

**EXPLANATORY NOTE**

# **Explanatory note on the public consultation of the proposal of amendments to the T&C BSP mFRR**

**ELIA, July 2025**



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# Practical information

## Purpose of this note

This note serves as an explanation for the current consultation on the **proposal for amendments to the Terms and Conditions for Balancing Service Providers for the manual Frequency Restoration Reserve Service** (hereafter referred to as “T&C BSP mFRR”). The purpose of this consultation is to obtain comments from the market parties. At the end of the public consultation, Elia will send a consultation report to the CREG and will then publish a non-confidential version of this report on its website.

## Process

All responses to this public consultation will be made public on Elia’s website, except the comments for which market parties ask to treat their contribution as confidential. However, all responses to this public consultation will be submitted to the relevant regulatory authorities in the context of the official approval procedure<sup>1</sup> for the T&C BSP mFRR.

## Timing to provide feedback and suggestions

Elia invites all stakeholders to submit any comments and suggestions they may have on the documents submitted for consultation. The consultation period runs from 28<sup>th</sup> May 2025 to 30<sup>th</sup> June 2025. All responses must be submitted via the online form on the Elia website. The proposal for amendments to the T&C BSP mFRR is available for consultation on the Elia website.

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<sup>1</sup> Article 6(3) of Regulation 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

# Explanatory note on the public consultation of the proposal of amendments of the T&C BSP mFRR

## 1. Introduction

This proposal for amendments to the Terms and Conditions for Balancing Service Providers for the manual Frequency Restoration Reserve Service (T&C BSP mFRR) consists of:

- Amendments relative to the settlement and invoices processes; and
- Amendments relative to the participation of Low-Voltage Delivery Points via Headmeters; and
- Amendments relative to the roll-out of aFRR/mFRR combinations; and
- Amendments relative to the digital update of the Contact Details for the BSP; and
- Amendments relative to the reduction of the time window for a prequalification test; and

In addition, Elia would like to take the opportunity to add certain clarifications and corrections:

- Clarifications with respect to the applicability of the bidding obligation; and
- Clarifications with respect to the rules for defining Delivery Points in case of a Technical Facility; and
- A number of other smaller amendments, notably for the purpose of aligning the wording between T&C BSP contracts.

Section 2 of this explanatory note provides more information related to the different amendments contained in the proposal for amendment of the T&C BSP mFRR.

Section 3 provides more information related to the implementation planning of the different amendments proposed.



## 2. Proposed amendments

### 2.1. Amendments relative to the faster settlement and invoices processes

Optimizing the settlement and invoicing process for Balancing Service Providers (BSPs) ensures faster payments for their services, positively impacting their required working capital. It also contributes to a faster feedback loop on the service and overall creates efficiencies in operating the processes. The advantage of faster payment to the BSPs will consequently help to remunerate their downstream grid users. Furthermore, by reducing payment timings, this improvement facilitates market access for new BSPs by lowering entry barriers and helps to increase competition among them. Performing settlement several months after actual delivery is outdated and deserves an upgrade. This revision enables the transition to more digitalization and contemporary functionalities like self-billing.

In CREG's decision (B)658E/89, an incentive is formulated to foster the above goals and improvements to the settlement processes and for Elia to develop the necessary solutions for the FCR, aFRR and mFRR services. This document provides the implementation plan, i.e., the first milestone of the balancing incentive. It serves as an outline of the scope, the improvements and the deadlines linked to the balancing incentive. Furthermore, it provides an overview on the process to reach the balancing incentive's goals, the impact on the processes and the planning of the go live(s).

The proposed changes have been discussed with stakeholders during 3 workshops, that took place on 05/12/2024, 13/02/2025 and 02/04/2025.

The changes in the settlement and invoicing process are common to the three balancing products: FCR, aFRR and mFRR. An important change is the introduction of the self-billing process, where ELIA will issue invoices and credit notes, in the name of and on behalf of the BSP.

The proposed process for settlement and invoicing is as follows:

1. Elia will publish all settlement reports together with the concerned data related to remuneration and control on EPIC and TraXes at the latest by the end of the month following the delivery provided ELIA has received all the necessary metering data for Delivery Points connected to the Public Distribution Grid, from the relevant DSO with sufficient time to generate the reports <sup>2</sup>. As an example, by the end of February Elia will have published all reports concerning remunerations and controls of January. BSPs will be informed of each specific settlement report by email to the relevant contact persons that it has been published on EPIC and TraXes.

