



Minutes of Meeting of WG Balancing on 29th January

Meeting

Date	29/01/2021
Organiser	James Matthys-Donnadieu

Participants		Attended	Excused
Anca Lazarescu	RWE	<input checked="" type="checkbox"/>	
Adigbli Patrick	Centrica Business Solution	<input checked="" type="checkbox"/>	
Bayart Pierre	Rent-a-port Green	<input checked="" type="checkbox"/>	
Baudson Axel	European Commodities	<input checked="" type="checkbox"/>	
Benquey Romain	Centrica	<input checked="" type="checkbox"/>	
Canière Hugo	Belgian Offshore Platform	<input checked="" type="checkbox"/>	
Chafaqi Laila	Luminus	<input checked="" type="checkbox"/>	
Coppin Xavier	Engie	<input checked="" type="checkbox"/>	
De Keyser Elias	Next-Kraftwerke	<input checked="" type="checkbox"/>	
Debaere Elias	Yuso	<input checked="" type="checkbox"/>	
Demeyer Valentijn	Scholt	<input checked="" type="checkbox"/>	
Donnay de Casteau Loïc	Engie	<input checked="" type="checkbox"/>	
Gibbert Jan	Centrica	<input checked="" type="checkbox"/>	
Harlem Steven	Luminus	<input checked="" type="checkbox"/>	
Laleman Ruben	Engie	<input checked="" type="checkbox"/>	
Legros Cédric	SRIW	<input checked="" type="checkbox"/>	
Libert Brice	CREG	<input checked="" type="checkbox"/>	
Limpens Tanguy	Axpo	<input checked="" type="checkbox"/>	
Loos Rob	Aspiravi Trading	<input checked="" type="checkbox"/>	
Maenhoudt Marijn	CREG	<input checked="" type="checkbox"/>	
Meynckens Geert	Centrica	<input checked="" type="checkbox"/>	
Pycke Bart	Yuso	<input checked="" type="checkbox"/>	
Taverniers Hans	Power Pulse	<input checked="" type="checkbox"/>	
Van Bossuyt Michaël	Febeliec	<input checked="" type="checkbox"/>	
Vandamme Nicolas	Total	<input checked="" type="checkbox"/>	
Verrydt Eric	BASF	<input checked="" type="checkbox"/>	
Wagnier Jean-François	Febeg	<input checked="" type="checkbox"/>	
Wiesé Nadia	Next-Kraftwerke	<input checked="" type="checkbox"/>	
Weyns Cédric	Flexicity	<input checked="" type="checkbox"/>	
Williame Jean-François	Eneco	<input checked="" type="checkbox"/>	



Participants		Attended	Excused
Attanasi Arnaud	Elia	<input checked="" type="checkbox"/>	
Chim Didier	Elia	<input checked="" type="checkbox"/>	
De Vos Kristof	Elia	<input checked="" type="checkbox"/>	
Dufour Raphaël	Elia	<input checked="" type="checkbox"/>	
Magnant Philippe	Elia	<input checked="" type="checkbox"/>	
Matthys-Donnadieu James	Elia	<input checked="" type="checkbox"/>	
Mertens Steven	Elia	<input checked="" type="checkbox"/>	
Motté Arno	Elia	<input checked="" type="checkbox"/>	
Pellegrin Cécile	Elia	<input checked="" type="checkbox"/>	
Pierreux Nicolas	Elia	<input checked="" type="checkbox"/>	
Tsiokanos Anna	Elia	<input checked="" type="checkbox"/>	

Report

Author	Didier Chim		
Function	WG Balancing Secretary		
Date report	08/03/2021		
Status	<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Final version	

1. Agenda

1. Introduction and Validation of minutes
2. Incentives: high level presentation of the scope, aim and ambition (part 1)
3. 2020 Year overview: Capacity auction results
4. MOG II SI study: Conclusions and next steps
5. Balancing & Belgian Markets: Roadmap 2021-22 (update)

AOB

- FCR new volume (core share, demand, export limit)
- Imbalance price on 07/12/2020
- Amendment of T&C BSP aFRR: Status Update

2. Report

1. Introduction and Validation of minutes

No comments from the stakeholders.

2. Incentives: high level presentation of the scope, aim and ambition (part 1)

Elia indicates a first part of the incentives are presented in this WG Balancing. The other balancing incentives will be presented during next WG Balancing. Febeliec appreciates the exercise of presenting incentives and confirms that it corresponds to their expectations when requesting a presentation on incentives in the beginning of the year.

Revision of baseline methodologies

CBS asks whether FCR baseline will be part of the scope of this incentive. Elia explains that FCR and aFRR baselines are out of scope of this incentive. For FCR, the work is currently on-going in the FCR Cooperation and the baseline will be discussed in that framework.

Elia indicates that the conclusions of the incentives should be transversal and could potentially apply to FCR and aFRR.

