



Exceptional Working Group Balancing

28/09/2022

For a smooth teleconference with 30+ people ... Some rules apply

- Please put yourself on mute at any time that you are not speaking to avoid background noise.
- If you receive a call, please ensure that you do not put this meeting **on hold**.
 - You can quit and reconnect later on.
 - You will be muted or kicked out of the session, if necessary.
- You will be requested to hold your questions for the end of each presentation.
 - Should you have a question, please notify via Teams or speak out if you are only via phone.
 - Share your question (with slide number) in advance so all participants may follow
 - Before you share your question, please announce yourself.
- If you have a poor internet connection, please dial-in.
- Finally, please be courteous and let people finish their sentences.
 - It is practically impossible to follow when 2 people are speaking at the same time in a teleconference.



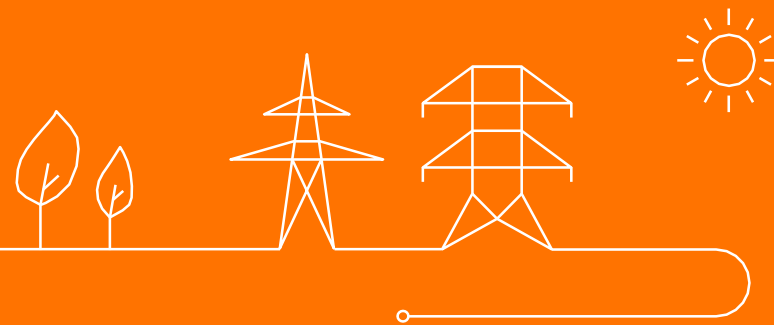
Agenda

13:00 – 13:05: Introduction

13:05 – 14:45: Market recommendation for the go/no-go decision to connect to the aFRR-Platform

14:45 – 15:00: Study on the BRP nomination: implementation plan

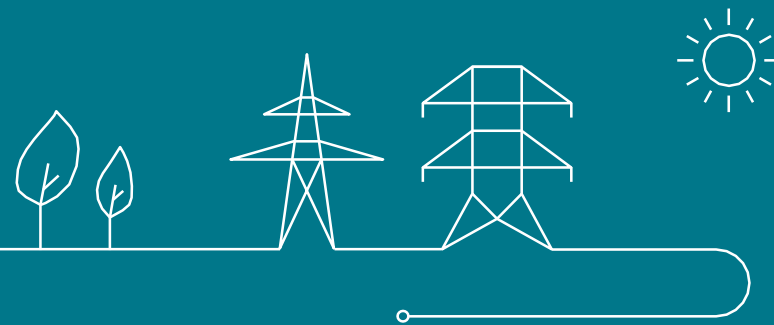
Market recommendation for the go/no-go decision



Agenda

- Reminder of connection scenarios
- Compromise solution
- Drafting of a common position of the Working Group Balancing

