# Workshop "Explicit Bidding"

Working Group Balancing & Task Force iCAROS

11 March 2020



# Agenda

- 1. Purpose of the workshop and planning for design finalization
- 2. Bid properties and Bid level Introduction
- 3. Bid properties Simple bids
- 4. Bid properties Additional properties for congestion bids
- 5. Bid properties Additional (simple) properties for mFRR energy bids
- 6. Bid properties Complex bids
- 7. Bid level for single-unit bids
- 8. Next steps

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# **Purpose and planning**





### Purpose of the workshop

- Present ideas so far on properties for explicit energy bids for congestion and for mFRR.
  - Focus: common aspects of bid properties and not the specific rules per product.
- Present design change on bid level for PGM with PU-level outage planning & scheduling.
- Get participant's feedback on feasibility for special cases and/or gaps.
- Use feedback to finalize designs (see planning).

Note that for the mFRR service Elia has to take into account the rules that are set or will be set in the MARI project (for the implementation of the European platform for mFRR energy bids).





### mFRR/MARI

- **mFRR IF** has been approved by ACER on 24 January 2020 and foresees that:
  - ⇒ mFRR European platform should be operational 30 months later, therefore the legal deadline is **24 July 2022**.
  - $\Rightarrow$  High level planning will be communicated by the European track.
  - $\Rightarrow$  A **European stakeholder workshop** will be foreseen within the 6 months.
- Review **mFRR design proposal** by end 2020 (consultation of design note end 2020/early 2021)







# Bid properties & Bid level *Introduction*



## **Overview of bid properties**

Per energy bid per quarter-hour:

#### **General - Simple bid properties**

- Direction
- Bid price
- (Maximum) Bid volume
- Minimum Bid volume (= indicator of partial divisibility)
- List of delivery points (incl. EAN codes)

#### **General - Complex bid properties**

- Exclusive Group ID
- Parent/child relation
- Conditional linking (economical link with activation during previous quarter-hours)
- Technical linking (link with activation during previous quarter-hours)



#### Bid level question = "Which delivery points do we allow in a 'single-unit' bid?"

Additional mFRR properties

- Activation type (direct/scheduled)

Additional congestion bid properties

Set by the Scheduling Agent

- Activation delay
- Maximum activation time

Bid properties to reflect limited coordinability

Specific rules per product may apply for the use of simple and complex bid properties.



### **General principles**

- Design finetuning on explicit bidding serves for both congestion bids and mFRR energy bids
- Aim for harmonization
  - Across balancing and congestion
  - Across national and European balancing
- Aim for harmonization
  - In terms of bid properties
  - In terms of bid level for 'single unit bids'



# Bid properties: Simple bids



## **Overview of bid properties – simple bids (1)**



Direction	= positive energy or negative energy
	Positive energy = incremental bid = activation increases net injection / decreases net load Negative energy = decremental bid = activation decreases net injection / increases net load

List of DP	= List of delivery points (incl. EAN codes) - see further slides
	Specific rules per product

Bid price	<ul> <li>Activation price in €/MWh</li> <li>Granularity = 0,01 €/MWh</li> <li>No separate bid property to reflect a 'fixed cost' as other bid properties allow to separate vol with only variable activation costs from volumes leading to additional fixed costs</li> </ul>		•	
		(EBGL art. 46)	Positive bid price	Negative bid price
		Positive energy	Payment from Elia to provider	Payment from provider to Elia
	Specific rules per product	Negative energy	Payment from provider to Elia	Payment from Elia to provider



(Maximum) bid volume	<ul> <li>Bid granularity = 1 MW</li> <li>Minimum value = 1 MW</li> </ul>	Based on bid volumes the divisibility of the bid is determined:
	Specific rules per product	<ul> <li>fully indivisible bid volume</li> <li>min, bid volume = max, bid volume</li> </ul>
		- <b>divisible</b> bid volume (partially indivisible)
Minimum bid volume	<ul> <li>Bid granularity = 1 MW</li> <li>Minimum value = 0 MW</li> <li>Specific rules per product</li> </ul>	0 MW < min. bid volume < max. bid volume - fully divisible bid volume min. bid volume = 0 MW



