

Functioning rules strategic reserves

Winter 2021-2022

30/11/2020



Context

Initially, Elia had foreseen to exclusively make routine adaptations to the functioning rules:

- Period of application (winter 2021-2022)
- Update of parameters (DSR certification, expected/max numbers/duration of activation)

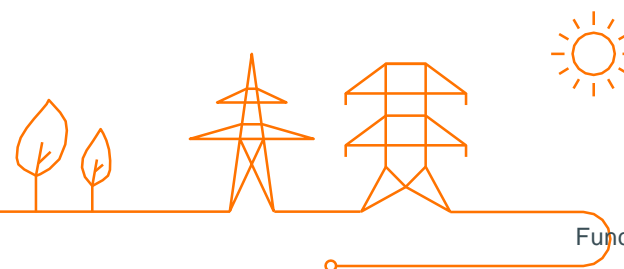
On October 15th, Elia received the final decision (B)2060 from CREG on the functioning rules 2020-2021:

- The functioning rules were not approved, particularly on the grounds of:
 - Non-compliance with article 22(2)a of Regulation 2019/943 [dispatching criteria for SR]
 - Non-compliance with article 22(2)b of Regulation 2019/943 [value of imbalance price during SR activation]

=> Elia will discuss all these points during today's Taskforce and how it aims to submit a new version for Winter 2021-22

Agenda

1. Compliance with article 22(2)a
2. Compliance with article 22(2)b
3. Update – parameters
4. Next steps



CREG decision (B)2060 found the submitted functioning rules for strategic reserves non-compliant with article 22(2)a of regulation 2019/943

“(a) where a capacity mechanism has been designed as a strategic reserve, the resources thereof are to be dispatched only if the transmission system operators are likely to exhaust their balancing resources to establish an equilibrium between demand and supply”

CREG decision:

- CREG disagrees that article 22(2)a allows safeguarding the full balancing capacity when activating reserves
- CREG considers in their decision that a share of the balancing capacity may be preserved in accordance with this article

Elia position:

- Elia poses that the preserved share should be the full need for balancing capacity (AS IS)
- The need is based on a (likely to occur) reference incident (cf. article 157 of the system operation guidelines)
- Strategic reserves are not obliged to be technically capable to respond to nor dimensioned for this incident
- Failure to respond to a reference incident during scarcity periods leads to load shedding and impacts the reliability of the system not allowing strategic reserve to reach its objective
- Elia disagrees that article 22(2)a prohibits the current rule, i.e. preserving the full need for balancing capacity

Elia remains of the opinion that the submitted rule fits within article 22(2)a, minimizes the risk of load-shedding with the given resources and fulfill and respect the objectives of both the strategic reserve and the balancing resources

CREG decision (B)2060 found the submitted functioning rules for strategic reserves non-compliant with article 22(2)b of regulation 2019/943

“(b) during imbalance settlement periods where resources in the strategic reserve are dispatched, imbalances in the market are to be settled at least at the value of lost load or at a higher value than the intraday technical price limit as referred in Article 10(1), whichever is higher; ”

CREG decision:

- CREG in principle supports the current ruling, but does not deem it compliant with article 22(2)b

Elia position

- Elia continues to find the current design better and more in line with general principles of EU legislation (e.g. article 22(1) of Regulation 2019/943 and article 44(1) of regulation 2017/2195) ensuring correct incentives in view of the precise real-time situation
- However, no further legal arguments found to support current ruling
- Proposed to limit the change in pricing only to ‘Effective Delivery’ (= ‘dispatched’), i.e. the period for which scarcity was expected and for which the strategic reserve was activated
- Proposed to exclude warm-up/ramp-up periods (and testing)

While also Elia regrets the strict application of article 22(2)b, we see currently no further arguments in favor of the current rule and propose to adapt with minimal required changes to the pricing rule (see next slide)

Modifications resulting from article 22(2)b in the strategic reserves functioning rules (NL)

§6.7.2

“Zo geldt voor elk kwartier (j) waarvoor de tweedrie volgende voorwaarden vervuld zijn:

Voorwaarde 1: de activatie van ten minste één eenheid van de strategische reserve (SGR of SDR) na de vaststelling van een risico op "Structureel Tekort van de Zone" door een Technical Trigger is lopend en bevindt zich in de fase ~~Warm-up, Ramp-up/down of~~ Effective Delivery.

Voorwaarde 2: kwartier j ligt in het interval gedefinieerd als "te dekken periode" in §6.4.1.

~~**Voorwaarde 3:** De "Structural Shortage indicator" is positief.~~

Enkel voor deze kwartieren wordt het positieve (POSj) en negatieve (NEGj) onevenwichtstarief vastgelegd op een bedrag zoals bepaald in het "Tarief voor het handhaven en herstellen van het individuele evenwicht van de toegangsverantwoordelijken “”

Furthermore, section 6.7 will be substantially shortened to remove references to the Structural Shortage Indicator.