Designation of multiple BRP per access point:

Febeliec asks whether there is a limitation on the number of BRP (per access point). Elia indicates that its aim is to decrease the complexity and increase the flexibility for market participants. At this point, Elia does not pre-conclude on a potential limitation as this will depend on the analysis yet to be performed.

Yuso asks whether the multiple BRP concept is limited to access points on the Elia grid. Elia indicates the access points on distribution grid are not within the responsibility of Elia and confirms that the incentive will look at the connection points to Elia grid only.

Yuso adds whether the CDS mechanism is sufficient. Elia indicates that it is too early to provide conclusions and will look into the possibility to transpose CDS concept to Elia access points.

RAP-Green requests to be involved in interviews to see potential benefits for storage.

Daily prediction of non-contracted balancing energy bids

CBS asks whether sharing agreements with other TSOs are included in the merit order or are used as last resort. Elia clarifies that the Reserve Sharing Agreements are activated as a last resort mean, at the very end of the mFRR Merit Order. Elia clarifies that the focus of the incentive is on predicting the availability of non-contracted balancing energy bids, and not on the operational aspects of the activation of mFRR sharing.

Febeliec shares that it is a very important topic for them and would appreciate an update before summer with status and if possible early results. Elia clarifies that the first part of the study is on the methodological aspects of setting up the machine learning algorithms and cannot commit to already discuss on results of the implementation of the method before summer. However, if there is an interest of the stakeholders on this part, Elia proposes to have a status update of the study before the summer. Febeliec welcomes this initiative and agrees that their main interest lays in the results of the study and the impact of the methodology on procurement strategy.

3. 2020 Year overview: Capacity auction results

FCR

Febeliec indicates that Belgian prices for FCR are significantly higher than on European level and asks what the underlying issue is. Elia explains that part of the reason is because of the lack of liquidity on the Belgian market and of the market structure. Elia indicates that the Dutch market, having similar market structure also experiences high FCR prices.

aFRR

Febeliec criticises the impact of the new aFRR design on prices and shares that in its opinion, the design is not a success. Elia acknowledged the risk of high prices and looked for an acceptable compromise based on studies provided by Elia. Elia adds that first months after a Go-Live are usually more volatile in terms of price. November and December showed more stability.

Next-Kraftwerke indicates that Elia does not decide alone on the new design - there is an EU target model to comply with – but that the design is more complex than other countries. One needs time for competition to build up; the observed prices are normal for a market which has just been opened up.

Flexcity adds that shown prices also do not include non-CIPU volumes and expects that the prices will decrease. The technical complexity was higher than anticipated.

Yuso supports the comments of Flexcity and Next-Kraftwerke.

Next-Kraftwerke expresses some doubts on the fact that many new players will enter the market. Yuso indicates that it may be too early to conclude after a few months and many other factors may come into play.

CBS shares that the FCR market has been opened few years ago and did bring more volume which impacted the prices. Additionally, the market opening is a necessary step and a legal obligation but the timing of such market opening is also important.

Febeliec adds that the market opening should not be at any price.

Next-Kraftwerke shares that in a protected market (i.e. not opened for competition), no additional volumes are attracted. Yuso agrees and believes that new entrants will be attracted by high prices. Aspiravi Trading shares that high implementation costs can reflect the complexity in a product design. Febeliec indicates that it did not see any positive impact yet.

RAP-Green indicates that it has significantly invested to be part of the aFRR market based on the announcement that market barriers will be lifted and stresses the importance to have market stability.

Elia regrets that it has been put under pressure to deliver while the new entrants have not been delivering as they said they would. Flexcity responds that delay is also related to lack of qualitative support document and IT support. Elia indicated that this specific feedback will be taken into account for future design evolutions. Febeliec joins the disappointment of Elia as the aFRR Go-live has been pushed back several months, and adds that for the next evolutions, one should ensure that all parties are ready.

mFRR

About the mFRR price evolution in 2021, Next-Kraftwerke indicates that high prices attracted new volumes which, combined with a lower volume procured resulted in a lowering of mFRR capacity prices.

4. MOG II SI study: Conclusions and next steps

FEBEG asks some clarification on the orange curve of the graph (Fleet shutdown in hours per year, slides 28). Elia indicates that the results come from the simulations of the behaviour of all Belgian wind parks (including the future ones) based on historical meteorological data.

Belgian Offshore Platform (BOP) requests to continue discussion on the cut-in coordination before the update of the study in the second part of the study. Elia is open to discuss the point with BOP during or before the update of the study.

RAP-Green asks clarification on the maximum ramping rates that could be imposed on new wind parks. Elia indicates that this is described in detail in the report. The limitations are temporary, for situation where the System Imbalance (SI) is above 500 MW. Such limitation is only applied to the future wind parks.