### **Example 1: context**

- PGM with installed capacity of 200MW
- No PU detail required for outage planning & scheduling
- Single-unit energy bids for congestion and for mFRR
- Assume: Start-up & shut-down possible within mFRR Full Activation Time
- Assume: no contracted balancing capacity (only free bids)



# Example 1 : **Incremental bid**

200			Pmax
200			
100			
100	 		
		-	
50		-	Pmin
50 0		-	Pmin

Delivery point(s)	PGM 1	PGM 1	PGM 1	PGM 1
Direction	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)
(max) Bid volume	200 MW	200 MW	100 MW	100 MW
Minimum bid volume	50 MW	50 MW	0 MW	0 MW
Bid price	270,00 € / MWh			

[Alternative for start-up: complex bid (parent/child property): see further]



Example 1 :	
Decremental	bid



Delivery point(s)	/	/	PGM 1	PGM 1
Direction	1	/	Negative (decremental bid)	Negative (decremental bid)
(max) Bid volume	/	/	50 MW	50 MW
Minimum bid volume	1	/	0 MW	0 MW
Bid price	/	/	270,00 € / MWh	270,00 € / MWh







# Bid properties: Additional properties for congestion bids





### Overview of additional bid properties – simple bids – congestion bids



Maximum activation time	<ul> <li>Expressed in min</li> <li>It represents the maximum number of consecutive quarter-hours that the flexibility can be activated</li> </ul>
	Specific calculation guidelines for energy limited units





# Bid properties: Additional (simple) properties for mFRR energy bids



# Overview of additional bid properties – simple bids – mFRR energy bids



- Single fixed point in time (« point of scheduled activation »), being [T-7,5'] = validity period SA
- Delivery period starts at T+5' and lasts at least 5'
- Direct activation (DA):
  - Period between two points of scheduled activation, being ] T-7,5'; T+7,5' [ = validity period DA
  - The delivery period of a bid for qh1 (MTU1) activated directly will last until the end of the delivery period of qh2
     => so the delivery period of a direct activation in qh1 ends at the earliest at T+25'
- Energy bids reflecting contracted balancing capacity must be of the type "available for direct and scheduled activation"





# Activation type: Scheduled & direct activations (SA & DA)

#### **Scheduled** activation







# Bid properties: Complex bids





## **Complex bid properties**

#### Valid within 1 quarter-hour

- Exclusive Group ID
- Parent/child relation

#### To link between multiple quarter-hours

- Conditional linking (economical link with activation during previous quarter-hour)
- Technical linking (link with activation during previous quarter-hour)

Specific rules may be added in order to avoid performance issues in the selection algorithm.

Complex bid properties serve to:

- reflect the complexity in the technical reality of activation of active power (e.g., start-up required before further incremental flexibility is available)
- avoid the double activation of the same flexibility for the same purpose or avoid the activation of flexibility that cannot be activated together (use of exclusivity groups)
- take into account that at energy bid gate closure time for quarterhour t, the activations for previous quarter-hours are not yet known (use of linking)





## **Exclusive groups**

Group ID Group of bids with mutual exclusivity for activation: only one bid can be selected for activation in the concerned quarter-hour

#### Rules:

- A bid can only belong to 1 exclusive group
- The bids in the exclusive group can have different properties (volume, price, ...), except for the direction (no combination of upward and downward bids in 1 group)



# **Example 2 : Exclusive groups Congestion bids**

- Energy Storage in discharge mode offering 50MW of incremental flexibility
- Cost-reflective prices depending on activation duration (e.g. because long activation duration could imply next charging during peak hours)
- The Scheduling Agent might create two bids to offer the same flexibility at two different (cost-reflective) prices for two different max activation times.
- He therefore needs to use one exclusive group to . mention that only one of these bids can be selected for activation

