy Reservoir participating solely to non-contracted services, i.e., market segments or services for which there is no obligation to offer the service for a sustained period, such as the day-ahead and intraday energy markets and/or the offering of non-contracted aFRR/mFRR energy bids."*<br><br>Elia would however like to recall that the provision of non-contracted services affects the energy in the reservoir and consequently could impact the ability to supply the service.<br><br>As such, Elia believes some **minimal information related to the use of the DP with LER for non-contracted services is needed in case such services could be provided together with the contracted service**. Specifically, Elia only requires information related to: |
| | **Bnewable** | We want to address the new requirement of including into the EMS description all non-contracted services that the LER might perform. We understand the need for such requirement when part of the battery power or storage capacity is shared by contracted and non-contracted services (e.g. in the explanatory note you describe a use case where a +/- 9MW power band can be used for non-contracted services when the SoC is in the range 40-60%, and serves as aFRR SoC management power when SoC is outside those bounds). However, another way to combine contracted and non-contracted services is to virtually split the battery in two. In this case there is no shared power or shared storage capacity, and the two virtual batteries operate as if they were physically distinct. In such operation mode there is no justification for Elia to approve what services the non-contracted virtual battery can participate in.<br><br>Moreover, in a behind-the-meter (BTM) battery context such as Bnewable, the range of non-contracted services a battery may operate in is far broader than in a front-of-the-meter (FTM) context. Asides from non-contracted market services like intraday trading there is a whole range of local services the battery may have to perform, such as peak-shaving or self-consumption optimisation. A whole new | |

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| | | range of DSO grid services is also opening up, such as congestion services or reactive power services. It is therefore a significant burden for BTM batteries or DSO-connected batteries having to describe all non-contracted services the battery may perform, under what conditions and with what lead times. This list would also have to be extended or amended as new services appear, turning the one-off task into a recurrent obligation. | 1) the **maximal power that could be used for offering non-contracted services** together with the contracted service, and<br>2) The **conditions under which this power could be used** (e.g., depending on the SoC)<br>**<u>Update</u>**: Elia proposes to not request information related to the lead time of the non-contracted services considering the feedback provided and the fact that the lead times for all non-contracted services tend to be limited.<br><br>Elia would however like to clarify **that it does not request a description of the different non-contracted services the DP with LER might be used for**.<br><br>Elia further understands the idea of **virtually splitting the battery** into a part offering the contracted service and a part offering non-contracted services and has investigated the possibilities for such an approach. However, Elia believes the benefits such a framework would offer relative to the proposed EMS framework are unclear. In contrast, Elia believes a fixed and ex-ante virtual split of the battery could provide unnecessary restrictions on the valorization of the remaining power (e.g., in case of being partially awarded in the FCR/aFRR capacity auction or in case the state of charge allows using the power reserved for state-of-charge management temporarily for non-contracted services. While BSPs are free to virtually split the batteries for the operation of the asset, Elia believes it is not desirable to impose a framework based on virtual battery splits. In addition, Elia has some concerns related to the idea of virtual battery splits:<br>• Such an approach could provide certain gaming opportunities, e.g., circumventing certain rules such as those related to imbalance charging for aFRR.<br>Such an approach would imply having two delivery points (the virtual batteries) under one metering system. |
| | **Centrica Energy** | We do not agree with the proposal that the intended use of the DP with LER for non-contracted services needs to be described in the EMS. This requirement would be overly burdensome. Given that that the EMS already sets out what will be provided for FCR/aFRR services, any further requirements would only add difficulty to a market participant's decision making, even when they are not in breach of the rules governing their EMS.<br><br>If this proposal were still to be pursued, CE suggests the requirement for describing the non-contracted services only applies to power that is used in the EMS. For example, in the case of partial selection in the contracted service, when there is battery power that is not required for the EMS, there should be no limitations on how that power is used. | |
| | **FEBEG** | It is absolutely key that non-contracted reserves are exempted of this scheme. BSP should in this case manage the availability of energy bids by making multiple updates before the respective gate closure times (GCT). | |
| **Conditions related to an EMS based on Intraday transactions** | **Centrica Energy** | The proposal to relax the intraday products, and therefore allow market participants to manage assets closer to real time is welcomed. | Elia would like to thank Centrica Energy, BSTOR and Bnewable for their support for the proposal. |
| | **BSTOR** | BSTOR appreciates the opening towards trading sub-hourly products on the intraday market | |

