

Minutes of meeting Working Group Balancing 28/11/2018

List of participants:

Name	First name	Company/association	Present
Axel	Baudsen	European Commodities	X
Benquey	Romain	Restore	X
Braecke	Pascal	Virtual Power	X
Busschaert	Joost	Virtual Power	X
Catrycke	Mathilde	Engie	X
Chafaqi	Laila	EDF Luminus	X
De Wispelaere	Bram	EDF Luminus	X
Debrigode	Patricia	CREG	X
Demeyer	Valentijn	Scholt	X
Devillet	Marie	Resa	X
Feneuil	Brieuc	Lampiris	X
Gheury	Jacques	CREG	X
Gilbert	Donald	Restore	X
Haaker	Nick	Brugel	X
Harlem	Steven	FEBEG	X
Jong	Dieter	Rent a Port Green Energy	X
Kreutzkamp	Paul	Next-Kraftwerke	X
Loos	Rob	Aspiravi – Energy	X
Luyckx	Wim	Statkraft	X
Platbrood	Ludovic	FEBEG/Eneco	X
Pycke	Bart	Yuso	X
Sereda	Ekaterina	RWE	X
Steensels	Marc	Otary	X
Van Bossuyt	Michaël	Febeliec	X
Van Bruwaene	Mattijs	EDF Luminus	X
Van Melkebeek	Wouter	Engie	X
Vandendriessche	Waldo	Eandis	X
Vandercammen	Dirk	Parkwind	X
Weyns	Cedric	Actility	X
Williame	Jean-François	Eneco	X
Matthys-Donnadieu	James	Elia	X
Hebb	Bob	Elia	X
Vanbaelen	Pieter	Elia	X

Leroux	Amandine	Elia	X
Tsiokanos	Anna	Elia	X
Clement-Nyns	Kristien	Elia	X
Gérard	Thibaut	Elia	X
Zenner	David	Elia	X

Minutes of meeting:

All agenda items were supported by presentations prepared by Elia. The slides serve as background for these minutes and can be found on the Elia website under

http://www.elia.be/en/users-group/Working-Group_Balancing/Agenda-ad-hoc-werkgroep-balancing

Agenda of the WG Balancing on 28/11/2018

1. Approval of the MoM of previous WG Balancing
2. Feedback workshop aFRR/mFRR
3. Implementation plan aFRR
 - Recommendation ToE
 - Alternative proposal for pass-through contracts
4. Main principles for testing procedure: simulation and availability testing
5. Offshore integration: status update
6. Modification alpha component: next steps

1. Approval of the MoM of previous WG Balancing - 16/10/2018

The draft minutes of the previous Working Group were distributed by e-mail prior to this meeting.

No comments were received and the MoM can be found on [Elia's website](#).

2. Feedback aFRR consultation

Kristien Clement-Nyns presents the feedback received from the stakeholders on during the workshop on aFRR and mFRR held on 19th of November.

- Rent a Port Green Energy asks when Elia publishes the results of the daily tendering for mFRR.
Elia replies that the results of the daily tendering will be published at the latest at 10h30.
- YUSO asks if it is already decided that Elia will go towards daily procurement as from July 2019, since a formal approval of the NRA's has not yet been communicated.
Elia confirms that the proposed design for aFRR still needs a formal regulatory approval. Elia however doesn't expect many discussions regarding the proposal of moving to daily procurement of reserves.

3. Implementation plan aFRR

Pieter Vanbaelen presents Elia's recommendation regarding Transfer of Energy (hereafter 'ToE') for aFRR, and the alternative proposal for pass-through contracts.