#### **Delivery point(s)** PGM 1

	Direction	Positive (incremental bid)
	(max) Bid volume	50 MW
	Minimum bid volume	0 MW
Bid ID = 001	Bid price CONG	37,00 € / MWh
= 001	Maximum activation time	100 min
	Exclusive group ID	PGM 1 group
	Direction	Positive (incremental bid)
	(max) Bid volume	50 MW
Bid ID	Minimum bid volume	0 MW
= 002	Bid price CONG	120,00 € / MWh
	Maximum activation time	360 min
	Exclusive group ID	PGM 1 group



### Child bids

 Parent/child bid pairs
 The child bid can only be activated if the parent bid is activated as well during that quarter-hour.

 Bid property to indicate in the child bid: refer to the ID of the parent bid

#### Rules:

- A child bid can only refer to one parent bid.
- A bid cannot be a child bid as well as a parent bid.



### Linking in volume within the quarter-hour (parent-child economical linking)

# **Example 1 (context see earlier):** Parent/child as alternative for start-up



	200				Pmax
	200				
100					
	50				Pmin
	0				
		QH1	QH2	QH3	QH4
	Delivery point(s)	PGM 1	PGM 1	PGM 1	PGM 1
Parent	Direction	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)
Bid ID	(max) Bid volume	50 MW	50 MW	100 MW	100 MW
= 001	Minimum bid volume	50 MW	50 MW	0 MW	0 MW
	Bid price	270,00 € / MWh			
	Direction	Positive (incremental bid)	Positive (incremental bid)	1	1
Child Bid	(max) Bid volume	150 MW	150 MW	/	1
	Minimum bid volume	0 MW	0 MW	/	1
	Bid price	270,00 € / MWh	270,00 € / MWh	/	/
	Parent bid ID:	001	001	/	/

# Example 1 (context see earlier): Parent/child as alternative for shut-down





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# Example 3 : Parent/child as alternative for start-up Congestion bid

- PGM with installed capacity of 200MW
- No PU detail required for outage planning & scheduling
- Single-unit energy bids for congestion and for mFRR
- Assume: PGM not foreseen to be in operation on day D
- Assume: PGM with slow start-up but fully coordinable above Pmin
- Therefore only congestion bid, no energy bid for mFRR
- ⇒ Parent/child property can be used to make distinction between:
- Parent = Indivisible start-up bid with slower ramp rate and higher cost (fixed cost + variable activation cost)
- Child = further incremental margin at faster ramp rate and lower cost (only variable activation cost)





Delivery point(s) PGM 1

Parent	Direction	Positive (incremental bid)
Bid ID	(max) Bid volume	50 MW
= 001	Minimum bid volume	50 MW
	Bid price CONG	520,00 € / MWh
	Activation delay	4 min/MW

Child Bid	Direction	Positive (incremental bid)	
	(max) Bid volume	150 MW	
	Minimum bid volume	0 MW	
	Bid price CONG	134,00 € / MWh	
	Activation delay	0,11 min/MW	
	Parent bid ID:	001	

### **Technical linking**



Technical link	Technical links should be used to avoid that the underlying asset is requested to perform technically unfeasible activations.
	<ul> <li>Options related to activation type:</li> <li>If the bid was activated in quarter-hour t, it cannot be activated in quarter-hour t+1</li> <li>If the bid was activated in quarter-hour t, it cannot be activated in quarter-hour t+2</li> </ul>
	Options related to direction: - If the bid was activated upward/downward in quarter-hour t, it cannot be activated downward/upward in quarter-hour t+1
	(for mFRR the link can be specified for scheduled and/or direct activation)

#### Reason for technical links across guarter-hours for mFRR:

- For **mFRR energy bids**, at gate closure time for qh3 the BSP does not know whether the volume will have been activated in qh1 or qh2 (timings for scheduled activation for qh2 and for direct activations for qh1 and qh2 are after the GCT for qh3).



#### Reason for technical links across quarter-hours for congestion:

- For **congestion bids**, in case of consistent activation deadlines throughout the day, the Scheduling Agent does not know before the scheduling deadline of qh3 whether the volume will have been activated in qh1 or qh2.





