

Subject: FEBEG comments on ELIA's public consultation on flexible access
Date: 18 September 2023

Contact: Jean-François Waignier
Telephone: +32 485 77 92 02
Mail: jean-francois.waignier@febeg.be

FEBEG thanks ELIA for having the opportunity to react to ELIA's Public consultation on the design note related to connections with flexible access on the federal transmission grid¹.

The inputs and suggestions of FEBEG are not confidential.

Context and Summary

First of all, the FEBEG would like to highlight that Elia should carefully plan grid investments, in close concertation with developers, in order to minimize the use of the flexible access contract. In that respect, Elia should only propose a flexible access as last resort solution. On top of that, FEBEG requests that the conditions and the modalities of a flexible access contract are improved..

FEBEG and its members are mainly worried about the following proposals and considerations in the note:

- We ask for much **more transparency and predictability on the usage of the flexibility linked to the flexible access contract proposed by ELIA**. The members of FEBEG need as much and as detailed information as possible to ensure that the business case of a future project can be evaluated and to avoid loss making projects due to lack of information. It is important to be able to correctly relate the activated flexibility to situations in the grid, e.g. import/export, high wind production, etc. Such information is essential to be able to assess the penalty risk for participation in ancillary services or the capacity remuneration mechanism. In this respect, grid users should be able to have access to the technical/assessment note of ELIA with the detailed justification and sufficient information (with clarification on the Power Transfer Distribution Factor (PTDF for example, or the impact of dynamic line rating (DLR)) on the choice to provide a flexible access contract. It is indeed important for grid users to understand the causes and the criteria used by ELIA as their evolutions could impact the business case in the medium or long term. FEBEG would also welcome an analysis on events (e.g. unavailability of a power plant) or future developments (e.g. delay in planning offshore) that might negatively or positively impact the indicative estimations of the flexibility needs.

¹ https://www.elia.be/en/public-consultation/20230714_public-consultation-on-the-design-note

- We ask for a **fair and balanced framework for both parties (grid users and ELIA)**. This is currently not sufficiently the case. It is important to point out that parties don't negotiate the connection contract on an equal footing: developers often see no other option than to accept the flexible access contract to make the project evolve, without any guarantee – as all communicated information is indicative – on the volume of flexibility that will be activated and on the duration of the flexible access contract. . For instance, the temporary flexible access could, after re-approval by the CREG, be prolonged: this will have an important impact on the business case of the asset, and the concerned grid user can't do anything to prevent such a situation. Grid users are actually signing a blank check.

In that respect, , **FEBEG proposes the following measures to be implemented:**

- Instead of indicative information, Elia needs to propose binding limits on the required flexibility in terms of volume and duration;
- The proposed required flexibility – in terms of volume and duration – should be notified to CREG that can challenge the reasonable character of the proposal;
- The proposal of flexibility, as approved by CREG, should then be translated to binding limits in the flexible access contract;
- Elia should use congestion bids (iCAROS) for all flexibility activations that exceed the limits of the flexible access contract.

Only at the explicit request of the grid user, a “fast track” procedure should be possible (without approval of the CREG) The abovementioned approach requires also increased transparency and monitoring of all activations on the involved assets.

In addition to speed-up the process of the attribution of a flexible connection we suggest transparent and clear procedures with sufficient information for all involved parties, for example using (to the extent possible) standardized templates. This could limit the questions back and forth between the involved parties (ELIA, CREG, Grid User) and speed up to process due to improved transparency and assurances. It would also improve the level-playing-field for all connection requests.

In order to avoid that a flexible contract is required in all possible scenarios and to cover all potential risks, we ask that the CREG studies the use of flexible contracts to avoid that ELIA is too risk averse and urges the grid user to sign a flexible contract, even when the risk is very low and almost absent (such as a 0,01% risk of even needing the flexibility). Adaptation to the current procedure should be envisaged to avoid such situations. Ideas to tackle such an issue should be worked out in good collaboration with market participants and the regulator. In such situations Elia could – for this exceptional event – use a congestion bid to solve the issue which would come – due to the exceptional character – with a very limited cost for Elia.

