

Minutes of meeting (Version 2)

Working Group Balancing 23/10/2019

List of participants:

Name	First name	Company/association	Present
Adigbli	Patrick	Restore	X
Artois	Brutus	Eneco	X
Anciaux	Pauline	FOD	X
Bracke	Pascal	Virtual Power	X
Canière	Hugo	Belgian Offshore Platform	X
Chafaqi	Laila	EDF Luminus	X
Coppin	Xavier	Engie	X
Gheury	Jacques	CREG	X
Kormoss	Aymeric	Eoly	X
Kreutzkamp	Paul	Next Kraftwerke	X
Lazarescu	Anca Manuela	RWE	X
Lecrompe	Thibault	Lampiris	X
Loos	Rob	Aspiravi – Energy	X
Meynckens	Geert	Restore	X
Pycke	Bart	Yuso	X
Taverniers	Hans	Power Pulse	X
Vanneste	Aron	Actility	X
Van Bossuyt	Michaël	Febeliec	X
Van Bruwaene	Mattijs	EDF Luminus	X
Van Melkebeek	Wouter	Engie	X
Williams	Jean-François	Eneco	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
De Vos	Kristof	Elia	X
Plancke	Glenn	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 27th of November.

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 23/10/2019

1. Approval of the MoM of previous WG Balancing
2. LFC BOA & LFC means
3. MVAR new T&C
4. Status Updates projects
 - Offshore integration
 - mFRR T&C
 - iCAROS
5. aFRR capacity tender
6. Publications
7. Real Time DGO allocation forecasting
8. AOB & next meetings

1. Approval of the MoM of previous WG Balancing - 25/06/2018

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

Comments have been received from Restore and from Eneco. They have been discussed during this meeting and the conclusions have been taken into in the revised version of the MoM that can be found on [Elia's website](#).

2. LFC BOA & LFC means

Presentation given by Kristof De Vos.

- FEBELIEC asks where the value of 79% (of expected 15' LFC block imbalance variations to be covered, cf. slide 16) comes from in the statistical methodology.

ELIA explains that this value is a result of an analysis performed several years ago by Elia. It was demonstrated that, for the Belgian LFC block, covering 79% of the 15' imbalances allowed to reach an acceptable ACE quality.

- FEBELIEC reminds its opposition to the phase-out of R3 flex, as experience shows that R3 standard is more expensive (up to 3 times more expensive in the winter 2018).

ELIA has taken note of FEBELIEC's position and invites FEBELIEC to answer to the public consultation.

- RESTORE asks whether ELIA plans to go to dynamic dimensioning for aFRR as well.

ELIA answers that an investigation towards a new aFRR methodology is part of the work plan for 2020. A dynamic behaviour will be considered if proven useful. The stakeholders will be consulted on this new methodology.

- RESTORE asks what ELIA will do for the first 3 days of February.

ELIA answers that this is still under investigation, considering a separate auction for February or an extended auction for January, and the first 3 days of February. A decision will be communicated as soon as possible.

- ELIA reminds that, next to the consultation for LFCBOA and LFC Means, there is also a consultation on the T&C mFRR. ELIA invites market parties to raise any concern on daily tendering timely, as there will be no way back for the market once the T&C are approved.

- RESTORE asks if ELIA will inform the market parties when publishing the data dump of the parallel run on the website.

ELIA answers that a mail will be sent to the participants of the WG BAL as soon as it is published on the website.

3. MVAR new T&C

Presentation given by Raphaël Dufour.

- ELIA clarifies that ACH stands for Access Contract Holder
- FEBELIEC asks if the content of the VSP contract is already specified. FEBELIEC's concern is that, in a CDS, the ACH would have to bear the additional penalties related to MVAR tariff in case the VSP is not compliant in providing the service.

ELIA answers that this is to be settled in the mutual agreement between ACH and VSP.