### **Conditional linking**

#### Conditional (economic) link

- Conditional links should be used:
- to avoid that the underlying asset is requested to perform activations that are not feasible due to economic constraints.
- to allow the provider to align the bids with the correct cost structure of the underlying asset

#### Options related to 1 bid (= same as technical link but for economic reasons)

- If the bid was activated in quarter-hour t, it cannot be activated in quarter-hour t+1
- If the bid was activated in quarter-hour t, it cannot be activated in quarter-hour t+2

#### Options related to 2 bids:

- If the bid A was activated in quarter-hour t:
  - Bid A is not available for activation in quarter-hour t+1
  - Bid B is available for activation in quarter-hour t+1
- If the bid A was not activated in quarter-hour t:
  - Bid A is available for activation in quarter-hour t+1
  - Bid B is not available for activation in quarter-hour t+1

(for mFRR the link can be specified for scheduled and/or direct activation)



### **Example 4: context**

- PGM with installed capacity of 200MW
- No PU detail required for outage planning & scheduling
- Single-unit energy bids for mFRR
- Assume: unit not scheduled for the day (active power at 0MW)
- Starting the unit is possible, but this will have the following financial impact:
  - Fixed start-up costs
  - Variable activation costs



# **Example 4 – conditional link (start-up):** mFRR energy bid



					Pmax	
	200				Pmin	
	50 0	Not scheduled				
		QH1	QH2	QH3	QH4	
	Direction	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	
Bid ID	(max) Bid volume	50 MW	50 MW	50 MW	50 MW	
= 001	Minimum bid volume	50 MW	50 MW	50 MW	50 MW	
(start start-	Bid price CONG	520,00 € / MWh	520,00 € / MWh	520,00 € / MWh	520,00 € / MWh	
up)	Conditional link	/	If activated in qh-1, then not available.	If activated in qh-1, then not available. If activated in qh-2, then not available.	If activated in qh-1, then not available. If activated in qh-2, then not available.	
Bid ID = 002	Direction	/	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	
(contin ued start- up)	(max) Bid volume	/	50 MW	50 MW	50 MW	
	Minimum bid volume	1	50 MW	50 MW	50 MW	
	Bid price CONG	1	134,00 € / MWh	134,00 € / MWh	134,00 € / MWh	
	<b>Conditional link</b> Vorkshop on "Explicit Bidd	/ ing" - 11 March 2020	If bid " <b>001"</b> is not activated in <b>qh-1</b> , then not available.	If bid <b>"001"</b> is not activated in <b>qh-1</b> , then not available. If bid <b>"001"</b> is not activated in <b>qh-2</b> , then not available.	If bid " <b>001</b> " is not activated in <b>qh-1</b> , then not available. If bid " <b>001</b> " is not activated in <b>qh-2</b> , then not available.	



### **Example 5: context**

- PGM with installed capacity of 200MW
- No PU detail required for outage planning & scheduling
- Single-unit energy bids for congestion
- Assume: scheduled active power at Pmin = 50MW all day
- Shutting the unit down is possible, but this will have the following financial impact:
  - Avoided variable costs of 134 €/MWh (to be paid by the provider to Elia)
  - Added costs due to need of additional start-up (to be paid by Elia to the provider)