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| | **Bnewable** | We also welcome the possibility to use 15-min and 30-min intraday products, allowing for more precise Energy Management Strategies for LERs. | |
| **Difference between imbalance charging and reactive balancing** | **BSTOR** | BSTOR requests clarification on the difference between reactive balancing and imbalance charging and how the distinction between the two is going to be made in practice. Does it only depend on whether the direction of the activation helps restoring the system imbalance? | Elia updated the EMS requirements to clarify that "Imbalance charging refers to the recovery of the SoC by changing the offtake from (injection in) the grid without any compensation measures (state-of-charge supporting technical units or trades on the ID market) and **irrespective of the system imbalance**." Reactive balancing hence differs from imbalance charging as BSPs performing reactive balancing duly consider the system imbalance and/or imbalance price. |
| **Proposed approach for regularly updating the dataset for the statistical proof** | **BSTOR** | BSTOR appreciates the improved framework around the statistical analysis to demonstrate the capability of delivering certain volumes | Elia would like to thank BSTOR for its support of the proposed change with respect to the statistical proof and dataset. |
| | **Centrica Energy** | It would be appreciated if Elia could give some additional details explaining how the dataset handles the period where the previous one year contains Picasso and non-Picasso periods. | Elia would like to clarify that the dataset will initially span both periods from before and after the PICASSO connection. However, the methodology for simulating the aFRR activations does not change significantly after the connection to PICASSO as PICASSO exchanges are already reflected in the global control target. For the period after the connection to PICASSO, the data will incorporate information on the CBMP as Elia no longer selects upward (downward) bids above (below) the CBMP. |
| **Entry into force of the updates EMS requirements** | **FEBEG** | The document under consultation correctly framed the allowed EMS requirements and the subsequent monitoring. However, FEBEG misses a general timeline and dates where changes would enter into force. We wish to remind that BESS are being developed (some of them in the framework of CRM) and these follow ambitious plannings. Any new requirements can only delay the participation of these units in the ancillary markets (for contracted reserves). Such delays would be very unfortunate for the social welfare and costly for market participants. FEBEG would have appreciated more visibility on the timeline.<br>**From the conclusion:**<br>*Provide clear visibility on the planning/ Timeline of the entry into force of the EMS requirements.* | Elia proposes that the new EMS requirements enter into in force as of February 2025 (together with the updated dataset).<br><br>With respect to the proposed targeted monitoring, Elia would like to recall that the specific requirements related to monitoring would require amendments to the T&C BSP aFRR and T&C BSP FCR. As such, the elements related to the monitoring will not enter into force before a corresponding amendment of the T&C BSP aFRR and FCR. |
| **Energy management strategies based on intraday markets and transfer of obligation** | **FEBEG** | We are aligned with Elia that the following strategies are allowed: Use of SoC supporting assets and Use of Intraday market. However, we would like to bring some nuance on the strategy to use the intraday market. We see 2 important risks that should be monitored by Elia. | Elia would like to thank FEBEG for the comprehensive remark.<br><br>Elia agrees that there can be moments where there could be incentives for BSPs to not perform the state-of-charge supporting actions that would be required to ensure the ability to deliver the |

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| | | Firstly, procuring the energy (to restore SoC) on ID market is likely to show a correlation between high needs and extreme prices. If the SoC of a LER is low, there is large chance that sourcing energy is expensive at that time. High sourcing prices to restore SoC should in no way be arbitrated (against aFRR delivery) nor discourage the BSP to comply with its energy management strategy.<br><br>Secondly, while we acknowledge the increase in ID market liquidity, it does not mean as such that BSPs can perfectly and timely operate the ID trade. We should not underestimate the operational complexity to perform the entire chain of closing an ID trade (from making an exchange or OTC deal until making a correct nomination).<br><br>Those 2 fears are even more relevant for the strategy which consists in closing a transfer of obligation. From our experience, the liquidity on ToO as well as the time needed to perform all the operational steps associated to a ToO bring too many uncertainties. This cannot be considered as a valid strategy as long as it can be demonstrated there was significant improvement in the liquidity and timely execution of ToO. Elia certainly have relevant data to make this analysis...<br><br>We are aligned with Elia on the asymmetric pricing strategy. Updating energy bid prices with the purpose to position yourself in the merit order to avoid too many activations cannot be a valid strategy. This would be detrimental to the quality of the service delivered to Elia with, ultimately, negative impacts on the final consumers.<br><br>However, we would like to remind that a BSP should have the right to price its energy bids in a way that represents its estimation of the value of energy at that given moment. If a LER is running short and it is due to large upwards needs and an energy market being overall short, the energy bids should be priced according to the estimated value of energy (hence, will probably be more expensive that in 'normal circumstances').<br><br>We are fully aligned with Elia that the following strategies are not valid: use of tolerance band in the activation control and imbalance charging (for aFRR). Both of them would have detrimental effects for the grid. Furthermore, Imbalance charging would be conflictual with a correct aFRR activation control.<br><br>**From the conclusion:**<br>*Be careful with the following 2 strategies:* | contracted service. For that reason (among others), Elia indeed considers monitoring of the EMS essential.<br><br>With respect to energy management strategies based on transfer of obligations, Elia would like to recall that an energy management strategy purely based on transfer of obligation cannot be considered as sufficient (as explained in the EMS requirements). |