- NEXT KRAFTWERKE asks if there's a limit on DSO level. A MVAR delivered in the DSO grid is not a MVAR delivered on the TSO grid.

ELIA answers that for assets connected on the DSO grid:

- The participation is voluntary and remunerated.
- The DSO will act as VSP

- RESTORE asks some clarifications on the exemptions concerning the MVAR tariff.

ELIA answers that it will occur in 2 phases: an exemption is granted to those who participate to the MVAR service until 2021. After 2021, the exemptions expire and a tariff correction is applied.

- ELIA clarifies that the final design note is published on the website

4. Status updates

Raphaël Dufour presents the status update of the Offshore integration

- BOP asks if the final version of the design note is available.

ELIA answers that the version published on the website (dated 17/07/2019) is the final version and that there have been no changes.

Sofie Van den waeyenberg presents the status update of the R3 2020 project and refers to the ongoing public consultations of the T&C for mFRR and the Balancing Rules

- Given the elimination of the paragraph on the winter product in the proposed Balancing Rules, FEBELIEC reminds its concerns about discontinuing the winter

product and argues that there is no sufficient justification for this choice, which is discriminatory for slow-start non-CIPU units. FEBELIEC also refers to realized termination of ICH and the announced termination of R3flex, stating that market players are not incentivized to make the necessary developments for new products if there is a significant risk that the products are not maintained

ELIA reminds that the winter product was announced from the beginning as an exceptional temporary measure. In addition, it would need to be redesigned to be technologically neutral. Regarding R3flex and ICH, as announced by ELIA in the roadmaps, there will be only one single standard product for balancing capacity in the future and R3 flex will gradually disappear.

ELIA invites FEBELIEC to react to the ongoing public consultations.

- NEXT KRAFTWERKE states that they are in favour of phasing out R3flex product, namely because it's necessary to allow cross-border mFRR balancing energy exchanges.

FEBELIEC answers that RTE has a product which is very similar to R3flex.

- Regarding the calculation of the penalties for the MW not made available, ELIA clarifies that a CCTU is considered to be not compliant for the calculation of the penalties in the month following as soon as the bidding obligation is not met for at least one quarter-hour.

Sofie Van den waeyenberg presents an update on iCAROS.

- No comments received from stakeholders on the presentation.

5. aFRR capacity tender

Presentation given by Kristien Clement-Nyns.

- ACTILITY asks if the 2 steps are run in parallel.

ELIA clarifies that step 1 occurs in D-2 and step 2 in D-1

- FEBELIEC reminds its strong position that volumes can only be procured in step 2 in case this is cost efficient compared to the auction in step 1. Fixing the minimum volume of step 2 to 10 MW and the reference price 20% above the price of step 1 might impact the cost for the final consumer.

NEXT KRAFTWERKE states that high prices are to be expected on the short term because the market needs time to adapt. In the Netherlands, this has been the case when 4h products have been introduced, but the prices have decreased and are currently lower than in Belgium.

- 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 there are 2 incentives in the 2nd auction: the minimum volume and the 20% included in the reference price.

- NEXT KRAFTWERKE asks whether it is planned that the 2nd auction can increase in larger steps, if the prices are low compared to step 1. Otherwise step 2 would be oversupplied at low prices which would not be able to attract further volume.

ELIA confirms that there's currently a maximum step size of 10 MW to increase the volume in the 2nd auction. In practice, this means that in case that price of Step 2 is low compared to step 1, the complete volume of step 1 can be transferred to step 2 in 14 weeks, which seems reasonable. In any case, Elia will perform a re-evaluation of the aFRR capacity tender methodology including this parameters after one year.

- FEBELIEC welcomes the decision to increase (or decrease) the volume in step 2 by at least 5 MW at a time.

- CREG explains that they are currently analysing if the capacity tender as presented by Elia is compliant with Article 6.9 of CEP. A possible interpretation of this Article is that the minimum threshold in D-1 is only acceptable if this threshold corresponds to a minimum of 30% of the balancing capacity to be contracted.