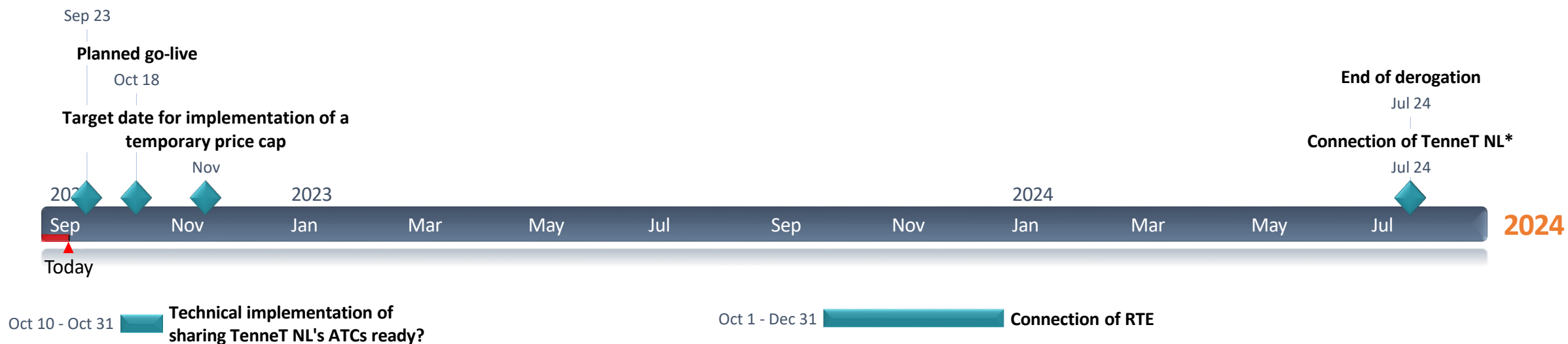
Reminder of connection scenarios



Way forward

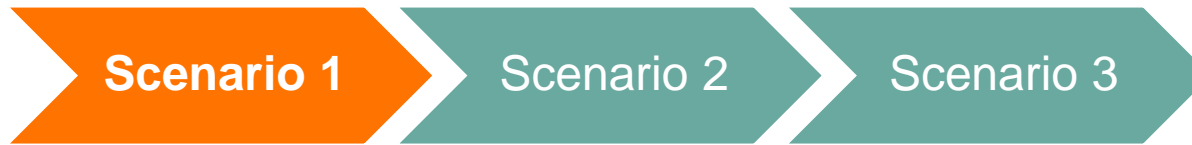
Dates influencing the impact of PICASSO

Approval at EU-level of Elia accession and principles of ATC Sharing



=> Based on this, Elia has considered 3 possible connection scenarios

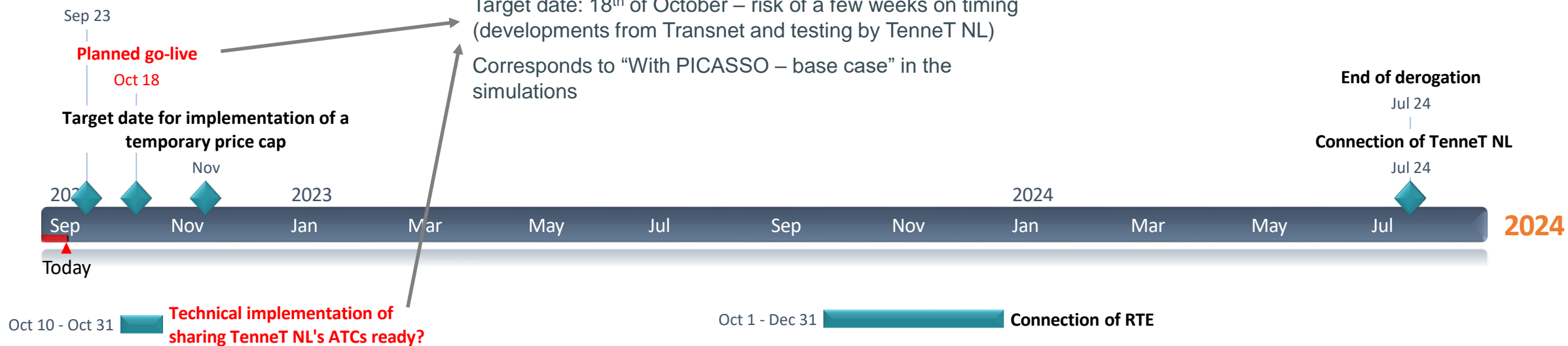
* TenneT NL announced a risk that they might not be ready by 07/2024



Way forward

Connection as soon as TenneT NL's ATCs are shared with PICASSO

Approval at EU-level of Elia accession and principles of ATC Sharing



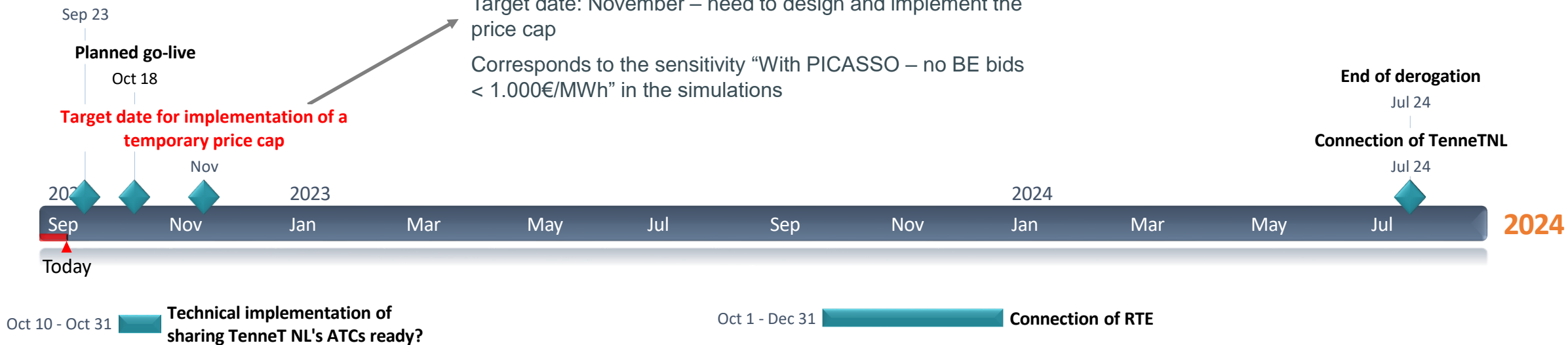
Impact for BSPs	Impact for BRPs	Impact for end consumer
Developments done by BSPs to connect to PICASSO bring expected benefits of market integration in the short term	Increase of costs for BRPs	Increase of costs for end consumer



