

Minutes of Meeting Taskforce: “Implementation of Strategic Reserve” July 8th, 2019

MEETING LOCATION: ELIA, KEIZERSLAAN 20, 1000 BRUSSELS

MEETING DATE: JULY 8, 2019 - 14H00 UNTIL 16H00

LIST OF PARTICIPANTS

LAST NAME	FIRST NAME	ORGANIZATION
Matthys-Donnadieu	James	Elia - Chairperson
Buijs	Patrik	Elia
Van Thielen	Elmo	Elia - secretary
Verelst	Martine	Elia
Vander Mynsbrugge	Jorrit	Elia
Jourdain	Sigrid	FOD Economie
Anciaux	Pauline	FOD Economie
Debrigode	Patricia	CREG
De Waele	Bart	CREG
Leurs	Tim	CREG
Van den Kerckhove	Olivier	FEPEG - Engie
Schoonacker	Frank	FEPEG - Luminus
Putz	Patrick	E-Cube

Agenda

- *Consultation Report Volume Methodology 2020-2021*
- *Functioning Rules 2020-2021*
- *E-Cube Demand Response Study*

Introduction

The chairperson (Mr. James Matthys-Donnadieu) opened and presented the agenda of the meeting. The object of today's taskforce is to discuss some routine topics (volume methodology and functioning rules) as well as a repetition of the process that established the current Demand Response Study executed by E-Cube, in reaction to stakeholder questions.

Consultation Report Volume Methodology 2020-2021

Elia (Mr. Jorrit Vander Mynsbrugge) presented the reactions to the public consultation on the Volume Methodology for winter 2020-2021 and the replies given by Elia.

Engie asked if the issues with implementing the AT/DE split are that it is not yet possible to select “typical days” for the 4D model. Elia replies that RTE has developed a new algorithm for this and has succeeded in selecting the 4 winter days & are now working on the interseason days. These domains have not yet been applied in any study. Elia closely collaborates with RTE on this topic.

CREG asked if Elia’s statement on IHS being a qualitative forecast will be further clarified. The calculation is not presented in the report and CREG asked to make more details public to avoid similar recurring comments in the future. Elia proposed to present these details to the TaskForce with communication on the agenda beforehand to meet the request of CREG. CREG agreed that this would be sufficient.

Functioning Rules 2020-2021

Elia (Mr. Elmo Van Thielen) presented the modifications that will be implemented in the Functioning Rules for Strategic Reserves for winter 2020-2021.

CREG stated that the current text proposal suggests that a non-clearance of the Day-Ahead market would automatically trigger an activation of Strategic Reserve. Elia clarified that the intent is to keep it as a strong indicator, but that it will always be part of a larger contextual analysis as specified in the rest of the paragraph, i.e. it implies no ‘automatic’ trigger. Elia proposes to clarify this further in the text proposals..

Luminus asked what the impact of this adaptation is on a BRP. Elia clarified that they will no longer be able to buy energy to balance their portfolio from Strategic Reserves in the SRM-segment of the Day-Ahead Market (at the market price cap), but that any uncovered volume is exposed to the imbalance price following an activation of Strategic Reserves (today 13.500 €/MWh). Luminus wished to confirm that the declaration of a trigger is still only with the TSO. Elia confirmed this to be the case and stated that this was a change necessary according to their interpretation of the Clean Energy Package. Stakeholders are requested for their feedback on this design change over the summer, preferably well ahead of the next Task Force meeting.

CREG stated that the cross-border participation and possible participation of German Grid Reserves is also still to be evaluated in light of the Clean Energy Package. Elia replied that according to their interpretation, German Grid Reserves could potentially indeed participate should cross-border strategic reserves be found technically feasible, but according to the same tendering process as other strategic reserve candidates. CREG stated they would review their interpretation to verify this. Elia stated to perform the same exercise on their end.

CREG agreed to the proposed approach and stated that they see two aspects to the proposal: (1) whether the interpretation of the CEP by Elia is correct and (2) whether the wording is correct. CREG indicated the former as more urgent.

E-Cube Demand Response Study

E-Cube (Mr. Patrick Putz) presented the process that led to establishing the Demand Response Volume Methodology established in concertation with the TaskForce.

CREG asked if E-Cube could also state the disadvantages of the current methodology. E-Cube answered that it lacks details of activation strategy, which is why it was complemented with a Q&A to cross-check.

CREG stated that not all demand response capacity may be captured because a high enough price has never occurred and some capacity may just not offer in the market. E-Cube responded that during an exchange with FSP's, they indicated that any flexibility that was found by them would be offered to the market (aside from failings or revisions of contract).

CREG stated that they had received information indicating that not all capacity is captured in this methodology. Luminus reacted that it is hard to justify counting capacity based on non-transparent statements and stated that they should either be visible in the offering or thoroughly explained. Elia commented that any concerns about the methodology preferably comes with suggestions of a better alternative. Elia states a preference for methods that are objective, traceable in the result, etc.

Engie asked when the volume assessments had started and how the forecasts relate to reality. E-Cube replied that the first study was done in spring 2017 using 3-year data and that the model-predicted growth was accurate on average. It was decided in the TaskForce that the final growth rate would be higher. It was also mentioned that forecasted growth rates have sometimes been exceeded, sometimes not.

CREG stated that they trust the correct execution of the methodology, but continued to question whether it captures well the true capacity of the market. Luminus replied that scarcity is not desirable for operators, but the market reality they see is that it is very challenging to contract flexibility at industrial demand, also for FSP's. This is why they would like to see facts and figures about the potential missed capacity. Elia indicated the criticality of this winter, which should have been the most opportune time for any capacity to offer into the market. CREG replied that this might be due to lack of a shorter term scarcity signal. Especially since at least one FSP had mentioned previously to have expected a multiple of last year's volume.

Elia asked if E-Cube sees any potential to improve the method. E-Cube replied that changing the method would also compromise the initial objectives. It might be advantageous to make small improvements, such as a more recent Q&A. Elia also suggested to look into Multi-NEMO compatibility (since Nordpool has entered in the Belgian market) and re-assessing the assumptions taken on block orders.

Elia proposed to invite further feedback from the TaskForce to suggest alternatives over the summer.

Engie asked if the growth rate would also be discussed. Elia replied that it will be possible to react to this in the public consultation on input data.

Closing

The chairperson closed the meeting by thanking all parties for their participation. Next TaskForce will likely be held in September.

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