# Example 5 – conditional link (shut-down): Congestion bid



oungestion bid					
	200				Pmax
	50				Scheduled at Pmin
	0				
		QH1	QH2	QH3	QH4
	Direction	Negative (decremental bid)	Negative (decremental bid)	Negative (decremental bid)	Negative (decremental bid)
Bid ID	(max) Bid volume	50 MW	50 MW	50 MW	50 MW
= 001	Minimum bid volume	50 MW	50 MW	50 MW	50 MW
(start shut-	Bid price CONG	- 386,00 € / MWh	- 386,00 € / MWh	- 386,00 € / MWh	- 386,00 € / MWh
down)	Conditional link	/	If activated previously, then not available.	If activated previously, then not available.	If activated previously, then not available.
Bid ID = 002	Direction	/	Negative (decremental bid)	Negative (decremental bid)	Negative (decremental bid)
(contin	(max) Bid volume	1	50 MW	50 MW	50 MW
ued shut-	Minimum bid volume	1	50 MW	50 MW	50 MW
down)	Bid price CONG	/	134,00 € / MWh	134,00 € / MWh	134,00 € / MWh
	Conditional link Workshop on "Explicit Bidd	/ ing" - 11 March 2020	If bid <b>"001"</b> has not been activated previously, then not available.	If bid <b>"001"</b> has not been activated previously, then not available.	If bid " <b>001</b> " has not been activated previously, then not available.



# **Bid level for 'single-unit bids'**



### elia Elia Group

## **Bid level question**

Per energy bid per quarter-hour:

#### **General - Simple bid properties**

- Direction
- Bid price
- (Maximum) Bid volume
- Minimum Bid volume (= indicator of partial divisibility)
- List of delivery points (incl. EAN codes)

#### **General - Complex bid properties**

- Exclusive Group ID
- Parent/child relation
- Conditional linking (economical link with activation during previous quarter-hour)
- Technical linking (link with activation during previous quarter-hour)

Bid level question = "Which delivery points do we allow in a 'single-unit' bid?"

Additional mFRR properties

- Activation type (direct/scheduled)

Additional congestion bid properties

Set by the Scheduling Agent

- Activation time
- Maximum activation time

Bid properties to reflect limited coordinability

Specific rules per product may apply for the use of simple and complex bid properties.



### Recap on bid level: explicit bidding designs so far

#### Congestion bids (iCAROS)

- Overall unit-based bidding

#### Balancing energy bids (future aFRR/mFRR)

- Unit-based bidding in case of a MW schedule
- Portfolio bidding allowed for aggregating delivery points without a MW schedule

#### 'Unit-based' bidding means:

- At PGM level (if outage planning & scheduling is also on PGM level, in case no PU detail is needed)
- A PU level in case the PGM level is deemed insufficient for outage planning & scheduling \_
  - Question: In this case do we keep unit-based bidding at PU level? Or do we change the designs for explicit bids to PGM or config level?

Existing production park: +/- 10 cases (CCGT/OCGT)



### **Example 6: context**

- PGM = gas-powered plant connected behind two connection points
  - PU-level outage planning and scheduling
  - > The PGM can operate in different modes:
    - Half OCGT on GT1
    - Half OCGT on GT2
    - Half CCGT on GT1+ST
    - Half CCGT on GT2+ST
    - Half OCGT on GT1 + half CCGT on GT2+ST
    - Half CCGT on GT1+ST + half OCGT on GT2
    - Full OCGT (GT1 + GT2)
    - Full CCGT (GT1 + GT2 + ST)





## **Risks of PU-level bidding**





If the PGM is in CCGT mode and Elia activates the volume on GT1 or GT2, Elia is not aware that the active power of the ST will change as well.



- Risk of activations causing unforeseen and even unwanted impact

The change of active power on the ST may create risks of grid security.

e.g. GT1 activated upward for balancing, but congestion risk in electrical zone 2 blocking the ST from producing more

### Possible solutions

Option 1: add bid property to group bids for "simultaneous activation"

⇒ Bid property not available for the European mFRR platform

Option 2: work with bid reflecting the operating mode instead of PU-level bids ⇒ Preferred option (see next slide)



### Design change: Configuration bids for balancing and congestion

**Case:** Structural data on the PGM indicates that the PGM can be operated in different modes (different configurations)

Balancing energy bids and congestion bids reflect the configuration/operating mode of the PGM

- The list of delivery points in the bid is limited to the concerned PGM or, if PU-level outage planning and scheduling, to the PU part of the concerned PGM (e.g., typically CCGT/OCGT)
- > All **configurations** that are technically available for the concerned period **must be offered** via one or more energy bid(s).
- If several configurations are available for the same product for the same period: work with "exclusive group" property to avoid double activation.
- > Additional info needed on "distribution" key in case of several PU in 1 config bid (typically GT/ST combinations).