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<sup>2</sup> It may be the case that, for activation control in mFRR in particular, metering data of Low-voltage Delivery Points are not available on FlexHub early enough for allowing ELIA to publish the corresponding report on EPIC or TraXes at the end of the month following the delivery.



2. Following the publication and notification by email, the BSP has 25 calendar days to approve or reject the specific settlement report. If a BSP neither approves nor rejects the report within 25 calendar days of its publication on EPIC, the report will be considered implicitly approved.
3. An approval, either implicit or explicit, always triggers the self-billing process. For the different financial flows, Elia refers to Table 1 below. The self-bills, self-bill credit notes and Elia invoices will be issued and published within 10 calendar days after BSP approval, covering potential delays in non-standard scenarios. Note that as an approval by the BSP in EPIC normally triggers the automatic creation by Elia of the self-bills, self-bill credit notes and Elia invoices, these 10-calendar days delay offers time to solve issues related to the creation process.
4. The payment terms of the invoices and credit notes have been modified to 15 calendar days after the issuing of the self-bills, self-bill credit notes and Elia invoices, aligning with the terms proposed for BRPs which contrasts with the 30 calendar days following the day in which the invoice is received, prior to the changes. Note that the current version of the BRP contract does not foresee this change yet however public consultation on those contracts are foreseen for September 2025 onwards.

Secondly, Elia proposes the following approach in case of non-standard settlement.

1. If the BSP disagrees via EPIC within the 25-calendar day approval window, they will have to reject the settlement report. Then, a 60-calendar day negotiation period will commence from the day following the rejection. During this period, both parties (BSP and Elia) will negotiate to reach an agreement. If an agreement is reached within 60-calendar days, Elia will issue self-bills, self-bill credit notes and Elia invoices based on the agreed figures.
2. If no agreement is found however, Elia may inform 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 inform the CREG if it considers the negotiations are unreasonably taking too much time.
3. Negotiations will continue to further settle the matter ex-post.

Invoices and credit notes are replaced by respectively self-bills and self-bill credit notes except on two occasions. For activation remuneration, it is possible that Elia is to receive money from the BSPs due to downwards activations in combination with positive prices (and vice versa: upward activations with negative prices). For tax reasons, in such cases, Elia will have to provide an invoice to the BSP. The same logic applies for activation control in these specific cases. Table 1 below contains an overview of all changes related to the self-billing, structured by financial flow.



In case the BSP sends now	Elia will provide in the future
<b>an invoice</b> related to a <b>capacity remuneration</b>	<b>a self-bill</b> to the BSP, on behalf of the BSP
<b>a credit note</b> related to <b>an availability control</b>	<b>a self-bill credit note</b> to the BSP, on behalf of the BSP
<b>an invoice</b> related to <b>activation remuneration (in case of positive amounts)</b>	<b>a self-bill</b> to the BSP, on behalf of the BSP
<b>a credit note</b> related to <b>activation remuneration (in case of negative amounts)</b>	<b>an invoice</b> to the BSP (for tax reasons, in case of negative amounts, the financial flow is inverted)
<b>a credit note</b> related to <b>an activation control (in case of positive amounts)</b>	<b>a self-bill credit note</b> to the BSP, on behalf of the BSP
<b>a credit note</b> related to <b>an activation control (in case of negative amounts for activation remuneration)</b>	<b>an invoice</b> to the BSP (for tax reasons, in case of negative amounts for activation remuneration, the financial flow is inverted)

Table 1: Overview of changes with the introduction of self-billing.

In this context, the proposal for amendments of the T&C BSP mFRR:

- Introduces the definitions of BSP-invoice, BSP-credit note and ELIA-invoice,
- Precises that ELIA will check every Month M the availability tests performed during **Month M-1** (instead of M-2), in **Art. II.13.11**
- Precises that ELIA will check every Month M the activation of mFRR Energy Bids during **Month M-1** (instead of M-2), in **Art. II.14.3**
- Introduces the use of self-billing, in **Art. II.17.1**, and precises that the General conditions apply in that context in **Art II.17.2**.
- Describes the process of publication of the reports on remunerations and controls in **Art II.17.3**.
- Describes the process to approve or reject each of the reports in **Art II.17.4**
- Describes the process followed in case the BSP rejected one report in Articles **II.17.5 and II.17.6**
- Describes the process of invoicing of the remunerations and incentives in Articles **II.17.7, II.17.8 and II.17.9**
- Precises the payment delays in **Art. II.17.10**

As the **roll-out of this process will be made in two waves**, a separate document is included in the public consultation to present the contract that will be applicable in the intermediary period.

