

Subject: FEBEG response to the public consultation on the proposal for amendment to the T&C BSP aFRR

Date: 30 June 2025

Contact: Chris Celis

Telephone: +32 492 25 87 22

Mail: chris.celis@febeg.be

General feedback

FEBEG would like to thank Elia for conducting this public consultation. The answers are not confidential.

Priority issues to be tackled by Elia

As mentioned before, FEBEG appreciates that Elia wants to improve the T&C for balancing services. In general, FEBEG believes that explicit flexibility should be more rewarding than implicit flexibility (for example, reactions to the imbalance price). FEBEG is therefore convinced that Elia should put much more resources on broader improvements to achieve this goal.

Especially since the connection to PICASSO has increased dramatically the liquidity and lowered the activation costs; increasing the procurement and use of aFRR can prove to be beneficial for the system balance, be more efficient and lower the overall balancing costs, benefitting both the market players and the end consumers. FEBEG has several ideas on how to improve the overall system and therefore requests Elia to allocate sufficient resources to investigate and work out further the implementation of these ideas. Below, there are some ideas that could be further discussed and worked out together with the market participants.

- Procurement of aFRR should be increased since aFRR is a very efficient balancing measure, and obviously very complementary to proactive mFRR activations and similar or lower cost.
 - Real-time measures for congestion management (Flex Connections) will increase the imbalances, the need for short-term balancing measures should therefore increase too, further justifying procuring more aFRR.
 - The reservation price for aFRR is very similar to that of mFRR, procuring more aFRR would according to FEBEG thus not increase the cost and should be considered.
- When activating balancing services, the remuneration should be in a pay-as-cleared system where the activated energy gets remunerated at the marginal cost of aFRR or mFRR, whichever was the marginal unit. This will incentivize all the assets that could participate to aFRR to actually do this. It will increase BE liquidity, increase system security and lower the price of aFRR.
- The imbalance price should reflect the actual state of the system. Price adders that artificially increase the imbalance price are distorting, increase the incentive for implicit reaction and thus decrease the incentive for bidding assets into explicit balancing services. Large implicit balancing reactions also increase the instability as is already seen in NL.
- Last, but not least, the penalties should be reformed urgently to make bidding in explicit balancing more attractive (while of course enough incentives for correct performance are kept in place). Important for FEBEG is that penalties need to be proportionate. Availability tests could be increased to ensure that bad performing assets/actors are detected and penalized.

Specific feedback

Invoicing & settlement

FEBEG welcomes the initiative to improve invoicing and settlement. FEBEG considers these interesting evolutions. That being said, FEBEG believes there are other topics (e.g. improve the design of penalties) that should have higher priorities according to FEBEG.

While faster settlement is desirable in most of the cases, we want to highlight that T&C's should not strictly impose inflexible deadlines and processes. There will always be specific cases which require ad-hoc (and sometimes more time-consuming) exchanges and FEBEG believes that it should remain possible to have bilateral discussions TSO- BSP in order to allow for a mutual understanding and to avoid undue payments. In this spirit, we do not support the following sentence which pleads for very strict and inflexible guidelines irrespective of the situation *"If no agreement is found however, Elia will notify the CREG of the failed negotiation and will issue self-bills, self-bill credit notes and Elia invoices based on the initial report figures."*

FEBEG proposes to include the following track change and ask:

“If no agreement is found however, Elia may notify the CREG of the failed negotiation and will issue self-bills, self-bill credit notes and Elia invoices based on the initial report figures. **Elia will notify the CREG automatically, only if it considers the negotiations are unreasonably taking too much time**”

As far as the payment terms, we support the willingness to align T&C BSP with T&C BRP. In a vast majority of the cases, the proposed term of 15 calendar days will not be an issue. However, we want to pay specific attention to the cases which require bilateral exchanges and thorough investigations. Each party should remain flexible to account for the specificity of a situation.

Lastly, Febeg wishes to remind that faster settlement and shorter payment terms relies on tools being state of the art and no IT bugs. In reality, there is always something which can explain why it takes more time than expected. For example, the first days following a go-live, an IT release, the correct understanding of updated T&C's, new behaviors of dispatching, etc. This makes that a pragmatic approach and mindset is often required.

Amendments relative to combined delivery of FCR and aFRR Services

FEBEG understands and supports this evolution which adds clarity to combo delivery.

FEBEG wishes to remind that it has consistently advocated that DP_{su} and DP_{pg} should have equal rights, treatments and obligations. The principle of an equal level-playing field is key to FEBEG. While FEBEG acknowledges the need to allow aFRR/FCR combo for DP_{pg}, we ask Elia to reflect upon the need to keep a distinction between DP_{su} and DP_{pg} (in terms of rights and obligations, but also in different IT specifications). The cut DP_{su} vs DP_{pg} is artificial and FEBEG invites Elia to reflect with market participants to waive this distinction with the purpose to improve the level-playing field and simplify processes and IT in general.

For example, whether a delivery point is DP_{su} or DP_{pg} has as a consequence that are different rights to pool DP in energy bids. These differences should be eliminated in the future.

Amendments relative to the normalization factor in the baseline quality factor

FEBEG welcomes this logical change and thanks Elia for that.

