



EXPLANATORY NOTE ON THE PUBLIC CONSULTATION ON THE PROPOSAL FOR AMENDMENT TO THE BALANCING RULES IN THE CONTEXT OF AN ADAPTATION OF THE FRR ACTIVATION STRATEGY

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June 2025

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PRACTICAL INFORMATION

This note serves as an explanation for the current consultation on the **Proposal for Amendment to the Balancing Rules in the context of an adaptation of the FRR activation strategy**. 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 publish a non-confidential version on its website.

All responses to this public consultation will be made public on Elia's website, except those comments for which market parties ask to treat their contribution as confidential. However, all responses to this public consultation will be submitted to the CREG.

Elia invites all stakeholders to submit any comments and suggestions they may have on the documents submitted for consultation. The consultation period runs from 5th to 26th June 2025 (3 weeks). All responses must be submitted via the online form on the Elia website. The proposal for amendments to the Balancing Rules is available for consultation on the Elia website.

1. Introduction

Elia is organizing a public consultation on the *Proposal for Amendment to the Balancing Rules in the context of an adaptation of the FRR activation strategy*. The Proposal for Amendment follows the identification of significant opportunities for activation cost savings in the context of the CREG incentive on the economic optimization of the use of FRR balancing products. Elia takes the opportunity of this amendment to also propose an amendment to the high-price mitigation measures for aFRR when Elia is disconnected from the aFRR-Platform.

2. Proposed amendments

2.1. Amendment to the Balancing Rules in the context of an adaptation of the FRR activation strategy

In the context of Elia's connection to European FRR balancing platforms, which allows Elia to access cross-border FRR balancing products, the aim of the CREG incentive on the economic optimization of the use of FRR balancing products is to assess if a methodology can be developed to economically optimize the use of balancing energy products (i.e., aFRR and mFRR) to cover the System Imbalance. In the frame of this study, Elia identified that thanks to recent market changes, significant FRR activation cost reductions could be achieved by adapting the current FRR activation strategy. This could lead to significant benefits on imbalance price formation and BRP invoices as well. Specifically, Elia identified that aFRR could be used more extensively in situations during which it is expected to be less expensive than mFRR under the condition that it does not degrade operational security. In the coming months and years, there might however be important evolutions in the market conditions (e.g., related to the connection of additional TSOs to the aFRR- or mFRR-Platform). To enable improvements in the mFRR activation strategy while considering the changing market circumstances, Elia proposes to clarify in article 13 of the Balancing Rules that Elia may, for a temporary period, deviate from the current mFRR activation strategy with the aim to reduce the average FRR balancing activation costs while maintaining safe operations. The proposed amendments enable some flexibility to adapt the FRR activation strategy to the changing circumstances while maintaining the aim of minimizing the FRR activation costs under operational constraints, and this until long-term market conditions stabilize (6 months after the last connection of a TSO among a specific list (the Netherlands, Germany, France, Spain, Portugal, Italy and Poland) to the aFRR- Platform or to the mFRR-Platform, and/or at the latest until June 2027).

Elia intends to adapt its FRR activation strategy in the spirit of a "proof-of-concept (POC)", for which the significant potential benefits that have been identified must be confirmed after implementation. The intention is to start this "POC" after the mFRR-platform (MARI) connection is stabilized and a short-term monitoring of the new market conditions in the post-MARI connection. Elia commits to monitor and communicate about the efficiency of the "proof-of-concept" via presentations in the Working group Energy Solutions. A proposed and non-exhaustive list of KPIs is provided below that would be used for such monitoring:

- Evolution of the aFRR and mFRR activation costs
- Percentage of quarter hours where an mFRR demand for Scheduled Activation is submitted
- Average spread between the aFRR and mFRR CBMPs in moments Elia submitted an mFRR demand for Scheduled Activation
- Evolution of the FRCE performance and the average volume of aFRR unsatisfied demand

The set of KPIs might evolve based on observations and feedback received during the POC. It must further be noted that, during the POC, especially in the post-MARI connection context, it is possible that Elia will revert to the current activation strategy if needed.

2.2. Amendment to the high-price mitigation measures for aFRR when Elia is disconnected from the aFRR-Platform

In addition to this change, Elia would also like to take the opportunity to propose an amendment to Article 12 of the Balancing Rules for the moments Elia is disconnected from the aFRR-Platform. Indeed, when Elia is disconnected from the aFRR-Platform, as a high-price mitigation measure, Elia currently caps the local merit order to the dimensioned aFRR volume. During the [public consultation of the amendment of the Balancing Rules to introduce the aFRR elastic demand](#), FEBEG shared a different perspective on the approach, indicating that upward (downward) aFRR Energy Bids below (above) the price threshold for the upward (downward) elastic aFRR demand should not be capped. Elia agreed with FEBEG that the alternative solution proposed by FEBEG has certain benefits and would be more consistent with the approach for the elastic aFRR demand when connected to the aFRR-Platform. However, considering that the additional implementation requirements would put at risk the targeted date of the connection to the aFRR-Platform, Elia indicated to consider the proposal of FEBEG for a future revision of the Balancing Rules. The CREG has indicated in its Decision (B)2843 of September 2024 to agree with this approach. In this proposal for amendment, Elia thus proposes to implement the change as proposed by FEBEG.