

## Minutes of Meeting of WG Balancing on 17<sup>h</sup> March

### Meeting

<b>Date</b>	17/03/2021
<b>Organiser</b>	James Matthys-Donnadieu

<b>Participants</b>		<b>Attended</b>	<b>Excused</b>
Anciaux Pauline	FOD		
Anca Lazarescu	RWE	<input checked="" type="checkbox"/>	
Adigbli Patrick	Centrica Business Solution	<input checked="" type="checkbox"/>	
Baudson Axel	European Commodities	<input checked="" type="checkbox"/>	
Canière Hugo	Belgian Offshore Platform	<input checked="" type="checkbox"/>	
Chafaqi Laila	Luminus	<input checked="" type="checkbox"/>	
De Cock Peter	Engie	<input checked="" type="checkbox"/>	
De Keyser Elias	Next-Kraftwerke	<input checked="" type="checkbox"/>	
Debaere Elias	Yuso	<input checked="" type="checkbox"/>	
Donnay de Casteau Loïc	Engie	<input checked="" type="checkbox"/>	
Harlem Steven	Luminus	<input checked="" type="checkbox"/>	
Laleman Ruben	Engie	<input checked="" type="checkbox"/>	
Maenhoudt Marijn	CREG	<input checked="" type="checkbox"/>	
Pycke Bart	Yuso	<input checked="" type="checkbox"/>	
Suykens Cathy	Park Wind	<input checked="" type="checkbox"/>	
Taverniers Hans	Power Pulse	<input checked="" type="checkbox"/>	
Van Bossuyt Michaël	Febeliec	<input checked="" type="checkbox"/>	
Van Nuffel Margot	Otary	<input checked="" type="checkbox"/>	
Vandamme Nicolas	Lampiris	<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"/>	
Williame Jean-François	Eneco	<input checked="" type="checkbox"/>	

<b>Participants</b>		<b>Attended</b>	<b>Excused</b>
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"/>	
Van den waeyenberg Sofie	Elia	<input checked="" type="checkbox"/>	

## Report

Author	Didier Chim		
Function	WG Balancing Secretary		
Date report	16/04/2021		
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 2)
3. Balancing service - overview 2020
4. Imbalance Price design
5. mFRR design – feedback on informal consultation

## AOB

- Progressive integration of ALEGrO in IGCC
- EU Balancing: workshops – update
- High level planning of iCAROS phase 1
- Transfer of Energy
- Negative aFRR energy bid price.

## **2. Report**

### **1. Introduction and Validation of minutes**

No comments from the stakeholders. Minutes of meeting of 29<sup>th</sup> January will be approved on 6<sup>th</sup> of May.

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

European Commodities asks whether the comparison between the models and the details of the models will be communicated. Elia indicates that all simulations and models will be described for the public consultation.

Febeliec asks what the timeframe for the forecast of the imbalance is. Elia indicates that the targeted timeframe is next few quarter hours close to real-time.

Febeliec asks whether the forecast will be made available to market parties, given that if published, market parties will react to it and make the forecast wrong. Elia acknowledges the question and indicates that whether the forecast will be provided or not will be based on the outcome of the public consultation.

Yuso reacts to Febeliec's comment that the goal of the publication could precisely aim at the BRP's reaction so that the actual future imbalances are smaller. Yuso further indicates that forecast models are only as good as the provided input and asks whether cross border information could be made available to the market participants. Elia notes the point of Yuso.

### **Technology-neutral framework for the use of Units with technical limitations for balancing**

Febeliec remarks that previously the winter product did not get much volumes and explains that the rules were available very late and gave very little time to prepare. Elia explains that it worked as fast as feasible (along with the CREG) but shares that some of the announced volumes (also in the press) have not been delivered.

Febeliec acknowledges Elia's efforts to go fast, but insists that the offered volumes in the past should not drive the conclusions on the potential. Elia agrees and commits to do the exercise thoroughly and will not pre-judge on the outcome based on history.

Elia acknowledges also (and Febeliec agrees) that there may have been volumes made available that at the end were captured by the BRPs.

Next-Kraftwerke comments that Elia worked quite hard to streamline the mFRR product (also phasing out the flex product) and now considers offering a non-standard product. Next-Kraftwerke asks whether Elia should not join TERRE to ensure some harmonization at European level with RR. Elia indicates that the goal is not to create a new product but to extend existing exceptional procedures to be more technology neutral. This will be clarified in the material presented in the course of the incentive. Next-Kraftwerke agrees with the approach. Febeliec reminds that the final decision to phase-out mFRR Flex product has not been made yet.