- Elia reminds stakeholders to comment on the consultation regarding its proposal of the aFRR implementation plan before Wednesday 5th of December, 2018.
- Febeliec asks what the additional implementation cost for ToE in the aFRR market is. Elia estimates the additional one-shot implementation cost for ToE in the aFRR market between k€ [700; 900] and stresses that this implementation cost does not include yearly operational expenditures which also need to be considered to justify an additional implementation effort.
- Febeliec asks whether the alternative solution for pass-through contract holders proposed by Elia would require less implementation effort and costs compared to a ToE that is fully implemented for the aFRR market. Elia replies that the implementation effort for such an alternative solution for pass-through contract holders is substantially less compared with a ToE in the aFRR market.
- CREG asks if Elia has a specific date in mind for the re-assessment of ToE for the aFRR market in 2020. Next CREG states that a re-assessment in 2020 would mean that the go-live of ToE for aFRR is most likely postponed to end 2021/beginning of 2022. Elia replies that if the outcome of the discussions that will take place is positive, it needs 15 months to implement ToE from the moment the final decision is taken, considering not only the IT-wise implementation but also the contractual framework that needs to be adapted accordingly.
- Febeliec asks why such a reassessment cannot take place in 2019. Elia replies that it is open for all feedback or alternatives via the consultation of the implementation plan for aFRR and reminds stakeholders that 2020 is proposed since by then Elia will have gained sufficient experience from ToE in mFRR and the facilitating effect of the alternative solution for pass-through contract holders (if applicable).
- CREG suggests that market parties take the benefit to put into the consultation of the implementation plan estimates on the additional volumes that could find their way to the market if a ToE mechanism is in place.
- Restore states that ToE is prerequisite for creating a competitive market. Elia reminds stakeholders that it took into account all the feedback it received from stakeholders during the consultation of the aFRR design note. Elia observed that stakeholders' expressed their concern regarding the fact that net-injection units cannot participate independently from their BRP and Supplier. Therefore Elia proposes to prioritize on finding a solution for these net-injection units. Elia believes that her alternative proposal for pass-through contract holders can resolve the observed obstacle w.r.t. the exclusion of net-injection in the current ToE-framework for most of the net-injection delivery points that could be capable of providing aFRR.

- Rent a Port Green Energy finds the proposed alternative an elegant solution for pass-through contract holders.. Next Rent a Port Green Energy believes that market barriers will be low enough for assets to find their way to the market.
- Aspiravi Energy explains that it didn't fill in the questionnaire during the consultation of the aFRR design note because it estimated that the added value would be limited and that double counting of volumes by multiple parties could not be avoided.
Elia replied that it didn't receive one single MW volume of flexibility out of the questionnaire.
- Next Kraftwerke asks which additional volumes would need to be given by market parties in order that Elia would recommend implementing a ToE for aFRR.
Elia replies it cannot pinpoint a specific amount in MW right now. The discussion will need to take place together with CREG. First Elia needs to receive an indication on possible volumes, knowing that it currently did not receive any volumes at all via the consulted questionnaire of the aFRR design note. Moreover, Elia adds that even when volumes are delivered it is not sure it will reduce the total reservation price of aFRR.
Restore replies that not only an expected lower reservation price should be considered as a parameter to assess the economic feasibility but that also other aspects need to be taken into account.
Elia agrees that also other aspects are important but that finally it is an appreciation of several aspects including regulatory aspects that will need to be discussed together with CREG.
- Next Kraftwerke reminds that it is still possible to do bilateral agreement (opt-out agreement) to participate in the aFRR market, without a ToE-framework that needs to be put in place. Furthermore, Next Kraftwerke understands Elia's proposal and supports the fact that Elia's recommendation for ToE is for consultation on the table with all concerned stakeholders.
- YUSO finds the alternative solution for pass-through contract holders a promising idea with potential and asks whether or not a pass-through contract is a prerequisite to make use of this alternative setup.
Elia replies that indeed the existence of a pass-through contract would be a pre-requisite to be able to use this alternative setup.
YUSO asks whether or not such pass-through contracts are common practice in the market.
Next Kraftwerke replies that a large part of its customers are exposed to the imbalance cost and thus find themselves in a pass-through constellation.
- Febeliec finds the alternative proposal a good solution for pass-through contract holders and if the implementation cost is considered low, it supports the solution. However Febeliec adds that the proposal of Elia is only for those assets with a pass-through construction and that those assets who want to do a few hours of balancing don't want to be exposed the rest of the time to the imbalance tariff via the pass-through contract.
Elia replies that the proposed alternative solution is a first step that focuses to meet stakeholders' demands and that a ToE for aFRR is only postponed rather than abolished.

Restore asks whether the alternative solution is specifically related to aFRR and injection units.