In the **first wave**, this process will be **only applicable for capacity remuneration and activations remuneration**.

In the **second wave**, the process will be **extended to controls and incentives**.



For clarity, the applicable version of Article 17 between the two waves is shown in a separate file: “mFRR Article17 interim.pdf”.

## 2.2. Amendments relative to the participation of Low-Voltage Delivery Points via DSO’s Headmeters

The T&C BSP mFRR is open to all technologies and voltage levels. In practice however, the FSP-DSO contract still prevents the participation of Low-Voltage Delivery Points (i.e., Delivery Points connected to a voltage level of 1kV or below) in mFRR. As this document and its underlying regulatory framework are currently being revised with the aim to remove entry barriers for Low-Voltage participation on DSO’s Headmeters, it makes sense for Elia to define in a simple and pragmatic way how these Low-Voltage Delivery Points will participate in mFRR. The opening of mFRR to Low-Voltage on submeters has the potential to further foster Low-Voltage participation. This is currently under discussion.

The proposed amendments are strongly inspired by the aFRR design for low-voltage. Amongst other things, the following characteristics are maintained from the aFRR design (please refer to the T&C BSP aFRR and mFRR for more details):

- Conditions to participate:
  - inclusion of the Low-Voltage Delivery Points (i.e., with a voltage of 1kV or lower) in an mFRR-Low-Voltage Delivery Point Group (LV DPG) ;
  - Minimum size of an mFRR LV DPG: 0.1 MW;
- Processes to onboard/update/prequalify mFRR Low-Voltage Delivery Point Groups;
- Possibility to submit a bid with a combination of one (or more) mFRR LV DPGs with one (or more) Delivery Point Providing Group (DPPG);
- Methodology to calculate the size of an mFRR LV DPG.

Next to this, there is one difference with the aFRR design. As in mFRR there is no existing communication flow which could be re-used to get the participation status on individual Low-Voltage Delivery Point, the following simplifying assumption is introduced: the processing of each mFRR activation is made under the assumption that all LV DPs part of the LV DPG participate in the delivery of the mFRR Supplied. This assumption ensures a simple and pragmatic design and avoids costs for IT and communication implementation and operation.

To this end, the proposal for amendment of the T&C BSP mFRR:

- defines the concept of the mFRR Low-Voltage Delivery Point Group (**Art. II.1**);
- specifies the process of creating one or more mFRR Low-Voltage Delivery Point Groups and specifies that Delivery Points DPPG connected to a Distribution Grid at a voltage level of 1 kilovolt or below need to be grouped in an mFRR Low-Voltage Delivery Point Group (**Art. II.3** and **Annex 4**);
- specifies that the mFRR Low-Voltage Delivery Point Group needs to have a minimum size of 100 kW when used for:
  - the prequalification test (**Art. II.7**);





- the submission of mFRR Energy Bids (**Art. II.10** and **Annex 9**);
- specifies that for the process of the prequalification test, all Delivery Points DP<sub>PG</sub> included in the mFRR Low-Voltage Delivery Point Group must participate together (**Art. II.7**);
- specifies that the BSP needs to include the mFRR Low-Voltage Delivery Point Group (instead of all underlying Delivery Points) when submitting an mFRR Energy Bid (**Annex 9**).

It is important to highlight that:

- The BSP has the choice to create one or multiple mFRR Low-Voltage Delivery Point Groups;
- The BSP can combine a given mFRR Low-Voltage Delivery Point Group with another mFRR Low-Voltage Delivery Point Group and/or one or more Delivery Points of the type DP<sub>PG</sub> connected at medium or high voltage level in his portfolio when participating to a prequalification test or in mFRR Energy Bids (i.e., the general notion of Providing Group remains the same).

### 2.3. Amendments relative to the roll-out of aFRR/mFRR combinations

Following the study “Analysis of the possibility to offer different types of balancing products on DP<sub>PG</sub>” published on 20th October 2022, Elia would like to remove any remaining contractual obstacle to the aFRR/mFRR combo in activation (the contractual combo on different quarter-hours is already allowed). Indeed, based on the answers to a survey carried out in May 2022, there is a high interest from market parties for this combo. Therefore, the current proposal of amendments of the T&C BSP mFRR integrates the necessary modification to allow the simultaneous activation (“combo activation”) of aFRR and mFRR using the same DP<sub>PG</sub>. It also clarifies how the settlement would take place to adequately allocate the balancing energy supplied between aFRR and mFRR.