European Commodities asks whether the Omega factor from scarcity pricing is considered as part of the mitigation measures. Elia explains that the Omega factor is unrelated. The factor is calculated based on a shortage of reserve margin and not on the SI. The discussion on scarcity pricing are still on-going with CREG. The Alpha factor however stimulates market reaction based on the SI. Elia will continuously aim at improving this market reaction through, if necessary, the further fine-tuning of the Alpha.

5. Balancing & Belgian Markets: Roadmap 2021-22 (update)

Febeliec asks whether PICASSO will Go-live before MARI. For mFRR, a 2-steps approach is proposed (Go-Live of local mFRR design and connection to EU balancing platform), which is not foreseen for aFRR/PICASSO. As a result, the connection to PICASSO EU balancing platform will come before the actual accession of Elia to MARI.

Eneco indicates that France and the Netherlands are foreseen to request a derogation to join MARI and requests more information. Elia indicates that the next update of the accession roadmap will provide more clarity on the expected connection date of derogating TSOs.

Febeliec stresses that there is little interest to be connected if it does not bring any value. Febeliec suggests that in case market participants are not ready, Elia should consider delaying the connection to MARI. Elia indicates that derogation is a formal process to be duly justified and that delays may have also an impact on other projects. As presented, a readiness check will in all cases be organized in Q4 2021 (what is still in time for derogation if it would be needed).

Elia clarifies on request of Febeliec that the simplified consultation will be limited to the extension of the T&C VSP approved in 2020.

AOB – FCR new volume (core share, demand, export limit)

No comments from the stakeholders.

AOB - Imbalance price on 07/12/2020

Eneco asks whether Elia could not reverse the flow since Belgium was exporting at the time. Elia indicates that for such flow reversal to take place, extra coordination with neighbouring TSOs is necessary.

European Commodities asks whether Dynamic Line Rating could be used. EC also indicates that in case of imbalance in Belgium, BRPs active in France have a strong incentive to move their imbalance from Belgium to France because of imbalance tariff concept. Elia indicates that the grid was already at its limit. Additional flows may also impact other borders.

CBS asks whether the change in dimensioning (counting 250MW of sharing agreement) had an impact on the MO (shortening) resulting in reaching quicker the higher prices in the MO. Elia indicates that it is difficult to know at which price the energy bids corresponding to the additional contracted capacity would have been offered. This being said, Elia did not make the analysis. Flexcity indicates that they have made some analysis but are inconclusive.

Eneco indicates that the Marginal Incremental Price was 1000€ that day for the volume to be activated. Elia explains that part of the mFRR volume was used to compensate a forced outage. The contracted capacity was used for the own purpose of the market participant, as foreseen in the T&C. Therefore, some bid activations were rejected by the market participants.

Febeliec indicates that high imbalance price provides the right signal and asks whether the procedures of the National Control Centre need to be changed. Elia confirms that no changes are foreseen.

AOB - Amendment of T&C BSP aFRR: Status Update

Elia reminds that the amendment of the T&C BSP aFRR submitted to the CREG for approval is to formalize the cap on the volume allocated to the per-CCTU auction.

Next-Kraftwerke shares its discontent on the proposed amendment of the design which now favours the step 1 (all CCTU auction) and indicates that significant investment have been made based on a design which is now changing. Next-Kraftwerke requests to have more discussions and go through the feedback of Elia. The comment is supported by RAP-Green. Elia clarifies that there are 2 distinct topics to be distinguished. The protective measure, which was urgently needed, and the future evolution of the design to address the comments received from the stakeholders, which requires extensive discussions with market parties.

Next-Kraftwerke questions the process. Long and extensive discussions have taken place during the design while a quick fix could be set relatively rapidly, changing the design. Now to change the design again, long discussions have to take place again. Elia indicates that it is moving forward with the comments of the stakeholders and aims at an alternative proposal, for discussion. Elia is taking actions transparently and proactively to progress and is planning workshops to discuss with



the stakeholders. Elia adds that the current fix is not considered as a long term solution, but was an absolute necessity in the short term to avoid a significant impact on the tariffs.

Febeliec asks whether the dates of the workshop have been set yet. Elia indicates that they will be in the coming few weeks.

Next-Kraftwerke shares its disappointment and indicates the unfairness of the measure. The volume should not go down below the pre-qualified volume. Next-Kraftwerke requests to find a balance to not block the new technologies from participating. Elia indicates that the volume allocated to the per-CCTU auction will only be below the prequalified DP_{PG} volume if the prices of the bids offered in that auction are not competitive. Elia reminds in this context that a 20% factor is included in the reference price, further incentivizing an increase of the volume allocated to the per-CCTU auction.

3. Date for next meeting

- 17/03/2021 – 09:00-12:00
- 06/05/2021 – 13:00-16:00
- 05/07/2021 – 13:00-16:00