Elia replies that in a first step Elia focuses to find a solution for net-injection for the opening of the aFRR market in 2020. Elia is aware that such a solution could also be adoptable for net-offtake units, but Elia will assess how this will interact with the other constructions already available (ex. the classical ToE-framework). The solution should be seen technology neutral, independent from the injection or offtake character.

- European Commodities states that there is a potential impact on settlement of the Supplier, since Elia's settlement is only done at M+2.

Elia replies that the existing settlement times (at M+2) will not change and does not see an impact on first sight but will take this into consideration in coming analyses.

4. Main principles for testing procedure

Pieter Vanbaelen presents the main principles related to testing procedure (prequalification test, availability test) applied by Elia for FCR, aFRR and mFRR reserved.

- Restore states that tests (prequalification test, availability test) should be paid by Elia. Moreover, since a ToE applies on all types of tests a BSP will bear additional costs since it has to compensate the Supplier while not being remunerated by Elia for the test as such. Elia explains that cost for tests are part of the business case of the BSP, since costs can be recovered via the reservation price. It adopts this main principle consistently over all types of testing procedures. Moreover, Elia wishes to exclude gaming on availability testing, since BSP's could set their activation price very high knowing they are tested for availability requirements at least one time a month.
- Restore asks why the balancing perimeter of the BRPbsp is corrected with the requested volume and suggests only adding the delivered volume in the balancing perimeter of the BRPbsp. Elia explains that this would mean an implicit remuneration via the imbalance tariff; such remuneration is not possible since testing costs are part of the contract.
- Next Kraftwerke suggest evolving towards a smart way of availability testing, which takes into account past results of the BSP to determine the frequency of the availability tests. Elia takes note of Next Kraftwerke's request.
- Elia concludes that it will not change its policy regarding testing procedures within the near future.

5. Offshore Integration

Thibaut Gérard presents an overview of the feedback received after the consultation of the offshore integration design note and next steps.

- EDF Luminus asks how grid elements that are lost are taken into account in case of thunderstorms or lightning.
Elia explains that in case of lightning grid elements are sufficiently redundant; only one of both circuits can be lost due to lightning on a grid element.
- EDF Luminus asks what happens if Elia activates a decremental bid without remuneration on an offshore windpark based on a wrong forecast. It is in Elia's interest to not activate R3 but use decremental bids on offshore windparks instead. Moreover, EDF Luminus states that the exposure of an BRP to the quarter-hourly imbalance tariff provides sufficient incentives to balance its portfolio and that therefore an additional measure does not need to be put in place.
Elia explains that in its proposal decremental bids will be remunerated in case of wrong forecasts. Only in the case of a correct forecast, there will be no remuneration. Elia believes that when a storm event can be predicted correctly, the BRP should bear the cost and not society. A BRP has a balancing responsibility and should take into account a storm pro-actively by ramping down before a storm is expected and source energy for this period on the day-ahead or intraday market. If Elia would pay always for a decremental bid, then BRPs will not be incentivised to take ex ante actions to resolve storm events, and hence not fulfilling his legal balancing obligation.
- EDF Luminus states that it is in Elia's interest to not share the activation principles that lie at the basis for an activation of a decremental bid. Moreover, the question rises who is the final arbitrator to decide on the necessity of such an intervention of Elia.
Elia replies that CREG as federal regulator is the arbitrator in case of disputes.
CREG confirms and asks if Elia can put in place a shortlist of basic operational rules that are used by the grid operators for such exceptional circumstances.
Elia replies it has foreseen to put in place such basic principles that will be communicated to stakeholders.

6. Imbalance prices : modification alfa component

James Matthys-Donnadieu explains the modification of the alpha component and refers to the slides for more information.

- FEBEG objects to the usage of an 'incentivizing component' such as the alpha component to artificially increase the imbalance settlement price as FEBEG also described in her reaction to Elia's design note on offshore integration.
Elia explains that imbalance prices should create sufficient incentives for BRP's to balance their portfolio. Market observations indicate that the imbalance price increases too slowly over time and remains too limited in case of large and structural system imbalances, therefore not always providing sufficient balancing incentives for BRP. Next, the offshore

study also demonstrated that most of the storm events can be forecasted; therefore adequate incentives are needed in order to encourage BRPs to take ex ante actions in case such events are forecasted.