This leads to amendments in **Art. II.5, Annex 9.D and Annex 12.E**.

### 2.4. Amendments relative to the digital update of the Contact Details for the BSP

With the development of the EPIC digital customer portal, BSPs will be able to update their list of contacts through the EPIC portal, instead of by exchanging e-mails.

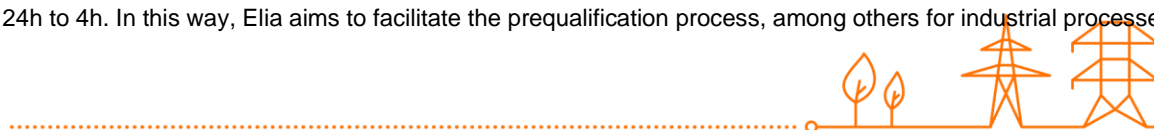
In addition, ELIA has updated the list of roles to include in the contact details list.

This leads to amendments in **Art. II.19 and Annex 16**.

### 2.5. Amendments relative to the reduction of the time window for a prequalification test

This amendment is proposed as a follow-up of the conclusions of the 2023 study on prequalification, control and penalties for the aFRR and mFRR Services.

In **Annex 6**, Elia proposes to reduce the time window during which the prequalification test can be triggered from 24h to 4h. In this way, Elia aims to facilitate the prequalification process, among others for industrial processes



and intermittent renewable generation that struggle at being available for 24 hours on end. It must be noted that the newly prequalified volumes remain valid for all CCTUs as BSPs are expected to consider the actual availability of the volume in their bidding strategies.

## 2.6. Clarifications with respect to the applicability of the bidding obligation

Pursuant to article 18(7)b of the EBGL, each connecting TSO may include “a requirement for balancing service providers to offer the unused generation capacity or other balancing resources through balancing energy bids or integrated scheduling process bids in the balancing markets after day ahead market gate closure time”. This was already defined in the T&C BSP mFRR **Art. II.3.7**. This article has been revised to further clarify the bidding obligation, notably which Technical Facilities fall into the scope of this bidding obligation.

## 2.7. Clarifications with respect to the rules for defining Delivery Points DP<sub>SU</sub> linked to a Technical Facility

In an effort to clarify the definitions of Delivery Points used in its different products, ELIA proposes to add a rule on the definition of Delivery Points depending on the type of the concerned Technical Facility, for DPSU, as it is already pre-cised in the Terms & Conditions for Outage Planning Agent (OPA) and Scheduling Agent (SA). The addition of this rule aims at defining a clear guideline on the definition of Delivery Points, and avoid incoherences in the definition of Delivery Points between Balancing Services and SA/OPA Services that may lead to operational inefficiencies.

This leads to the introduction of a new article in **Art. II.3**.



### 3. Implementation planning

The amendments of the T&C BSP mFRR may enter into force at different moments:

- a) The amendments of the T&C BSP mFRR relative to the settlement and invoicing processes for capacity remuneration and activations remuneration (wave 1), which are highlighted in **turquoise**, will enter into force after approval by CREG of the concerned version of the T&C BSP mFRR.
- b) The amendments of the T&C BSP mFRR relative to the settlement and invoicing processes for controls and incentives (wave 2), which are highlighted in **green**, will enter into force at the earliest 1 month after approval by CREG of the concerned version of the T&C BSP mFRR and not before April 2026.
- c) The amendments of the T&C BSP mFRR relative to the participation of Low-Voltage Delivery Points via DSO's Headmeters, which are highlighted in **yellow**, will enter into force at the earliest 1 month after approval by CREG of the concerned version of the T&C BSP mFRR. The exact date will also be fixed taking into account the completion of the development of the necessary IT systems in order for Elia and DSOs to implement the mFRR balancing service for Low-Voltage Delivery Points via Headmeters. At the stage of writing, the estimated completion date for these developments is Q1 2026.
- d) The amendments relative to the roll-out of aFRR/mFRR combinations in activation on Deliver Points DP<sub>PG</sub>, which are highlighted in **grey**, will enter into force at the earliest 1 month after approval by CREG of the concerned version of the T&C BSP mFRR. The exact date will also be fixed taking into account the completion of the development of the necessary IT systems in order for Elia to implement the mFRR balancing service for aFRR/mFRR combinations in activation on Deliver Points DP<sub>PG</sub>. At the stage of writing, the estimated completion date for these developments is mid-2026.

