

Minutes of meeting (version 2)

Working Group Balancing 25/06/2019

List of participants:

Name	First name	Company/association	Present
Adigbli	Patrick	Restore	X
Anciaux	Pauline	FOD	X
Baudson	Axel	European Commodities	X
Bayart	Pierre	Rent a Port Green Energy	X
Braecke	Pascal	Virtual Power	X
Busschaert	Joost	Virtual Power	X
Canière	Hugo	Belgian Offshore Platform	X
Ceusters	Michel	Vynova	X
Chafaqi	Laila	EDF Luminus	X
Claes	Peter	Febeliec	X
Coppin	Xavier	Engie	X
Demeyer	Valentijn	Scholt	X
Dierckxsens	Carlos	Next Kraftwerke	X
Feneuil	Brieuc	Lampiris	X
Gheury	Jacques	CREG	X
Haaker	Nick	Brugel	X
Halkin	Didier	Ores	X
Jong	Dieter	Rent a Port Green Energy	X
Latiers	Arnaud	Actility	X
Legros	Cédric	SRIW	X
Loos	Rob	Aspiravi – Energy	X
Luyckx	Wim	Statkraft	X
Maenhoudt	Marijn	CREG	X
Meynckens	Geert	Restore	X
Oosterwijk	Peter	Nemolink	X
Parys	Valentin	Lampiris	X
Platbrood	Ludovic	Eneco	X
Pycke	Bart	Yuso	X
Sereda	Ekaterina	RWE	X
Taverniers	Hans	Power Pulse	X
Van Bruwaene	Mattijs	EDF Luminus	X
Van Melkebeek	Wouter	Engie	X
Van Nuffel	Margot	Otary	X

Vandenkerckhove	Olivier	Engie	X
Williame	Jean-François	Eneco	X
Wouters	Lore	Ode	X
Matthys-Donnadieu	James	Elia	X
Hebb	Bob	Elia	X
Magnant	Philippe	Elia	X
Tsiokanos	Anna	Elia	X
Clement-Nyns	Kristien	Elia	X
Vandenbroucke	Hans	Elia	X
Van den Waeyenberg	Sofie	Elia	X
Leroux	Amandine	Elia	X
Dufour	Raphaël	Elia	X

Minutes of meeting:

Version 2 of the minutes take into account the remarks on the initial version, as discussed during the WG Balancing of the 23rd of October.

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 25/06/2019

1. Approval of the MoM of previous WG Balancing
2. Imbalance prices on the 7th of June
3. Volume reserves 2020
4. aFRR: open points new design
5. Offshore: feedback workshop & next steps
6. Status updates
 - FCR product developments
 - ID market access
 - mFRR: result of consultation and next steps
 - iCAROS
 - ToE : pass-through contracts
7. Winter product
8. RT DGO Allocation platform
9. European Integration
10. AOB & closing

1. Approval of the MoM of previous WG Balancing - 18/02/2018

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. Imbalance prices on the 7th of June

Presentation given by Amandine Leroux.

- The wind and solar productions were significantly lower than expected by the forecasts for the concerned quarter hours (14h-15h).
- FEBELIEC asks whether this event shows that the accuracy of the prediction tools should be improved.

ELIA will be looking in to this topic, but reminds that the publication on Elia's website is only there for support. The BRPs keep the responsibility of an accurate production forecast when relevant for the balance of their portfolio.

- FEBELIEC observes that the market parties didn't react fast enough to the imbalance and asks how this could be avoided in the future. FEBELIEC states that this is even more relevant with an increasing share of intermittent production, that BRPs need to take their responsibility and that they shouldn't rely on balancing actions from Elia.

ELIA answers that this item is addressed later in the meeting (topic on offshore design) and that there is a proposal to increase the alpha component in the imbalance price.

- Rent a Port Green Energy remarks that there was a forced outage of one of the COO unit at the moment of the high imbalances, contributing for 215MW to the imbalance.

ENGIE reacts to the remark, ensuring that the outage of COO has been fully and duly managed

3. Volume reserves 2020

Presentation given by Bob Hebb.

- Referring to the implementation of dynamic dimensioning as of 1st February 2020, ENGIE asks if it would be possible to have historical data in order to get insight how the volumes in dynamic dimensioning would change from day to day.

ELIA understands the question and will perform retro calculations to allow more data to be made available to stakeholders. More information on the information which can be shared shall be given at a next meeting.

- Rent a Port Green Energy asks if the merit order selection implies a need to increase the volumes of aFRR reserves in order to compensate for a slower activation.

ELIA answers that a move to a merit order does not imply necessary a slower reaction time. It is correct that for small imbalances the reaction time will be slower as fewer different bids are activated simultaneously. However for high imbalances – as there is no volume cap – more bids will be activated in parallel.

