

Minutes of Meeting of WG Balancing on 24th of March

Meeting	
Date	24/03/2022
Organiser	James Matthys-Donnadieu

Participants		Attended	Excused
Axpo	Limpens Tanguy	<input checked="" type="checkbox"/>	
BASF	Verrydt Eric	<input checked="" type="checkbox"/>	
BOP	Canière Hugo	<input checked="" type="checkbox"/>	
Centrica	Adigbli Patrick	<input checked="" type="checkbox"/>	
Centrica	Benquey Romain	<input checked="" type="checkbox"/>	
Cogen Vlaanderen	Reyniers Stefaan	<input checked="" type="checkbox"/>	
Edora	Monami Eric	<input checked="" type="checkbox"/>	
Eneco	Williame Jean-François	<input checked="" type="checkbox"/>	
ENGIE	De Cock Peter	<input checked="" type="checkbox"/>	
ENGIE	Donnay de Casteau Loïc	<input checked="" type="checkbox"/>	
ENGIE	Laleman Ruben	<input checked="" type="checkbox"/>	
Eoly Energy	Kormoss Aymeric	<input checked="" type="checkbox"/>	
European Commodities	Baudson Axel	<input checked="" type="checkbox"/>	
Ez-Nergy	Payoux Anthony	<input checked="" type="checkbox"/>	
Ez-Nergy	Van Migom Léa	<input checked="" type="checkbox"/>	
FEBEG	Waignier Jean-Francois	<input checked="" type="checkbox"/>	
Febeliec	Van Bossuyt Michael	<input checked="" type="checkbox"/>	
Flexcity	Maes Emiel	<input checked="" type="checkbox"/>	
Flexcity	Potvlieghe Harold	<input checked="" type="checkbox"/>	
Flexcity	Van Vlaenderen Emiel	<input checked="" type="checkbox"/>	
FOD Economie	Anciaux Pauline	<input checked="" type="checkbox"/>	
Luminus	Chafaqi Laila	<input checked="" type="checkbox"/>	
Luminus	Harlem Steven	<input checked="" type="checkbox"/>	
Next Kraftwerke	Dierckxsens Carlos	<input checked="" type="checkbox"/>	
ODE	Celis Chris	<input checked="" type="checkbox"/>	
Otary	Van Nuffel Margot	<input checked="" type="checkbox"/>	
RAP-Green	Bayart Pierre	<input checked="" type="checkbox"/>	
RAP-Green	Fieuws Arthur	<input checked="" type="checkbox"/>	
RWE	Bieman Ton	<input checked="" type="checkbox"/>	
RWE	Lazarescu Anca Manuela	<input checked="" type="checkbox"/>	
Thermovault	Brouyaux Louis	<input checked="" type="checkbox"/>	
Thermovault	Olivella Pol	<input checked="" type="checkbox"/>	
Yuso	Vermandere Jasper	<input checked="" type="checkbox"/>	



Participants		Attended	Excused
Elia	Bastiaensen Cindy	<input checked="" type="checkbox"/>	
Elia	Bosschaerts Caroline	<input checked="" type="checkbox"/>	
Elia	Chim Didier	<input checked="" type="checkbox"/>	
Elia	De Vos Kristof	<input checked="" type="checkbox"/>	
Elia	Genêt Benjamin	<input checked="" type="checkbox"/>	
Elia	Hardy Simon	<input checked="" type="checkbox"/>	
Elia	Illegems Viviane	<input checked="" type="checkbox"/>	
Elia	Leroux Amandine	<input checked="" type="checkbox"/>	
Elia	Magnant Philippe	<input checked="" type="checkbox"/>	
Elia	Matthys-Donnadieu James	<input checked="" type="checkbox"/>	
Elia	Mertens Steven	<input checked="" type="checkbox"/>	
Elia	Motté Arno	<input checked="" type="checkbox"/>	
Elia	Pellegrin Cécile	<input checked="" type="checkbox"/>	
Elia	Pierreux Nicolas	<input checked="" type="checkbox"/>	
Elia	Poncelet Kris	<input checked="" type="checkbox"/>	
Elia	Tsiokanos Anna	<input checked="" type="checkbox"/>	