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| | | • *The use of Intraday market strategy should be closely monitored during periods of more extreme market prices.*<br>• *The use of Transfer of Obligation strategy should be allowed only with strong guarantees and fact-based analysis that it is operationally possible.* | |
| **Threshold for rejection of an EMS** | **Centrica Energy** | The consultation does not discuss the threshold of rejection of the documentation should they contain any unintended errors. Further clarity that could be given on this point would be welcomed, as without this there remains uncertainty. | Elia would like to clarify that in case (unintended) errors are discovered when evaluating the proposes EMS, such errors would be discussed bilaterally. The BSP is given the possibility to correct these errors before the final validation of the EMS. |
| **Proposed monitoring approach** | **Bnewable** | We regret the additional burden that the new "targeted monitoring" introduces. Implementing aFRR is already today a huge endeavour: only in terms of IT one needs to integrate its systems with at least 4 different Elia platforms (STAR, BIPLE, RTCP, ATP, …. – some of these platforms being intended for monitoring and availability tests already). Bnewable is strongly opposed to making aFRR implementation and operations even more complex, certainly when the need for additional monitoring is not justified by frequent occurrences of LERs failing to deliver balancing activations. As a side note, we also do not understand in what sense this monitoring would be "targeted" as it seems to be a task to be executed by all BSPs and LERs, every year. | Elia would like to thank all respondents for the input on this subject and observes that **different stakeholders have expressed mixed views regarding the proposed monitoring approach**.<br>• Certain stakeholders did express some concerns related proposed monitoring approach, especially the fear of increased administrative burden.<br>• A stakeholder has expressed its opinion that Elia should rather be focused on the monitoring and fast-track the EMS validation phase.<br><br>Elia would first of all like to recall that it **considers monitoring of the EMS essential to ensure service delivery** as i) a validated EMS might not remain sufficient due to changing market circumstances, and ii) there could be incentives for BSPs to not operate the DP with LER in line with the validated EMS. In this regard, Elia agrees with FEBEG that the activation control incentives and, for aFRR, the exposure to the imbalance price do provide certain incentives for BSPs to deliver the service correctly. However, as discussed in the first workshop, these incentives might not in all moments be sufficient to ensure taking the required state-of-charge supporting actions needed to guarantee correct service delivery due to the infrequent occurrence of long-duration aFRR activation events and the potential high costs of state-of-charge supporting actions, as also acknowledged by FEBEG in another remark.<br><br>With respect to the operational/implementation complexity of the proposed monitoring approach and the additional burden it would |
| | **BSTOR** | BSTOR further feels that Elia proposals are drafted using as a reference a too idealistic model of a large, stand-alone battery storage systems identified as an "energy tank" with very well identified capacity and remaining "headroom" for additional chargeable and dischargeable capacity, while:<br>• Energy limited assets also include demand side units on which concepts such as state of charge and energy retention capacity can't be easily computed or monitored (cooling process that can be delayed as long as temperature within certain band for instance)<br>• BSPs rely on pools with increasing number of assets of all types of power and voltage level, on which applying a certain state of charge and energy retention capacity is impossible/goes with statistical intervals of confidence etc;<br>• Even for large scale BESS, state of charge and energy retention capacity aren't as unequivocal indicators as Elia seem to believe.<br><br>BSTOR recognizes the need for energy management requirements during the prequalification stage for assets with a limited energy reservoir are justified since | |