4. aFRR: open points new design

Presentation given by Kristien Clement-Nyns.

- RESTORE asks what are the advantages and disadvantages of the following alternative solution addressed in the slides : “Tender with 4-hour blocks with separated start-up costs and a combination of a total cost and merit order selection in one step”.

ELIA answers that there is a risk of paying much more must run costs when the upward and downward direction is not procured simultaneously.

- Rent a Port Green Energy asks if it would be possible in the long term to procure everything in a Merit Order (2nd auction of the methodology).

ELIA confirms that this should be the target model on the long run.

- Rent a Port Green Energy asks if the prequalification process is different for the 2 auctions.

ELIA clarifies that there is only one prequalification process and that it is applicable for both auctions.

- Rent a Port Green Energy asks if batteries can bid for the first auction.

ELIA answers that this is perfectly possible. All technologies can participate in both steps of the tender.

- EDF asks if the 1st auction will allow symmetric bidding.
ELIA answers that symmetrical bids are allowed. The BSPs have to also offer asymmetric bids when they offer a symmetric bid.
- Next Kraftwerke asks whether an incentivizing mechanism is planned on the 2nd auction to allow for higher costs, which would give it the possibility to grow quickly enough.

ELIA answers that the parameters of the volume allocation rules still need to be defined further.

- ELIA confirms that the results from the auction in D-2 will be published in D-2.
- YUSO, EDF Luminus and Rent a Port Green Energy welcome the new solution presented by Elia for the capacity tender. YUSO suggests to brand the 2 products differently.
- ENGIE asks whether the price cap for aFRR energy bids is still relevant once the volume limit of IGCC is abandoned and how it will evolve after PICASSO goes live.

ELIA answers that:

- IGCC provides the opportunity to net aFRR volumes, but that the netted volume is never guaranteed. This explains why we can't rely on IGCC to eliminate the risk of very high prices.
 - When PICASSO goes live, there will be regional harmonised rules for bidding and very likely the price cap will disappear.
 - The go live of the new aFRR design is foreseen by July 2020 whereas the go-live of Picasso is not foreseen before end 2021. At least during the first year after the go live of the new aFRR design we need to foresee mitigating measures for potential price spikes.
- Rent a Port Green Energy asks if it would not be preferable to activate mFRR faster, in order to avoid hitting the high prices at the end of the merit order.

ELIA answers that occurrence of power deviations can be sudden and are very difficult to predict. Activating mFRR faster is no guarantee to avoid extreme prices

and might lead to other disadvantages like higher counter-activations costs and lower activation of cheaper aFRR bids.

- ENECO expresses its concerns about the impact of increase of the price cap to 1.000€/MWh (about 10 times higher than the current cap) on the imbalance price. Based on the information that the aFRR is saturated 1 to 2 times a day as communicated by ELIA, a market player could *rationally* decide to offer its aFRR volume at 1000€/MWh. In doing this, he will gain on 2 fronts: on the reservation and 1 or 2 activations a day at very high price. ENECO states that, based on recent activation prices of mFRR, this cannot be ruled out. Even if the impact on the imbalance tariff would be mitigated by the mechanism of average weighted price, the raise of the cap could incentivize some market players to increase their activation prices.

ELIA believes that there's a limited risk of having such high imbalance prices due to aFRR activation with the proposed design because:

- The price of a bid must be justified. Bidding at an unreasonable price could trigger a reaction from the regulator;
 - With the application of weighted average pricing, an imbalance price close to 1000 €/MWh is only possible in case most of the aFRR bids are offered at this price. Current experience with mFRR shows that bids with high prices only concern a small part of the bids.
- RWE asks clarification if the price cap applies to all energy bids, reserved and non reserved.

ELIA confirms that the price caps applies to all energy bids, irrespective whether they were reserved or not.

- Stakeholders are requested to provide their comments by the 3rd of July on:
 - The methodology presented for the aFRR capacity tender
 - The proposal by Elia to apply a price cap of 1000 €/MWh in combination with using weighted average pricing of activated aFRR for the imbalance prices.

5. Offshore: feedback workshop & next steps

Anna Tsiokanos introduces the discussion with a status of the T&C BRP.

- No comments received from stakeholders on the presentation.

Raphaël Dufour presents the topic on offshore.

- During last WG BAL, ELIA proposed a solution which foresees that in case the residual risk can't be covered, a CIPU unit could be "slow-started" in ID, creating a 15 minute activation margin. RESTORE shows an interest in this solution and asks if ELIA has considered since the last WG BAL the possibility for non-CIPU units to provide similar services. This way, the service would be technology neutral.