Report

Author	Didier Chim		
Function	WG Balancing Secretary		
Date report	30/03/2022		
Status	<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Final version	



1. Agenda

1. Introduction and minutes
2. Introduction to MOG 2 TF – Workshop on balancing and market integration
3. Incentives: high level presentation of the scope, aim and ambition (Part 2)
 - a. Optimisation of input data for congestion management purposes
 - b. Evolutions of BRP nominations
4. CCMD: system operations benefits
5. EU Balancing Program update
 - a. Feedback public consultation T&C BSP aFRR
 - b. Feedback public consultation Balancing Rules
 - c. aFRR go lives : status & next steps
6. 2021 Year overview

AOB

- Approval LFCBOA:
 - Implementation of Nemo Flow Forecast
 - Exceptional balancing measures with Explicit bidding
- Relaxation of DA Balance Obligation

2. Report

1. Introduction and minutes

The MoM of workshop on System Balance Philosophy on 20th of January are approved.
The MoM of WG Balancing on 27th January are approved.

2. Introduction to MOG 2 TF – Workshop on balancing and market integration

BASF indicates that based on latest information up to 8 GW of offshore wind capacity will be connected instead of 5.8 GW previously announced. BASF asks whether the additional capacity will also be connected to the energy island or will it be connected to the grid via a different solution. Elia indicates that while the 5.8 GW of offshore capacity is certain, the 8 GW has to be taken with some caution due to political uncertainty. Elia takes 5.8 GW as working assumption and will update its study later, if relevant. Elia reminds that the deadline for the tender is approaching and discussions takes time. Therefore, Elia proposes to proceed with that working assumption.

European Commodities remarks that the “Boucle du Hainaut” & “Ventilus” projects are a pre-requisite for the connection of more offshore wind and asks whether there is a back-up plan foreseen if the permits for those projects are not granted. Elia confirms that those projects are a pre-requisite.

Luminus asks whether there are still discussions which may impact the design of the tender. Elia explains that the goal of the MOG 2 study is to propose boundary conditions for integrating new offshore concessions that can then serve as an input for public authorities to define tender conditions.

Otary asks whether the 2nd interconnector between Belgium and the UK will be connected via the energy island. Elia indicates that the island is built to be a landing point. While this specific interconnector was not considered, hybrid interconnectors are clearly part of the MOG 2 discussions.

BASF indicates that the government has announced a shorter timing for the MOG II tender and asks whether Elia could confirm that the first tender is still in Q4 2023. Elia indicates that the timing of tender is up to the government and can therefore not confirm.

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

Improve the quality of input data for congestion management

Febeliec asks clarification on the meaning of the forecast of the tap position of the Phase-Shifter Transformer (PST). Elia agrees that it is not a forecast *per se*. At the request of the CREG, Elia will share the data on the tap changes over time as a result of coordination with other TSOs, which has a strong impact on the congestion management. Elia adds that information regarding the use of costly remedial action will be available.

Daily balancing schedules

No comments or questions from stakeholders.

4. CCMD: system operations benefits

Centrica remarks that the main benefits from CCMD seem to come from more implicit flexibility and does not help much for the explicit part. Elia explains that CCMD does actually both by means of the exchange of energy blocks (EoEB) facilitating the participation in balancing services as well. Elia explains that both components are captured in the value calculation presented. Centrica indicates that for explicit flexibility CCMD does not seem to be necessary.

Centrica indicates that in the CRM, the volume which is added to the demand curve is the total needs and not the procured needs. Elia agrees with this interpretation and confirms that this is how it is taken into account in the calculations.

European Commodities asks whether the CCMD value exercise has been done at a sufficiently low granularity to quantify the cost of balancing which arises from solar and other technologies. European Commodities explains that given that no massive roll-out of smart meters is foreseen, the assets will not be dispatchable. Elia thinks that this is adequately covered and invites European Commodity to address this technical question bilaterally.