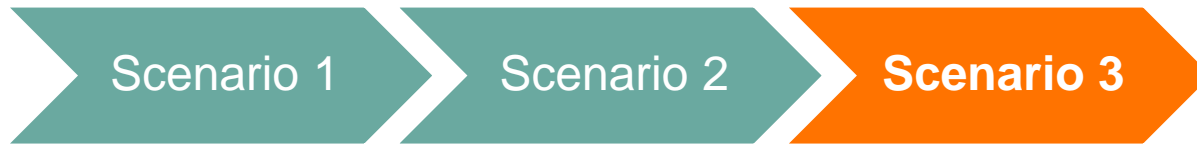
Way forward

Connection after implementation of a temporary price cap

Approval at EU-level of Elia accession and principles of ATC Sharing



Impact for BSPs	Impact for BRPs	Impact for end consumer
Developments done by BSPs to connect to PICASSO bring the expected benefits of market integration in the short term, however with a limitation on the bid price	Increase of costs for BRPs kept under control	Increase of costs for end consumer kept under control

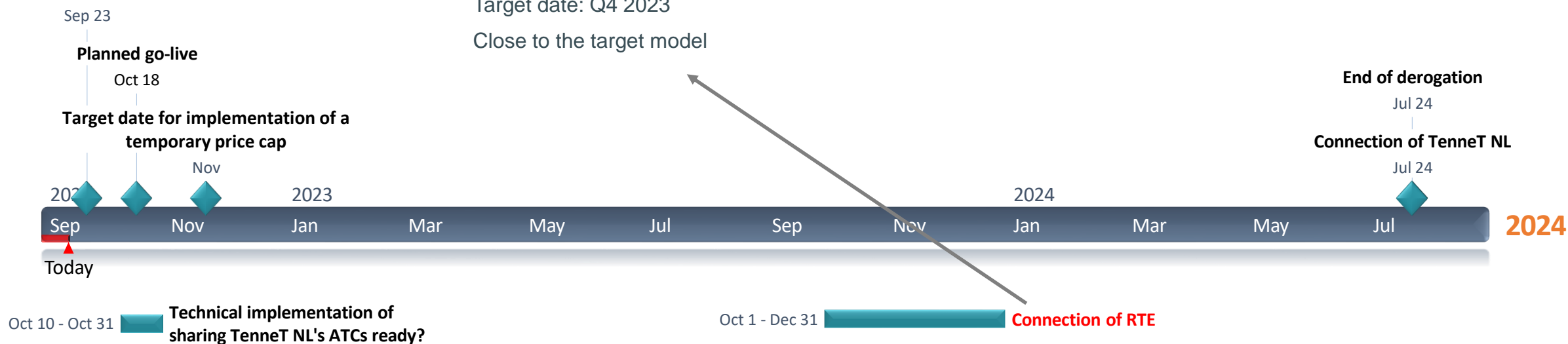


Way forward

Connection together with RTE

Approval at EU-level of Elia accession and principles of ATC Sharing

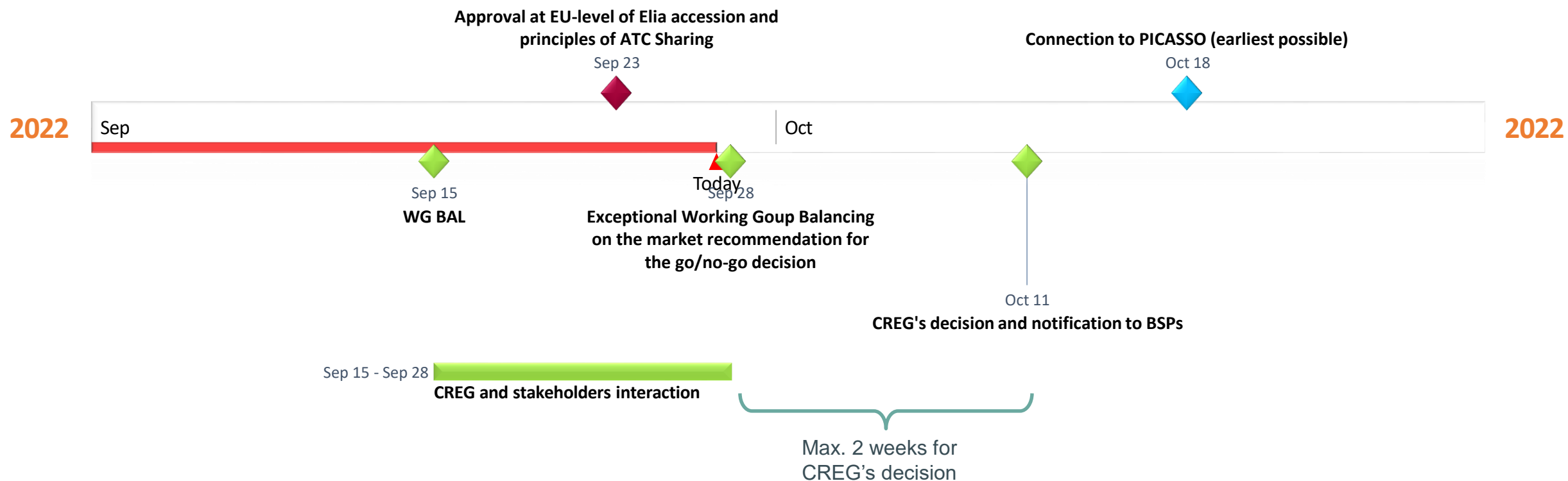
Target date: Q4 2023
Close to the target model



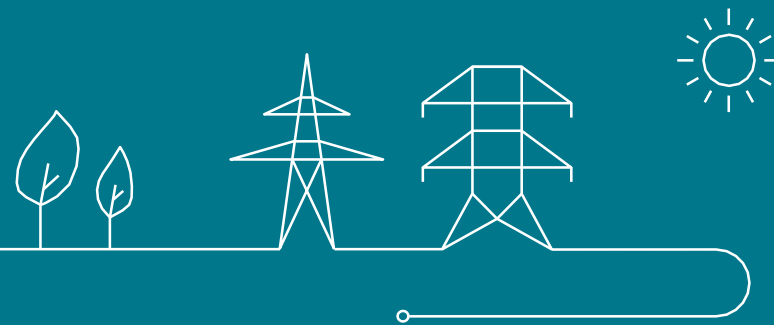
Impact for BSPs	Impact for BRPs	Impact for end consumer
Developments done by BSPs to connect to PICASSO don't bring any benefit in the short term	More ATCs and more liquidity lead to less frequent activation of the last bid of the Belgian MO, reducing occurrences of quarter hours with cost increases. The risk of an increase of the BRP cost is however not entirely mitigated.	More ATCs and more liquidity lead to less frequent activation of the last bid of the Belgian MO, reducing occurrences of quarter hours with cost increases. The risk of an increase of costs for the end consumer is however not entirely mitigated.