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| | | prequalification happens on well identified (pools of) technical units but believes structural monitoring during service delivery brings significant additional burden, may get very complex in large portfolios, should remain technology neutral and focus on the BSP portfolio as a whole not on specific assets.<br><br>BSTOR supports Elia's view that both availability tests and continuous monitoring aren't adequate solutions because too expensive and complex. However, we also have several concerns with the targeted monitoring:<br>• If a monitoring strategy would be implemented, it should be technology neutral for complying with the EBGL, meaning all technologies participating in ancillary services should report on their operational limitations. Otherwise this creates additional burden for LERs specifically, creating an unfair competition.<br>• For the sake of technology neutrality (and standardization procedures) the same set of parameters should apply to all technical units/pools, which seems difficult to achieve in BSTOR's opinion.<br>• Additional burden for BSPs (and Elia) while the need for monitoring has not emerged yet.<br>• Which data would Elia precisely need, and how would a BSP need to prove certain behavior is or isn't linked to the EMS?<br>• Complex in large portfolios: as the share of decentral (LER in particular) assets is growing in pools, it would get increasingly complex to justify the behavior of single assets, or of a part of the capacity of the LER asset itself, which are likely to operate outside the pool as well, eg reacting to imbalance price or intraday trading which is not necessarily related to energy management.<br><br>As a result, BSTOR requests Elia to make sure and establish that the burden for proposed monitoring procedure (including for Elia) is compensated by sufficient added value, and in fact doubts it is the case due to the impossibility to establish a "one size fits all" parameter set, on which Elia could program standard post-processing.<br>Instead, BSTOR proposes to stick with the current ad hoc monitoring approach; where Elia can request justification in case of suspicious activity, which can also be done much closer to real time than the proposed approach. | put on BSPs, Elia would like to emphasize that it has taken the additional complexity of the monitoring into account as an important criterion when making its recommendation and considers that the current proposed approach minimizes the additional complexity on Elia and BSP side.<br><br>Elia further observes that, despite some concerns being raised, none of the stakeholders have expressed a preference for one of the other monitoring approaches that have been analyzed and discussed (except for BSTOR, which recommended to stick to the current ad-hoc monitoring).<br><br>With respect to complexity in case of large portfolios and the pooling of an increasing number of assets, Elia would like to emphasize that BSPs are allowed to deliver aFRR using a pool of Delivery Points. In the context of the energy management requirements, it is already possible to demonstrate that a pool of Delivery Points, consisting of one or more Delivery Points with Limited Energy Reservoir and/or one or more Delivery Points that are not qualified as having a Limited Energy Reservoir, are together capable of meeting the requirements of the service.<br><br>Elia furthermore recognizes that certain type of assets, for example distributed assets, such as heat pumps or electric vehicles, also have certain limitations related to the energy that can be delivered and/or their availability. In this context, Elia does not exclude that the current framework of prequalification might need to be extended in the future.<br><br>For the above-mentioned reasons, **Elia believes that from the evaluated options, the proposed target monitoring remains to be the most suitable monitoring approach**. **However, since implementing such a monitoring approach would require changes in the T&Cs, and considering that such changes are not planned for the coming months, Elia will take this opportunity to further analyze the possibilities to reduce the administrative burden of the targeted monitoring approach**. |
| | **Centrica Energy** | We do not endorse this inclusion [the application of the targeted monitoring for FCR]. Elia is currently investigating the possibility of continuous monitoring in FCR, we suggest to onboard EMS monitoring into this evolution. The application | |

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| | | of the targeted monitoring for FCR will increase the administrative and technical burden on (Balancing Service Providers) BSPs and the value would not outweigh these additional costs/burdens. | Finally, on the possibilities and benefits of expediting the validation process of the EMS strategy while relying on a stricter monitoring, Elia would like to raise the following points:<br>• Elia believes the proposal to establish a clear template for the submission of an EMS and the statistical proof is a crucial step in enhancing the validation process. Indeed, the application of a clear template avoids the submission of an EMS with missing information and/or unclarities.<br>• Elia understands that a (fundamental) amendment to the energy management strategy of the BSP would also require implementation efforts on BSP-side that are potentially significant. In this regard, Elia has certain questions on whether the validation of the EMS would be the limiting factor in case of a (fundamental) amendment to the energy management strategy would be proposed.<br><br>Nevertheless, Elia understands the need for providing fast feedback on the EMS validation and will therefore aim to provide first feedback to the submission of an EMS in a timely manner. It should be noted that it is also in Elia's interest to onboard as fast as possible new flexibility providers. In addition, Elia believes experience needs to be gained with the monitoring approach before considering a more limited EMS validation process. |
| | **FEBEG** | FEBEG understands that EMS requirements serve 2 different purposes:<br>• Validation/prequalification phase.<br>• Service delivery/monitoring phase.<br><br>On the one hand, FEBEG believes the EMS validation is a prerequisite to start offering contracting reserve in a safe manner: we understand that we need to proof to Elia upfront that we have carefully reflected about our EMS strategy for grid safety.<br><br>On the other hand, we want to have sufficient flexibility and have no unnecessary restrictions/limitations because we have decided on an EMS strategy one year upfront:<br>• without a strict EMS strategy, market parties are still incentivized to have enough energy to deliver aFRR/FCR because of the penalties and the imbalance price.<br>• if batteries don't have sufficient flexibility in setting the EMS, this is not only bad for the BSP/BRP but also for the energy system because they cannot contribute optimally to support the system.<br>• market parties need to be able to capture market trends fast: this is not possible if they need to always wait one month, and then Elia still can decline: this is a limitation we don't want.<br><br>Elia is active with some ongoing initiatives (incl. The simplification of prequalification) to decrease the barriers to enter ancillary markets. In this context, the best way forward seems to allow for a fast track EMS validation but be rather sharp on the monitoring of the executions of the strategies. We believe that Elia should regularly monitor the correct execution of the EMS, but the monitoring should be organized in such a way that the administrative burden is limited as much as possible. Market should indeed flag the trades they use for the battery, but heavy monthly reporting obligations should be avoided.<br><br>**From the conclusion:**<br>Find the right balance between EMS validation and monitoring. EMS validation – as long as fulfilling the EMS criteria's - should fast-track validated (e.g. within 10 days after submission by BSP) with the purpose to limit barriers to enter the | |