There should be a good line of communication between the grid users and ELIA before any actions with significant impact on the grid user are taken (e.g. activate flexible access). In the event and only in the event Elia would have high certainty in day-ahead on the required flexibility ELIA should decrease injection or offtake on a flexible connection in advance, and not in real-time or quasi real-time operations as stated in the consultation document. If grid users are informed in advance of the activation of their flexible connection (or a high risk thereof), they may adapt their strategy to minimize risks (e.g. by not bidding for aFFR during this time). In contrast, if the grid user is informed only at the very last minute, there could be cases where an activation is not anticipated and could lead to technical problems or safety issues. In this case, it can happen that an activation is (exceptionally) not possible in practice. In general, the operational aspects are insufficiently clear at this moment.

In conclusion, FEBEG does regret that this flexible contract does not provide sufficient guarantees to the grid users. Since the Grid User is in a difficult position to negotiate on the terms of such contracts, we find it imperative that the proposed approach is balanced and also gives sufficient rights and a fair solution for the grid user.

We also find it imperative that the CREG keeps a close eye on these evolutions to ensure that flexible contracts are only offered when there is no alternative and that the needed grid investments are executed in due time.

Detailed comments

2.1 Approach

We think there is a mistake in the below paragraph (2.1 – p6)

*Voor elke aansluitingsaanvraag levert Elia **minstens één aansluitingsoplossing met permanente toegang** binnen de gevraagde termijn (tenzij de aansluitingsperiode van de klant korter is dan nodig om een aansluitingsveld te creëren). **Het is echter mogelijk dat deze aansluiting met ~~flexibele~~ permanente toegang alleen mogelijk is met een aansluiting die relatief duur zou zijn** voor de netgebruiker (/aanvrager) en/of waarvoor een uitbreiding van het net nodig zou zijn die, na uitvoering van de reeds voorziene versterking, achterhaald zou zijn.*

2.2.1 Back up

Elia states that “Een automatisch “back-up” systeem wordt geïnstalleerd in het geval van een onaanvaardbaar risico op congestie op het netwerk in N of N-1 om de risico's te dekken die gepaard gaan met het falen van het instelpunt voor maximale vermogensbegrenzing of communicatie. Dit automatische systeem activeert de installatie van de netgebruiker als de instructie 5 minuten na verzending niet wordt opgevolgd.” This backup system has a direct impact on the installations of the grid user. How will the risks for the installation of the grid user be taken into account? Who will pay for this back up? Will it be removed once the connection is permanent?

2.2.3. Reporting

ELIA sends a report to the CREG every 3 months. However, this report is not shared with the market participants. We ask that ELIA also be transparent to the market participants and most certainly with those that are in a flexible contract (and thus share the report with them).

2.3.1. Conditions for connecting

FEBEG appreciates that Grid Users are informed of the expected impact of the flexible contact (nr. of hours expected that the flexibility will be requested and the expected time it will take to do the required investment to have a permanent contract). However, we consider that it would be fair to start using congestion bids for flexibility activations beyond **the expectations** and when the grid user would be locked in a flexible contract for a longer time. Not only is this a fair request from the Grid User point of view, it would also be an additional incentive for ELIA to ensure that grid investments are finalised in time.

Regarding the below paragraph, **FEBEG urges ELIA to be transparent towards the Grid User on the scenarios for the foreseen future.** The cost of providing flexibility could be very different depending on when it will be requested (winter, summer, weekdays, ...). The Grid Users needs to know what he can expect (when will the works take place, etc...) in the most detailed manner possible to make a sound investment decision and to avoid that a project is loss making due to unexpected situations.

Er moet op worden gewezen dat de gegeven schattingen gemiddelden zijn over de totale duur van de aansluiting met flexibele toegang: ofwel over enkele jaren tot de in het relevante ontwikkelingsplan voorziene netversterking, ofwel voor onbepaalde duur als er geen versterking is gepland. In sommige gevallen kunnen er grote schommelingen zijn van jaar tot jaar, bijvoorbeeld in het geval van werken of langdurige onderbrekingen die reeds gepland zijn.

Regarding the table in the chapter 2.3.1

Can this table be explained by using an example for injection and offtake/storage? In the example of a flexible injection contract, assuming a user intends to build a production unit of 100MVA but the grid at that location is only capable to absorb 80MVA what is the flexible and what is the permanent capacity? To which capacity will the preventive (%time), curative (%time) and flex (%active energy) apply?