Way forward

Next steps



Compromise solution



Compromise solution

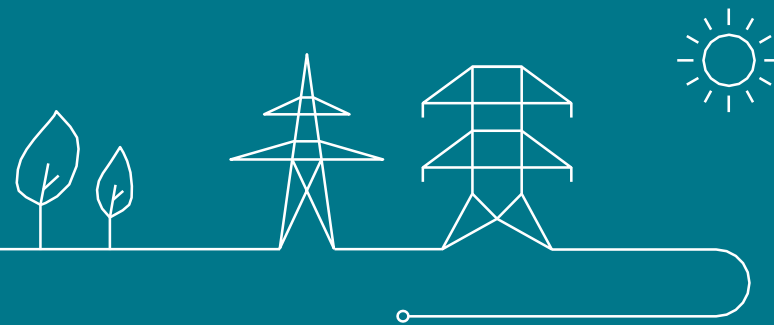
- While the aFRR-Platform is designed to foster cross-border competition and liquidity in the aFRR energy market, the analyses presented and discussed during the Working Group Balancing of 15 September highlight that the impact on the Belgian balancing market of the connection of Elia entails uncertainties in the current context. This is due to the combination of several factors:
 - When connecting to the aFRR-Platform, the application of the EU pricing methodology requires, by default, design evolutions of the aFRR energy market, in particular the **switch from a paid-as-bid to a paid-as-cleared** remuneration and the **release of the current price cap of +-1.000€/MWh to +-15.000€/MWh**;
 - The **limited size of the aFRR energy merit-order** is a particularity of Elia's LFC Block compared to other European LFC Blocks;
 - Among the **neighboring LFC Blocks, only the German** LFC Block is currently connected to the aFRR-Platform;
 - There are **serious concerns** on the wholesale energy prices during **upcoming winter**, very much limiting the risks that market parties are willing to take.
- Based on the findings from the analyses and on feedback received during and after the Working Group Balancing of 15 September, a proposed compromise solution has been drafted