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| | | market. However, the monitoring of EMS compliance can be more frequent and accurate with the purpose to ensure the high quality of service delivery; | |

# 5. Other amendments and next steps

The next steps are as follows:

- Publication of the updated EMS requirements on the Elia web page
- Update of the dataset to be used for the EMS validation published on the Elia web page
- Further assess the possibilities of reducing the administrative burden related to the monitoring approach in preparation of the future integration of the monitoring requirements in the T&C BSP FCR and the T&C BSP aFRR

# 6. Attachments

**Contact**

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**Elia System Operator SA/NV**
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- **Name:** Damien Lepage
- **Email:** damien.lepage@bnewable.com
- **Organization:** Bnewable
- **Comments/suggestions to the consultation:** Bnewable, as an emerging Belgian energy company specialising in (behind-the-meter) hybrid battery storage systems, we would like to express our sincere appreciation for the opportunity to participate in the public consultation regarding the 'revision of the requirements concerning the Energy Management Strategy (EMS) for the Delivery Points with Limited Energy Reservoirs (DP with LER)'. We are pleased that Elia is committed to transparency and involvement of diverse market participants, including newcomers like us.

  First and foremost, we want to emphasize that our reaction to this consultation is non-confidential, and we would appreciate its inclusion in the consultation report.

  Regarding the current consultation on the EMS requirements for LERs, we appreciate Elia's effort to harmonize the requirements for FCR and aFRR balancing services. We also welcome the possibility to use 15-min and 30-min intraday products, allowing for more precise Energy Management Strategies for LERs.

  We however regret the additional burden that the new "targeted monitoring" introduces. Implementing aFRR is already today a huge endeavour: only in terms of IT one needs to integrate its systems with at least 4 different Elia platforms (STAR, BIPLE, RTCP, ATP, …. – some of these platforms being intended for monitoring and availability tests already). Bnewable is strongly opposed to making aFRR implementation and operations even more complex, certainly when the need for additional monitoring is not justified by frequent occurrences of LERs failing to deliver balancing activations. As a side note, we also do not understand in what sense this monitoring would be "targeted" as it seems to be a task to be executed by all BSPs and LERs, every year.

  Finally, we want to address the new requirement of including into the EMS description all non-contracted services that the LER might perform. We understand the need for such requirement when part of the battery power or storage capacity is shared by contracted and non-contracted services (e.g. in the explanatory note you describe a usecase where a +/- 9MW power band can be used for non-contracted services when the SoC is in the range 40-60%, and serves as aFRR SoC management power when SoC is outside those bounds). However, another way to combine contracted and non-contracted services is to virtually split the battery in two. In this case there is no shared power or shared storage capacity, and the two virtual batteries operate as if they were physically distinct. In such operation mode there is no justification for Elia to approve what services the non-contracted virtual battery can participate in.
  Moreover, in a behind-the-meter (BTM) battery context such as Bnewable, the range of non-contracted services a battery may operate in is far broader than in a front-of-the-meter (FTM) context. Asides from non-contracted market services like intraday trading there is a whole range of local services the battery may have to perform, such as peak-shaving or self-consumption optimisation. A whole new range of DSO grid services is also opening up, such as congestion services or reactive power services. It is therefore a significant burden for BTM batteries or DSO-connected batteries having to describe all non-contracted services the battery may perform, under what conditions and with what lead times. This list would also have to be extended or amended as new services appear, turning the one-off task into a recurrent obligation.