### **3. Balancing service - overview 2020**

#### **FCR capacity prices**

Febeliec asks whether there is a reason for having in Belgium much higher prices than in the rest of the FCR cooperation. Elia explains that in Belgium, most of the FCR is offered with DPpg (in particular, batteries) but that Belgium sometimes relies on more expensive CCGTs. It noted also that the price situation in the Netherlands is quite similar and that lower prices in the FCR cooperation are mainly driven by low-cost hydro. Febeliec hopes that new capacities will bring down the prices for all balancing products.

#### **aFRR capacity prices**

Febeliec notes regarding aFRR that part of the reason for the higher prices can be in the design auction itself and insists on the importance of the ongoing discussion on the evolution of the auction design.

#### **mFRR capacity volumes**

Febeliec expresses its dissatisfaction regarding the implicit phase-out the mFRR Flex product by lowering the contracted mFRR volume. Elia reminds that the phase-out of mFRR Flex has been announced since 2016/2017 and the direction was set to allow the market to prepare. Elia also adds that compared to the initial roadmap, the phase-out was postponed by more than 2 years.

Eneco agrees that the phase-out was announced far in advance but not the lowering of the procured reserves. Elia clarifies that the phase-out of mFRR Flex and the reduction in contracted mFRR are two different topics. Elia further indicates that the reduction of contracted mFRR was shared on 24<sup>th</sup> September 2020. Due to the process, it is hardly feasible to communicate this change a very long time in advance. Additionally, the decision to reduce the procurement of mFRR is based on a sound analysis which has been discussed with the CREG, in the interest to reduce the tariffs. Finally, Elia reminds that the full potential of reserve sharing as not been reached yet.

Febeliec agrees with the reduction of procurement of mFRR but the split between Standard and Flex mFRR is more the issue. Some characteristics of mFRR Flex (such as neutralization time) is important for some technologies. Without the mFRR Flex product, some of its members would not be able to offer mFRR capacity in direct, without aggregation. Elia indicates that without aggregation, Elia would ultimately have to define as many products as units to reflect individual constraints, which does not go into the direction of a European harmonization.

CBS asks confirmation that reserve sharing is used today as a last resort mean and asks what will be the impact of MARI. Elia confirms the current practice and indicates that once the 2 concerned TSOs are active in MARI, the corresponding volumes will be included in the CMOL and activated through the platform according to a merit order.

#### **ToE statistics**

Yuso asks to clarify the difference between the BSP and supplier. Elia indicates that in the framework of Transfer of Energy, suppliers and BSPs are two contractual entities

### **mFRR Availability Control**

Eneco indicates that 50% of failure in mFRR availability control seems high. Elia indicates that the availability control from the new design is new to the BSPs and some time is necessary to get acquainted to it. Elia adds that the failed test were penalized accordingly.

### **Activation Volumes**

Febeliec notes an increase in netting through IGCC in 2020 and asks whether there is still a potential for increase of netting. Elia confirms the increase in 2020 and explains that this is related to the removal of profile limits in summer 2020. Elia also indicates that the inclusion of ALEGrO in IGCC should further increase the potential.

Elia highlights that the BRPs can be proud to have managed stabilizing the SI and ACE despite the increase in RES. ENGIE asks whether the impact of the alpha can be identified. Elia considers that the alpha component probably contributed to this result. ENGIE agrees that it did not worsen the situation but would be interested in an analysis whether they was any effect at all but recognizes the difficulties of ex-post simulations. Elia will give it more thoughts.

Several stakeholders indicate that the overview is useful and insightful and are looking forward to the impact from MARI and PICASSO.

## **4. Imbalance Price design**

Febeliec indicates that theoretically, a division by zero is possible when there is not activation at all requested by Elia (slide 45). Elia will look into it into further detail. A priori, if such situation happens the aFRR price will not be used and the VoAA will be used instead.

Yuso asks what is the planning for the implementation of PICASSO and MARI. Elia indicates that currently the connection to PICASSO and MARI are both foreseen in Q2 2022 with MARI at a later stage than PICASSO.

Yuso asks whether the Common Merit Order List of the platform will be available. Elia indicates that publications are foreseen on Entso-e Transparency Platform and on Elia.be. A specific presentation regarding publications will be organized in due time.

Luminus asks what would be the imbalance price if weighted average aFRR price is more expensive than marginal mFRR. Elia answers that aFRR would then set the price.