Eneco indicates that the Business as Usual scenario assumes no substantial innovations in Belgian market design and asks whether it includes at least some market design changes, such as the ones DSOs/Synergrid are working/consulting on at the moment. Elia indicates that it works in close collaboration with the DSOs and that some ideas are the same as far as CCMD is concerned. The model proposed by Elia is more generic and irrespective of the geographical locations of the assets.

ThermoVault asks to clarify why the focus is on mFRR and not on aFRR as well in terms of price projections. Elia indicates that there is definitely an advantage to consider aFRR, however it is less quantifiable due to the lack of accurate projections as long as the aFRR dimensioning methodology is under discussion. This analysis can be completed later on, as soon as discussions on the aFRR dynamic dimensioning are concluded.

Otary asks whether the costs related to CCMD (the set-up, managing complexity, and roll-out digital meters ...) have been assessed. Elia indicates that only cost savings on system operations and flattening the curve have been considered in this assessment but Elia expects that those far outweigh the costs of set-up.

Engie indicates that additional elements could be taken into account such as capacity tariffs being introduced by DSOs. Elia agrees that the assessment could integrate more elements in specific and explains that such evolutions are now captured in a general way in the business as usual versus maximum potential / best scenario. There are limitations to identify the effect of changes of every single market design element.

Febeliec asks whether the results shared in the slides are available in a more comprehensive report. Elia indicates that only slides are currently available. Febeliec asks whether the model being used for the valuation can be shared and whether it is sensitive to changes. Elia indicates that it does not concern an integrated model but rather calculations based on a combination of publicly available information from the Adequacy and Flexibility study 2021 and MOG II system integration study (2020), complemented with projections on balancing capacity prices.

Febeliec agrees that unlocking flexibility should be the target and asks about the robustness of cost savings. Elia indicates that the cost savings are estimated to be between the lower and upper bounds (slide 31). Elia explains that intuitively the volume of needs increases with the integration of more renewables. As far as price are concerned, the unit price of a MW also depends on the volume and has been extrapolated.

Febeliec stresses that elements such as contractual framework and existence of Exchange of Energy Block (EoEB) are missing in the picture.

At request of stakeholders, Elia can further explain the figures in ad-hoc meetings. Febeliec accepts the proposal.

5. EU Balancing Program update

Elia reminds that feedback on mFRR design is requested by 30th April at the latest and, on Febeliec's request, that consultation on T&Cs is planned for September. Planning to make BSP Testing environment for mFRR and iCAROS phase 1 available, after aFRR step 1 go live, is under review.

Feedback public consultation T&C BSP aFRR

RAP-Green reminds its position on the importance of having transparent KPIs for reducing the RC factor and observes that, while the RC factor is capped at 120%, it's not floored. Elia explains that depending on the situation, it can't be excluded that a revision of the RC factor would need to be applied quickly. Elia has discussed the process extensively with the CREG and invites RAP-Green to contact CREG for further details on this matter.

Engie shares that it remains worried that reactive balancing will be more difficult, due to the Balancing Energy Bid Gate Closure Time (BE GCT). As a BSP, it would be expected from them to deliver volumes which are actually unavailable due to reactive balancing. Luminus supports the remark of Engie. Elia understands the issue but indicates that the best proposal is already on the table. Going further for aFRR could potentially lead to misalignments between the merit-order used by the platform and the merit-order used by Elia for activation of the bids. Engie appreciates the efforts but indicates that the risk remains and that this will be taken into account in its operations. Elia reminds that this risk is already present today in aFRR, as a request for activation cannot be rejected. For mFRR however, this risk will be new once explicit bidding will be introduced (it's currently possible to reject a bid activation request).

Febeliec asks whether it is feasible to optimize the activation of aFRR and mFRR, as order of activation impacts imbalance costs. Elia answers that this topic is currently being analyzed and will be further discussed with market parties before the connection to PICASSO. Elia highlights the complexity of the topic.

RWE remarks that gas-fired plants will have a structural disadvantage because the penalties on activation control include the capacity prices. Elia invites RWE to take contact bilaterally to clarify the question.