  Bnewable looks forward to receiving clarity on the concerns raised regarding the amendments of the EMS requirements for the DPs with LERs. Bnewable is and remains fully available for further discussions on the positions outlined above and is willing to actively contribute and cooperate to the practical and timely implementation of these new requirements.
- **Upload additional documents if needed:**

**Answer confidential:** Completely non-confidential

# Answer from BSTOR SA/NV to the public consultation on the revision of the FCR and aFRR Energy Management Strategies requirements for Delivery Points with Limited Energy Reservoirs

BSTOR SA/NV ("BSTOR") welcomes the opportunity given by Elia to provide feedback and would like to thank Elia for their efforts to provide clarity and transparency on the proposal.

Please find below BSTOR contribution to the consultation. This answer can be considered as non-confidential.

## Answer to the consultation

BSTOR generally understands the need for clear and transparent guidance on energy management requirements and supports the revision and harmonization of current requirements, but has at the same time some concerns.

BSTOR feels that the focus put by Elia on energy management strategies for limited energy reservoir may be exaggerated. It is just one among other technical requirements for taking part to the services, to which the same, not less, not more attention should go as other requirements in prequalification and monitoring checks.

Every technology (thermal plants, demand response, renewables, etc) indeed comes with its operational constraints, and with risks to fail delivering contracted power for unlimited periods in time and/or within the required FAT and/or for the full contracted power, that can be inherent to the limitations of the technology or to associated gaming behaviour.

BSTOR further feels that Elia proposals are drafted using as a reference a too idealistic model of a large, stand-alone battery storage systems identified as an "energy tank" with very well identified capacity and remaining "headroom" for additional chargeable and dischargeable capacity, while

- Energy limited assets also include demand side units on which concepts such as state of charge and energy retention capacity can't be easily computed or monitored (cooling process that can be delayed as long as temperature within certain band for instance);
- BSPs rely on pools with increasing number of assets of all types of power and voltage level, on which applying a certain state of charge and energy retention capacity is impossible/goes with statistical intervals of confidence etc;
- Even for large scale BESS, state of charge and energy retention capacity aren't as unequivocal indicators as Elia seem to believe.

BSTOR recognizes the need for energy management requirements during the prequalification stage for assets with a limited energy reservoir are justified since prequalification happens on well identified (pools of) technical units, but believes structural monitoring during service delivery brings significant

additional burden, may get very complex in large portfolios, should remain technology neutral and focus on the BSP portfolio as a whole not on specific assets.

BSTOR supports Elia's view that both availability tests and continuous monitoring aren't adequate solutions because too expensive and complex. However, we also have several concerns with the targeted monitoring:

- If a monitoring strategy would be implemented, it should be technology neutral for complying with the EBGL, meaning all technologies participating in ancillary services should report on their operational limitations. Otherwise this creates additional burden for LERs specifically, creating an unfair competition.
- For the sake of technology neutrality (and standardization procedures) the same set of parameters should apply to all technical units/pools, which seems difficult to achieve in BSTOR's opinion.
- Additional burden for BSPs (and Elia) while the need for monitoring has not emerged yet.
- Which data would Elia precisely need, and how would a BSP need to prove certain behaviour is or isn't linked to the EMS?
- Complex in large portfolios: as the share of decentral (LER in particular) assets is growing in pools, it would get increasingly complex to justify the behaviour of single assets, or of a part of the capacity of the LER asset itself, which are likely to operate outside the pool as well, eg reacting to imbalance price or intraday trading which is not necessarily related to energy management.

As a result, BSTOR requests Elia to make sure and establish that the burden for proposed monitoring procedure (including for Elia) is compensated by sufficient added value, and in fact doubts it is the case due to the impossibility to establish a "one size fits all" parameter set, on which Elia could program standard postprocessing.

Instead, BSTOR proposes to stick with the current ad hoc monitoring approach; where Elia can request justification in case of suspicious activity, which can also be done much closer to real time than the proposed approach.

Next to the concerns expressed above, we also have some minor comments and question.