European Commodities asks whether Elia has simulated what would the Belgian imbalance price be after joining MARI and PICASSO. Elia indicates that it has no access to the bids of other TSOs and that this information would probably not be relevant anyway since design changes are still on-going. Elia is aware of the request of BRPs for a parallel run and is currently discussing what could be provided.

Yuso indicates that BRPs will have an incentive to help balancing the Belgian system but this may go against the frequency restoration necessary on a European level. The comment is supported by Engie. Elia explains that if Belgian BRPs reacts to the imbalance on the European level instead of

the Belgian level, Belgian BRPs may create additional, uncontrolled flows on the borders, which creates operational concerns. Additionally, the dimensioning of reserves is based on the Belgian system imbalance. If Belgian BRPs would be helping the European system, this would create imbalances in Belgium. Those imbalances would affect the result of the dimensioning and unnecessarily lead to higher reserve procurement in Belgium.

Engie asks whether Elia has a view on how other TSOs deal with this issue. Elia indicates that it had discussions with few TSOs only but the views were in line. Only the calculation of the VoAA were subject to more interpretation.

Eneco asks to clarify what would be the imbalance price in the example of slide 47. Elia explains that the imbalance price would be 80€/MWh. Elia will only look at the price of the first MW that would have been activated and not look at the depth of the Merit Order.

Eneco asks whether in the example in slide 46, the price of FRR down should be 17€ instead of 10€. Elia clarifies that the Merit Order for downward bids is “inverted” compared to a Merit Order for upward bids. The first bid to be cleared is at 20€/MWh then 17€/MWh.

CBS asks whether the correction of the BRP perimeter in case of activation of aFRR and mFRR will still apply. Elia confirms that the perimeter of the BRP will be corrected.

Yuso asks what the cross border capacity for MARI and PICASSO is. Elia clarifies that no cross-border capacity is reserved for MARI and PICASSO. In absence of a new capacity calculation, the available cross-border capacity should be the leftover capacity after the intraday timeframe.

Febeliec asks whether the balancing bids used for non-balancing purposes will be reflected in the imbalance price. Elia explains that the activation of bids performed via the platform (regardless of activation purpose) will impact the Cross Border Marginal Price and therefore, also the Belgian imbalance price.

Lampiris asks whether there are plans to harmonize the alpha component on a European level. Elia explains that the alpha component is part of the imbalance price and is a local matter. Elia adds that similar component to the alpha is present in other countries, as allowed by the Imbalance Settlement Harmonization methodology.

Febeliec asks whether the design on imbalance price will be consulted formally. Elia explains that the formation of the imbalance price will be reflected in the Balancing Rules and will follow due process (formal consultation of stakeholders and approval by CREG). If there are additional questions, market participants are invited to contact Elia.

## **5. mFRR design – feedback on informal consultation**

Febeliec asks about the next steps after the workshop (in March). Elia indicates that the draft of the Terms and Conditions mFRR will start for a public consultation after the summer. Febeliec requests the possibility to further tune the design after the workshop end of March before the public consultation on T&C BSP mFRR. Elia indicates that discussions will remain possible after this workshop.

Yuso asks what is the planning for the Go-live of the mFRR design. Elia indicates that it's early Q2 2022.

#### **AOB - Progressive integration of ALEGrO in IGCC**

Yuso asks whether there is an overlap between netting IGCC and the netting in PICASSO. Elia explains that the netting process will always remain but that after the new platform will be launched the PICASSO platform will perform this netting, exchange of aFRR will be on top.

CBS asks by how much the ATC on the BE-DE border will be increased in the coming month (since limited for the Go-live). Elia explains that the target is to have the Intraday leftover and that the increase will be gradual, based on analysis.

#### **AOB - EU Balancing: workshops - update**

No comments from the stakeholders.

#### **AOB - High level planning of iCAROS phase 1**

No comments from the stakeholders.

#### **AOB – Transfer of Energy**

No comments from the stakeholders.

#### **AOB – Negative aFRR energy bid price.**

Eneco asks whether the recent very negative price in aFRR energy bid are considered normal. Elia indicates first of all that the prices seem compliant with contractual clauses. Elia further adds that it performs a market watch which is shared with the CREG but is unable to judge whether the prices are normal or not.

Eneco asks whether the conclusions of the CREG will be shared with market parties. CREG did not respond. Engie indicates that it may be too soon to conclude.

### **3. Date for next meeting**

- 06/05/2021 – 14:00-16:00 (meeting start changed from 13:00 to 14:00)
- 28/06/2021 – 13:00-16:00 (instead of 05/07/2021)