# **Example 6: configuration bids**



#### FOR 1 QUARTER-HOUR:

	<u>Config bid 1</u> <u>Half OCGT on GT1</u>	Config bid 2 Half CCGT on GT1 + ST	Config bid 3 Half OCGT on GT2	Config bid 4 Half CCGT on GT2 + ST
Delivery point(s)	GT1	GT1, ST	GT2	GT2, ST
Direction	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)
(max) Bid volume	150 MW	220 MW	150 MW	220 MW
Minimum bid volume	50 MW	100 MW	50 MW	100 MW
Bid price	520,00 € / MWh	700,00 € / MWh	520,00 € / MWh	700,00 € / MWh
Exclusive group ID	ID group I	ID group I	ID group II	ID group II
	Excl. group I To avoid that the volume on GT1 gets activated twice		Excl. group II To avoid that the volume on GT2 gets activated twice	

Activation of the full OCGT = activation of bids 1 and 3

Activation of the full CCGT = activation of bids 2 and 4

Activation of the half OCGT / half CCGT

= activation of bids 1 and 4

Or

= activation of bids 2 and 3

# **Example 6: configuration bids**



FOR 1 QUARTE	R-HOUR: <u>Config bid 1</u> Half OCGT on GT1	Config bid 2 Half CCGT on GT1 + ST	Config bid 3 Half OCGT on GT2	Config bid 4 Half CCGT on GT2 + ST
Delivery point(s)	GT1	GT1, ST	GT2	GT2, ST
Direction	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)	Positive (incremental bid)
(max) Bid volume	150 MW	220 MW	150 MW	220 MW
Minimum bid volume	50 MW	100 MW	50 MW	100 MW
Bid price	520,00 € / MWh	700,00 € / MWh	520,00 € / MWh	700,00 € / MWh
Exclusive group ID	ID group I	ID group I	ID group II	ID group II

Depending on the situation:

- All config bids may be offered for the same quarter-hour for the same product
- Only part of the config bids are technically available (e.g. GT2 is in maintenance)
- All config bids are technically available but not for all products: for example
  - PGM is not in operation
  - both OCGT and CCGT start-ups are available for congestion bids (although with different activation delays)
  - only OCGT start-up is possible for mFRR

# Need for a 'distribution key'

FOR 1 QUARTER-HO	UR:	<u>Config bid 2</u> Half CCGT on GT1 + ST		<u>Config bid 4</u> Half CCGT on GT2 + ST
Delivery point(s)	GT1	GT1, ST	GT2	GT2, ST
Direction	/	Positive (incremental bid)	/	Positive (incremental bid)
(max) Bid volume	/	140 MW	1	140 MW
Minimum bid volume	1	0 MW	1	0 MW
Bid price	/	80,00 € / MWh	1	80,00 € / MWh
Exclusive group ID	/	1	1	/

#### Example:

- All PU of the PGM are running at Pmin (CCGT mode)
- Incremental flexibility still available up to Pmax



#### Information needed on ratio between GT and ST

- Case 1: congestion bid needed on GT1 (because of problem CP1)

But this means that the bid « GT1 + ST » would be activated => how much of the bid volume do we need to activate to ensure that GT1 increases production with xxx MW?

- Case 2: due to congestion risks the increase on the ST is limited (medium CRI with MW cap). How much volume of the balancing bids « GT1+ ST » could we activate without increasing congestion risks?



# Next steps





### Follow-up and contact persons

Feedback, comments and suggestions on presented design for explicit bidding are kindly requested by sending it to <u>Sofie.Vandenwaeyenberg@elia.be</u> and <u>Caroline.Bosschaerts@elia.be</u> by 25 March 2020.

#### Follow-up:

- iCAROS: via next iCAROS taskforces (regarding phase 1: two additional task force meetings will be foreseen in 2020)
- mFRR/MARI: design review 2020

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# Thank you.