- BSTOR appreciates the improved framework around combining contracted services, and combining contracted with non-contracted services
- BSTOR appreciates the improved framework around the statistical analysis to demonstrate the capability of delivering certain volumes
- BSTOR appreciates the opening towards trading sub-hourly products on the intraday market
- BSTOR requests clarification on the difference between reactive balancing and imbalance charging and how the distinction between the two is going to be made in practice. Does it only depend on whether the direction of the activation helps restoring the system imbalance?

centrica
Energy

# Centrica Energy's response to ELIA's public consultation on the revision of the FCR and aFRR Energy Management Strategies requirements for Delivery Points with Limited Energy Reservoirs

**11th November 2024**

Dear Nicolas, Kris, Rafael,

Centrica Energy (CE) welcomes the opportunity to respond to Elia's October 2024 consultation paper concerning Energy Management Strategy (EMS) requirements for Delivery Points (DP) with Limited Energy Reservoir (LER).

As an operator of battery assets within the Elia network, CE overall has a positive view of the proposed modifications to the EMS requirements. We have the following specific comments on the consultation:

**EMS for combo's**
We support the conclusion that EMS requirements should not be extended to the mFRR program. However, we see additional administrative burdens in the form of additional information requests for aFRR and FCR services. In addition, the consultation does not discuss the threshold of rejection of the documentation should they contain any unintended errors Further clarity that could be given on this point would be welcomed, as without this there remains uncertainty.

**Combo's with non-contracted services**
We do not agree with the proposal that the intended use of the DP with LER for non-contracted services needs to be described in the EMS. This requirement would be overly burdensome. Given that that the EMS already sets out what will be provided for FCR/aFRR services, any further requirements would only add difficulty to a market participant's decision making, even when they are not in breach of the rules governing their EMS.

If this proposal were still to be pursued, CE suggests the requirement for describing the non-contracted services only applies to power that is used in the EMS. For example, in the case of partial selection in the contracted service, when there is battery power that is not required for the EMS, there should be no limitations on how that power is used.

**Intraday transactions**
The proposal to relax the intraday products, and therefore allow market participants to manage assets closer to real time is welcomed.

**Approach for updating the dataset**
It would be appreciated if Elia could give some additional details explaining how the dataset handles the period where the previous one year contains Picasso and non-Picasso periods.

**Application of the targeted monitoring for FCR**
We do not endorse this inclusion. Elia is currently investigating the possibility of continuous monitoring in FCR, we suggest to onboard EMS monitoring into this evolution. The application of the targeted monitoring for FCR will increase the administrative and technical burden on (Balancing Service Providers) BSPs and the value would not outweigh these additional costs/burdens.

Best regards

Shamsi Khan

POSITION

Subject: Public consultation on the revision of the FCR and aFRR Energy Management Strategies requirements for Delivery Points with Limited Energy Reservoirs: FEBEG reaction

Date: 11 November 2024
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This note presents the reaction of FEBEG and its members to the public consultation organised by Elia on the revision of the FCR and aFRR Energy Management Strategies requirements for Delivery Points with Limited Energy Reservoirs (LER). FEBEG would like to thank Elia for the organization of this consultation. The comments and suggestions of FEBEG are not confidential.

## *1. General feedback*

FEBEG would like to emphasize that this is a topic of utmost importance. The amount of installed LER capacity will keep growing in the coming years and we do believe that transparent and efficient rules need to be described and validated as soon as possible. BSPs active on LER will implement their optimization processes and the bidding strategies on ancillary market is a part of this portfolio optimization.

Overall, we support the approach of Elia which aims at striking the right balance between (i) relying on contracted reserves that are genuinely available (hence detailing what is allowed/ not allowed to do) and (ii) not putting overly complex rules which would undermine the market liquidity. This balance will ultimately contribute to social welfare in the sense that it should safeguard grid security (by ensuring reliable contracted reserves) and increase market liquidity (by not limiting the amount of non-contracted energy bids).

In this context, it is absolutely key that non-contracted reserves are exempted of this scheme. BSP should in this case manage the availability of energy bids by making multiple updates before the respective gate closure times (GCT).

## 2. Specific feedback

FEBEG understands that EMS requirements serve 2 different purposes:

- Validation/prequalification phase.
- Service delivery/monitoring phase.

On the one hand, FEBEG believes the EMS validation is a prerequisite to start offering contracting reserve in a safe manner: we understand that we need to proof to Elia upfront that we have carefully reflected about our EMS strategy for grid safety.

On the other hand, we want to have sufficient flexibility and have no unnecessary restrictions/limitations because we have decided on an EMS strategy on year upfront:

- without a strict EMS strategy, market parties are still incentivised to have enough energy to deliver aFRR/FCR because of the penalties and the imbalance price;
- if batteries don't have sufficient flexibility in setting the EMS, this is not only bad for the BSP/BRP but also for the energy system because they cannot contribute optimally to support the system;
- market parties need to be able to capture market trends fast: this is not possible if they need to always wait one month, and then Elia still can decline: this is a limitation we don't want.