Bid firmness conditions

FEBEG supports the idea that assets that can participate to explicit flexibility should do so. To reach this goal, Elia should make sure that explicit flexibility is more attractive than implicit flex from a financial point of view and that the risk/reward balance tilts towards explicit flexibility instead of implicit flex, which is not the case at the moment. By removing the possibility to decrease aFRR volumes after GCT, Elia is not lowering barriers but adding new constraints to explicit flex, making it even less attractive FEBEG considers this evolution as a flaw in the market design which will not deliver the pursued objective. Indeed, T&C BSP mFRR allows a BSP to decrease mFRR volumes after GCT (for self or

reactive balancing or ID trade). This would no longer be the case in T&C BSP aFRR with the amendments proposed by Elia. This has two consequences:

- – BSP's will have a financial impact as they lose the opportunity to grasp other market opportunities (implicit reaction): for this reason, FEBEG considers it as a precondition for implementing such a proposal to first implement a scheme that remunerates aFRR energy bids per 4 seconds in a PAC system including max of (aFRR, mFRR) to ensure that explicit flexibility is more profitable than implicit flexibility in line with the updated balancing philosophy;
- **BSPs will have an incentive to participate to mFRR instead of aFRR** (those with FRR obligations need to choose between aFRR and mFRR) as this BSP will still have the opportunity to seize other market opportunities (implicit reaction).

Considering the ongoing initiatives on balancing, **FEBEG understood there is a need for additional domestic aFRR** liquidity (Balancing philosophy, FRR activation strategy, procurement strategy, incompressibility, etc) **and is surprised by the proposal by Elia.**

Finally, we remind Elia that the ability to update mFRR volumes after GCT has been a long-debated outcome which was meant to mitigate the situation where BSPs were obliged to offer their flexibility, with exposure to penalties without the ability to refuse an activation under the constraint of GCT of EU balancing platform.

FEBEG asks to allow any technology to lower non-contracted volumes for both aFRR and mFRR even for reactive balancing after GCT for the reasons mentioned above. The modification of the remuneration of FRR energy bids is, according to FEBEG, a precondition for the proposed amendment.

Clarifications with respect to the applicability of the bidding obligation

FEBEG can only reiterate its deep regret that specific assets are targeted by obligations. To be specific, only injection units (DPsu) above 25 MW have the obligation to offer. This is creating a clear discrimination. Overall, any form of discrimination is not acceptable and should be addressed.

Clarifications with respect to the rules for defining Delivery Points DPSU linked to a Technical Facility

FEBEG is worried about this clarification which can have huge impacts for a BSP and a BRP (as reminder, currently a PPM falling in the category DPsu needs to appoint the same party for BSP and BRP roles). Therefore, FEBEG believes some nuances are necessary in article II.3.

On the one hand, we consider it is important to bring clarity to an existing framework if it proved to be incomplete or incorrect.

On the other hand, we have a major issue with a definition that is changed along the way and where the rules of the game are changing. More concretely, if an existing PPM has not been announced to be DPsu at the time of its connection, it appears unfair this PPM

becomes all of a sudden DPsu because some definitions have changed in T&C's (BSP, BRP, OPA, SA, etc).

T&C's OPA and SA impose costly measures which need to be included in a business plan.

By no means, this measures can be imposed ex-post of connection. The new definition should be applicable only to newly connected PPMs. Here, we see two different case:

- PPM is already greater or equal to 25 MW. Rules governing DPsu are consequently applicable to this PPM.
- PPM has been subject to a size increase (e.g. repowering, additional wind turbines installed, etc) and Elia duly notified before connection that the size increase involved new obligations associated to DPsu. Rules governing DPsu are consequently applicable to this PPM. In other cases DPsu rules should not be applicable.

More fundamentally, changes within T&C BSP mFRR should have no impact on whether or not a PPM is DPsu. This decision should be taken in the right order where a Grid User appoints an access holder and a BRP (OPA and SA roles still attached to it) and Elia notifies before the connection whether the unit is DPsu and consequently does have obligations. Likewise, it should therefore not be possible that a BRP receives an obligation through the T&C BSP, if no references are being made to this in the T&C BRP.

Quality of service and barriers to entry

FEBEG likes to make a more general comment on balancing services and quality and barriers to entry.

Given the importance of explicit balancing products, and the market functioning, we ask Elia to respect the level-playing-field between aFRR DPs, whether these are LV, MV or HV. The same requirements should apply on all tension levels.

At the same time, FEBEG wants to express its concern on the non-level playing field between implicit flexibility and non-contracted explicit flexibility. Explicit flexibility, even if non-contracted, is subject to a very heavy penalty regime. This creates barriers to participation to explicit flexibility and certainly to non-contracted explicit flexibility.

These are elements which FEBEG has raised already multiple times before – also in the context of balancing incentives related to the penalties. In this context, FEBEG wants to reiterate is remains very disappointed that the discussion on the aFRR activation control penalty – which is considered as discriminatory and disproportionate – is not continued. We want to reiterate them here as important element – more important than a fast settlement – to foster participation of all sorts of FRR delivery points.