ENGIE asks if the balancing capacity mentioned in the CEP refers to aFRR only, or to all capacity products.

CREG proposes to let this discussion open until their analysis is finalized.

ELIA confirms that discussions are ongoing with the CREG on the interpretation of Article 6.9 and hopes it will come to terms on short notice.

- LUMINUS expresses concerns about the full divisibility (up to 1MW) in step 2. This does not allow to properly take into account the startup-costs, while units which were not selected in step 1 are obliged to bid in step 2.

ELIA answers that the divisibility of the bids is necessary to be able to apply a merit-order based selection and that this is the target model.

- ELIA reminds that the discussions that have taken place up to now on the T&C aFRR were informal and invites stakeholders to mention any comment that they consider as still valid in the formal public consultation, which will take place in Q1 2020.

CREG: we confirm this interpretation, as they can only take into account the comments on the formal consultation.

6. Publications

Presentation given by Kristien Clement-Nyns.

- NEXT KRAFTWERKE asks when the new alpha factor for the calculation of the imbalance price will be applied.

ELIA explains that the alpha modification has been included in the tariff dossier. The go-live is planned on 1/1/2020, provided that the tariff dossier is approved.

7. Real Time DGO allocation forecasting

Presentation given by Hans Vandenbroucke.

- NEXT KRAFTWERKE states that it's up to the BRPs to invest in the developments of such a forecasting tool.

ELIA answers that, as a market facilitator, its mission is to lower entry barriers for market participants. In this logic, an equivalent approach has been followed as applicable for wind and solar forecasting, for RT communication of offtake per Transformer Station. The same approach has been followed for weather forecasting, for RT communication, etc. The information put at disposal of the market parties come with disclaimers, there is no obligation to use them.

- YUSO asks if all BRPs have an equal access to the tool and how it works in practice.

ELIA answers that, after the pilot phase with a limited number of volunteers, each BRP will have access to the dedicated platform, via a B2B connection with ELIA. When subscribing, the BRP will have access to the data of its own portfolio.

- NEXT KRAFTWERKE asks if BRPs with more DSO-connected assets get an advantage by having access to more data.

ELIA answers that the data is provided at the level of the BRP portfolio, including all load at the DGO grid, aggregated for all DGOs. As such, the forecasting tool provides each BRP with an insight (forecasted volume) on his last QH aggregated DGO offtake. The forecasting tool does not go up to the level of each DGO access point individually.

- ELIA clarifies that the forecasts are based on the last 12 months history so that seasonal effects can be included in the forecast.

8. AOB & closing

Glenn Plancke shows the simulated scarcity price-adders are published on the Elia website.

- Link to the webpage: <https://www.elia.be/en/electricity-market-and-system/adequacy/scarcity-pricing-simulation>

- FEBELIEC questions the principle of scarcity pricing. There are some costs related to the mechanism (when the value for the price-adder is non zero), but the benefits are unclear. FEBELIEC would like to know from the 2020 study if the mechanism is related to flexibility, to adequacy, or to something else.

ELIA answers that the mechanism aims at providing incentives to have available flexibility in real-time. The price-adder will have a non-zero value when there is insufficient flexibility in the system. ELIA will inform stakeholders from the WG Balancing on the analysis in the course of 2020.

- NEXT KRAFTWERKE asks if the mechanism is an alternative to the CRM.

ELIA answers that in our understanding, the CRM addresses Adequacy, while scarcity pricing is rather designed for Flexibility. Furthermore, it is observed that in other countries/electricity markets, a scarcity pricing mechanism usually coexists with a CRM. ELIA want to stress that a thorough analysis needs to be performed before any decision is taken on implementation.

- ASPIRAVI asks if historical results are available.

ELIA answers that the calculations will go back to 1/10/2019, not further.

The next Working Groups Balancing is planned on the 27th of November at 2.30pm, after the iCAROS stakeholder workshop.