Feedback public consultation Balancing Rules

Luminus indicates that legally the concept of upward and downward Value of Avoided Activation (VoAA) does not exist. Elia agrees that the legislation does not explicitly mention the calculation of two values of avoided activation (one value for each direction) for single imbalance pricing.

Luminus indicates that while it appreciates the amendment to integrate all Optimization Cycles (OC), it is done not in a way Luminus had expected. Luminus indicates that the main issue is that the direction of the VoAA is determined at the end of the Imbalance Settlement Period, depending on the System Imbalance of the quarter hour. Elia reminds that the determination of the imbalance price is also determined at the end of the quarter hour today. Elia regrets that the proposal is not supported by Luminus but remains open for discussions even though time is running. Elia reminds however that operational concerns from Elia have also to be taken into account and that any solution which aggravates the position of the Belgian system will be unacceptable. Febeliec supports Elia's proposal, insisting that BRPs should be incentivized to help the Belgian system and that the connection to the balancing platforms should not have a negative impact on the total cost of balancing capacity which is paid by the consumer.

Luminus welcomes further discussions to address its concerns but also shares that the very topic of imbalance price will be re-opened again in the framework of MARI. Elia reminds that it was previously agreed to tackle separately the impact on imbalance price of PICASSO and MARI. The impact of MARI on the imbalance price calculation will be further discussed with market parties after the changes for PICASSO will have been clarified.

aFRR go lives : status & next steps

Elia confirms the planning and conditions for the go-live of the first step of aFRR design changes. BSPs are requested to confirm technical, operational and commercial readiness to their KAM Energy by 30/03 EOD for a readiness check.

German TSOs announced a few days before the WG Balancing that they are postponing their connection to PICASSO to the 22nd of June. The planning of the EU TSOs, including Elia, needs to be adapted based on this new element but Elia considers very unlikely to connect to PICASSO before summer, considering the delay of the connection of the German TSOs and the need for an observation period, the risk of not accessing French and Dutch cross-zonal capacity and the risk of low ID CZC as a result of the new CORE ID CCM. Elia highlights the risk of not having CZC available for EU balancing platforms, resulting in a local market with marginal pricing and increased price cap. Elia indicates that it is actively addressing the concern at European level. More details will be covered in the next WG European Market Design.

Based on those elements, Elia indicates that it is seriously considering postponing the go-live at least until after summer to get time to discuss with the market and the CREG and to perform the necessary analysis. Febeliec stresses the importance of having an observation period. Febeliec also shares the concerns on the availability of the ID ATC. Engie, Luminus and Febeg also support Elia's proposal.

Elia indicates that it will propose a new calendar in the coming weeks. Engie welcomes the proposal and insists to have a realistic planning, which is not postponed every month. Engie adds that the Go-live of step 1 and step 2 should not be too far away from each other.

6. 2021 Year overview

The 2021 Year overview has been skipped for the sake of time and will be presented during next WG Balancing.



AOB - Approval LFCBOA

No comments or questions from the stakeholders.

AOB - Relaxation DA balance obligation

Febeliec remarks that the reassuring observations may be invalidated in winter and/or when more BRPs will use this possibility. Additionally, if there is no liquidity in the intraday timeframe, all Day-ahead imbalances will be pushed to the balancing timeframe. Elia notes that the second test period will provide more valuable insights. Elia reminds that, during the test periods, even when allowing BRPs to deviate from the balance in Day-ahead, if any operational issues are identified, a partial or even full Day-ahead balance obligation can be re-established

Febeliec requests an assessment of the test period before it is concluded that the relaxation becomes permanent. Elia reminds that it committed to come back to the market at the end of the first and second test periods. The switch from 25 to 50% was foreseen to be automatic and was notified by a mere notification to the market but the next steps will give rise to a more thorough analysis.

3. Date for next meetings

- WG Balancing 05/05/2022 09:00 – 13:00
- WG Balancing 22/06/2022 09:00 – 13:00
- WG Balancing 15/09/2022 09:00 – 13:00
- WG Balancing 27/10/2022 09:00 – 13:00
- WG Balancing 07/12/2022 09:00 – 13:00