Elia is active with some ongoing initiatives (incl. The simplification of prequalification) to decrease the barriers to enter ancillary markets. In this context, the best way forward seems to allow fora fast track EMS validation but be rather sharp on the monitoring of the executions of the strategies. We believe that Elia should regularly monitor the correct execution of the EMS, but the monitoring should be organized in such a way that the administrative burden is limited as much as possible. Market should indeed flag the trades they use for the battery but heavy monthly reporting obligations should be avoided..

## 3. Strategies

We are aligned with Elia that the following strategies are allowed: **Use of SoC supporting assets and Use of Intraday market**. However, we would like to bring some nuance on the strategy to use the intraday market. We see 2 important risks that should be monitored by Elia.

Firstly, procuring the energy (to restore SoC) on ID market is likely to show a correlation between high needs and extreme prices. If the SoC of a LER is low, there

is large chance that sourcing energy is expensive at that time. High sourcing prices to restore SoC should in no way be arbitrated (against aFRR delivery) nor discourage the BSP to comply with its energy management strategy.

Secondly, while we acknowledge the increase in ID market liquidity, it does not mean as such that BSPs can perfectly and timely operate the ID trade. We should not underestimate the operational complexity to perform the entire chain of closing an ID trade (from making an exchange or OTC deal until making a correct nomination).

Those 2 fears are even more relevant for the strategy which consists in closing **a transfer of obligation**. From our experience, the liquidity on ToO as well as the time needed to perform all the operational steps associated to a ToO bring too many uncertainties. This cannot be considered as a valid strategy as long as it can be demonstrated there was significant improvement in the liquidity and timely execution of ToO. Elia certainly have relevant data to make this analysis..

We are aligned with Elia on the **asymmetric pricing strategy**. Updating energy bid prices with the purpose to position yourself in the merit order to avoid too many activations cannot be a valid strategy. This would be detrimental to the quality of the service delivered to Elia with, ultimately, negative impacts on the final consumers.

However, we would like to remind that a BSP should have the right to price its energy bids in a way that represents its estimation of the value of energy at that given moment. If a LER is running short and it is due to large upwards needs and an energy market being overall short, the energy bids should be priced according to the estimated value of energy (hence, will probably be more expensive that in 'normal circumstances').

We are fully aligned with Elia that the following strategies are not valid: **use of tolerance band in the activation control and imbalance charging (for aFRR).** Both of them would have detrimental effects for the grid. Furthermore, Imbalance charging would be conflictual with a correct aFRR activation control.

## *4. Timeline*

The document under consultation correctly framed the allowed EMS requirements and the subsequent monitoring. However, FEBEG misses a general timeline and dates where changes would enter into force. We wish to remind that BESS are being developed (some of them in the framework of CRM) and these follow ambitious plannings. Any new requirements can only delay the participation of these units in the ancillary markets (for contracted reserves). Such delays would be very unfortunate for the social welfare and costly for market participants. FEBEG would have appreciated more visibility on the timeline.

## 5. Conclusions

We appreciate the documents shared by Elia and – as detailed in the specific feedback – we are aligned on most of the elements. Most important element is that non-contracted energy bids are exempted of such EMS requirements. By no means the EMS requirements should have adverse impacts on the amount of non-contracted bids offered and market liquidity in general.

Our main remarks were added in our specific feedback and we are convinced they should be considered in the purpose to strike an optimal balance between (i) relying on contracted reserves that are genuinely available (hence detailing what is allowed/ not allowed to do) and (ii) not putting overly complex rules which would undermine the market liquidity.

In this context, while we support the proposals of Elia, we believe the following points should be addressed:

- Find the right balance between EMS validation and monitoring. EMS validation – as long as fulfilling the EMS criteria's – should fast-track validated (e.g. within 10 days after submission by BSP) with the purpose to limit barriers to enter the market. However, the monitoring of EMS compliance can be more frequent and accurate with the purpose to ensure the high quality of service delivery;
- Be careful with the following 2 strategies:
  - The use of Intraday market strategy should be closely monitored during periods of more extreme market prices;
  - The use of Transfer of Obligation strategy should be allowed only with strong guarantees and fact-based analysis that it is operationally possible;
- Provide clear visibility on the planning/ Timeline of the entry into force of the EMS requirements.

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