Functioning rules parameters – yearly updates

SDR certification table (based on heat maps in annex II of the volume report)

2020
-
2021

[%]	Zondag en feestdagen			Zaterdag			Werkdagen					
Uur [begin;einde]	0;17	17;20	20;24	0;16	16;20	20;24	0;6	6;7	7;13	13;16	16;20	20;24
November	40	60	40	40	60	40	40	60	85	85	85	65
December	40	60	40	40	60	40	40	60	85	85	85	65
Januari	40	60	40	40	60	40	40	60	85	85	85	65
Februari	40	60	40	40	60	40	40	60	85	65	85	65
Maart	40	40	40	40	40	40	40	40	85	55	85	55
Kerstvakantie 1	40	40	40	40	40	40	40	40	40	40	40	40
Kerstvakantie 2	40	40	40	40	40	40	40	40	40	40	40	40



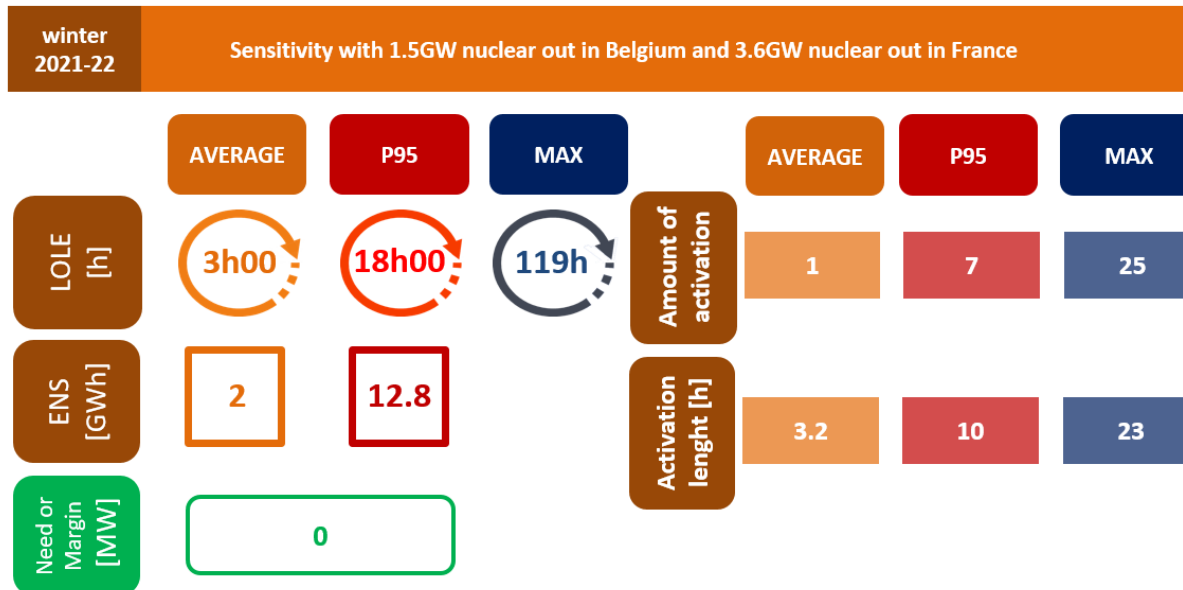
2021
-
2022

[%]	Zondag en feestdagen			Zaterdag			Werkdagen					
Uur [begin;einde]	0;17	17;20	20;24	0;17	17;21	21;24	0;6	6;7	7;12	12;16	16;20	20;24
November	40	60	40	40	60	40	40	60	75	75	85	65
December	40	60	40	40	60	40	40	60	85	85	85	65
Januari	40	75	40	40	85	60	40	60	85	85	85	85
Februari	40	60	40	40	60	60	40	60	85	75	85	85
Maart	40	40	40	40	40	40	40	40	55	55	85	55
Kerstvakantie 1	40	40	40	40	40	40	40	40	40	40	40	40
Kerstvakantie 2	40	40	40	40	40	40	40	40	40	40	40	40

Remark: As the identified need for strategic reserves is 0 MW, the SDR Equivalence Factors are listed as 'N.A.' as per usual in this situation

Functioning rules parameters – yearly updates

Maximum number/duration of activations



- **Maximum number of activations:** determined by maximum amount of activations 'MAX' and equal to **25**.
- **Cumulative maximum duration:** determined by the 'MAX' LOLE (h) and equal to **119 hours**.

Functioning rules parameters – yearly updates

Expected number/duration of activations

winter 2021-22	Base Case							
	AVERAGE	P95	MAX		AVERAGE	P95	MAX	
LOLE [h]	<0h30	2h00	23h	Amount of activations	0.2	2	7	
ENS [GW/h]	0.2	1		Activation lenght [h]	1.7	4	15	
Need of Margin [MW]	-3300							

- **Actcold:** the number of activations in the winter period that do not begin within 24 hours after the end of a previous activation. This number will be based on the average amount of activations (rounded up to the next integer) and is set at 1.
- **#Acthot:** the number of activations during the winter period that begin within 24 hours of the end of another activation. This number will be based on the average amount of activations (rounded up to the next integer) and is set at 1.
- **Actduration:** cumulative duration of activation during the winter period. This number will be based on the average LOLE(h) (rounded up to the next integer) and is set at 1.

Thank you.