2.2.2 Processes for network management

"In real-time en bijna real-time operaties worden de hierboven geïdentificeerde acties zo dicht mogelijk bij real-time bevestigd en geactiveerd om de geactiveerde volumes tot een minimum te beperken: Bij netgebruikers die aangesloten zijn met flexibele toegang, wordt de meest effectieve actie als eerste geactiveerd.

→ What criterium does ELIA use to determine the effectiveness of different actions? This is vague.

“In het geval van overbelastingen die niet kunnen worden opgelost met de middelen waarin de contracten van aansluitingen met flexibele toegang voorzien, of van residuele overbelastingen nadat deze middelen zijn geactiveerd, worden deze niet-structurele overbelastingen beheerd door het onbeschikbaarheidsschema van het netwerkelement te wijzigen, ofwel door een verzoek in te dienen voor een “May-Not-Run” (gedeeltelijk) Active Power-programma op een technische eenheid, ofwel door de beschikbaarheid van congestiebeheer te controleren door incrementele of decrementele congestiebiedingen op een technische eenheid met of zonder deze te starten of te stoppen”

→ ELIA implements the iCAROS project, that imposes obligations on Scheduling Agents to introduce redispatch bids. The iCAROS project aims to provide ELIA the tools to solve congestion in a transparent, market-based and non-discriminatory manner. From this consultation document it seems that ELIA would first use the flexible grid connections (i.e. not a market-based process) before using redispatch bids. This goes against the principles of iCAROS. Why does ELIA choose to maintain this sequencing of flexible connections versus redispatch bids?

2.3.2 Communication

We note that in case a grid user is not able to react to the request of ELIA, access to the grid can be terminated. Between the request of ELIA and switching off the grid user, no additional check with the grid user is foreseen. In case of switching off of the grid user, the grid user **also should not be at risk of losing its connection in case it was not possible (for serious reasons) to follow the request of ELIA.**

2.3.3 and 2.3.4 – Compensation and tariffs

As the quality of the access is lower, FEBEG is of the opinion that it would be fair to implement a discount on the tariffs for the duration of the flexible access contract. This is an illustration of the fact that the grid user can only “take it or leave it” and that he has no options but to accept the conditions of the flexible contract. In the Netherlands, for instance, there are reflections on providing a discount on the tariff in case of flexible connection.

2.3.5: Review of the conditions:

“de voorwaarden van de aansluiting met flexibele toegang worden herzien op het moment van de genoemde versterking.” → What does this mean exactly, we think that after the realisation of the works, the grid users should receive a permanent contract, why is it not formulated in this way? What happens if multiple grid users have a flexible contact in that area? How will capacity be allocated in such a scenario?

“indien de noodzakelijke netversterkingen voorzien in het ontwikkelingsplan niet op het voorziene tijdstip plaatsvinden, kan ELIA aan de CREG vragen om de flexibele toegang voor een bepaalde periode te verlengen, in voorkomend geval onder bepaalde voorwaarden.” → **In case of delays in the foreseen reinforcements, a compensation should be foreseen for the impacted Grid Users.** If not, the Grid Users are basically signing a “blanco cheque” with ELIA when agreeing to the flexible connection, which is not acceptable.

3. Changes in the regulatory framework.

Firstly, FEBEG asks to take into account the above observations and request to improve the regulatory framework and make it more balanced for the Grid Users.

In addition, we have the following comments on the suggestions for Elia:

- 3.2. **in addition to what is proposed, we ask as much transparency as possible on the probability of the use of the flexibility**, for example, the estimated volumes for the coming 24 months, depending in what is known (planned outage, investments,...). The information should be very detailed in the short to medium term, and could become more general (per quarter) after 2 or 3 years.
- 3.3. We are fine to with the first proposed change in the code of conduct (So that ELIA can offer all options in one step) however, **we are not OK with the 2nd proposal**. To be more concrete, we would go for the following approach: the current procedure (with approval of the CREG) should still be de standard procedure under some situations (to further define)- but the Grid User should, in any case, have to option to go for a **“fast lane” procedure** without approval of the CREG. Put differently, we are OK to add an additional option for Grid Users to move faster, but this **should not be the only nor the standard procedure in some situations (still to be defined)**, it should be at the request of the Grid User.