ELIA answers that the use of slow started assets in the framework of storm should be an exceptional procedure with low probability of activation. ELIA questions whether the efforts needed to develop this are worth the added value for the market actors, also referring to the limited use of the bidladder and the winter product, who required intensive efforts from the ELIA teams. ELIA is open to discuss this topic with the market actors at a later stage, but will in any case not be able to consider this into the work plan for this year.

6. Status updates

Raphaël Dufour presents the FCR product development

- ENGIE asks when the T&C BSP FCR are planned.
ELIA answers that currently priority is given to T&C BSP mFRR and that the best estimation for a public consultation of the T&C FCR would be end of this year / early next year.

Raphaël Dufour presents the ID market access.

- ENGIE asks if, when ELIA publishes data related to a congestion, ELIA will also directly publish information about the use of ID markets.

ELIA answers that the 2 publications are not linked. Data related to the congestion will be published on Elia's website, while the use of ID markets will be published each month only in case volumes on ID markets have been procured by Elia.

- ENGIE asks ELIA to take into account the proposal from the FEBEG, which was for Elia to indicate the need of countertrading on NemoLink and for market actors to communicate volumes and prices that can solve this issue.

ELIA answers that this would imply the need to send out a call for bids, which comes down to organizing a parallel intraday market. In addition, it's not ELIA's mission to organize markets. At the end of the trial period FEBEG's proposal will be assessed.

- ENGIE asks if intraday volumes were already procured in the ongoing trial period.

ELIA answers that this is not yet the case.

- ELIA clarifies that an inventory of the potential use cases for the ID market access will be integrated in the proposal that ELIA will submit at the end of the trial period before 01/02/2020.

Bob Hebb presents the feedback from the mFRR stakeholder consultation and the next steps.

- ENGIE appreciates that the technical IT specs will be available in July.

James Matthys-Donnadieu presents an update on iCAROS.

- No comments received from stakeholders on the presentation.

Anna Tsiokanos presents pass-through contracts for ToE

- FEBELIEC asks if, in each regime, the grid user has to sign contract, or at least is aware of the regime he is involved in.

ELIA answers that this is the case, as the grid user signs a grid user declaration allowing the FSP to valorize the flexibility of a given delivery point for a given product.

- Belgian Offshore Platform asks if ELIA will continue providing individual information to the supplier regarding the pass-through grid users in order to avoid double payment to those grid users.

ELIA answers that this issue was related to the combination of pass-through contracts with ToE. This issue disappears with the new pass-through regime.

7. Winter product

Presentation given by Anna Tsiokanos

- FEBELIEC and RESTORE advocates to maintain the winter product., FEBELIEC and REstore require ELIA not to wait for an urgent adequacy situation to occur before developing deploying the contractual and regulatory framework, in order to attract sufficient volumes when there's a need. REstore believes market parties should be informed as early as possible, given the barriers identified last winter (hardware installation, contracting time, etc.).

ELIA answers that:

- Whether the regulatory and regulatory framework is there or not, volumes will only be developed in case a significant adequacy need appears. Past experience showed that the regulatory and contractual framework can be developed very fast in case there is an urgency. Moreover, very limited volumes participated to this product last winter.
- There is a clear distinctive regulatory framework for adequacy products so all adequacy product design evolutions should preferably be dealt with in that framework.

At this stage, the probability that the winter product will be used again is very low as this would imply that the adequacy situation in the upcoming would appear to be much worse than the anticipated situations covered by the Strategic Reserve framework.

- ACTILITY states that last winter market signals arrived too late for developing volumes for this product. Actility recognises that it will be difficult to develop volumes for this product as long as there is no clear operational need for this product.
- Rent a Port Green Energy states that significant volumes of demand response are not keen to participate to DA/ID markets, but would participate to such an urgency product.
- When asked about the volumes announced last winter, REstore responded that the announcement was based on the premises of a timely implementation and a specific product design (i.e. including a capacity remuneration). This product design ultimately did not materialize, contributing to lower volumes being offered.

ELIA answers that the strategic reserves approved by the European Commission are designed for this. It is not possible to create another adequacy product with capacity remuneration without an approval of the Commission.

8. RT DGO Allocation platform

Presentation given by Hans Vandenbroucke

- No comments received from stakeholders on the presentation.

9. European Integration

Presentation given by Philippe Magnant.

- Due to a lack of time, only a part of the presentation has been given. The slides are at disposal and market actors are welcome to contact ELIA for any question.

10.AOB & closing

The next Working Groups Balancing are planned at following dates:

- 2nd of Oktober at 1pm
- 27th of November at 2.30pm, after the iCAROS stakeholder workshop