Compromise solution

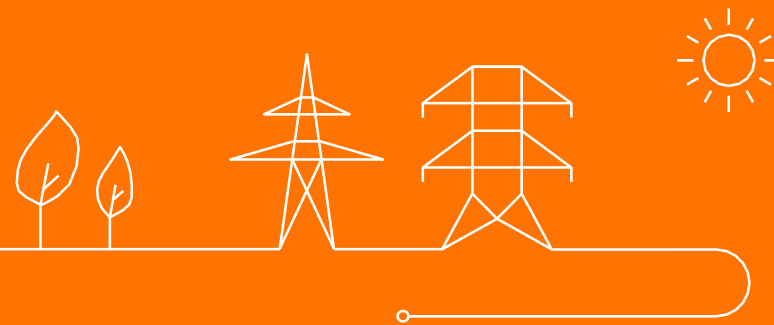
Proposal is to connect to the aFRR-Platform after the winter period and provided that following conditions are satisfied:

- A temporary price cap on the Belgian aFRR Energy bids is implemented. The price cap is considered as an appropriate, proportionate and temporary measure, as an answer to the market failure resulting from the combination of the factors listed in previous slide
 - The price cap will be **based on the cap** currently applying to the Belgian aFRR energy market and **adjustable** in order to ensure robustness against a strong increase of the BSP's aFRR energy costs. The precise modalities of the price cap will be further discussed between Elia, market parties and the CREG.
 - The temporary price cap **shall be released when all neighboring TSOs are connected** to the aFRR-Platform, which is expected at the latest by the 24th of July 2024. An earlier release **could take place after the connection of RTE**, provided that sufficient additional (cross-border) liquidity becomes available to Elia
- A development of liquidity of the Belgian aFRR energy market is observed. This is translated by the following criterion: as of 1st of March, the volume offered in the Belgian aFRR energy market at least corresponds to 120% of the aFRR capacity procured by Elia (i.e. 117 MW) for 75% of the time.

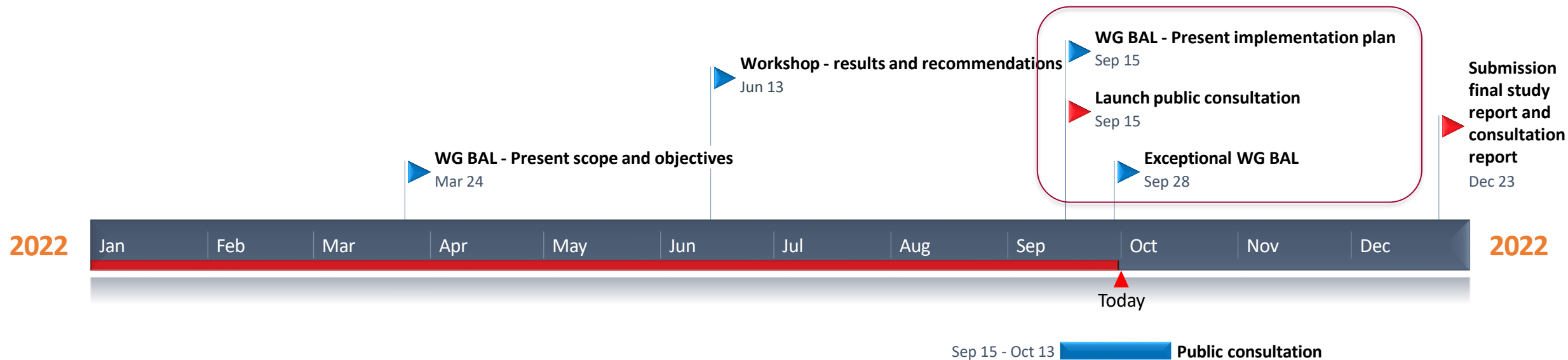
Drafting of a common position of the WG Balancing



Market recommendation for the go/no-go decision



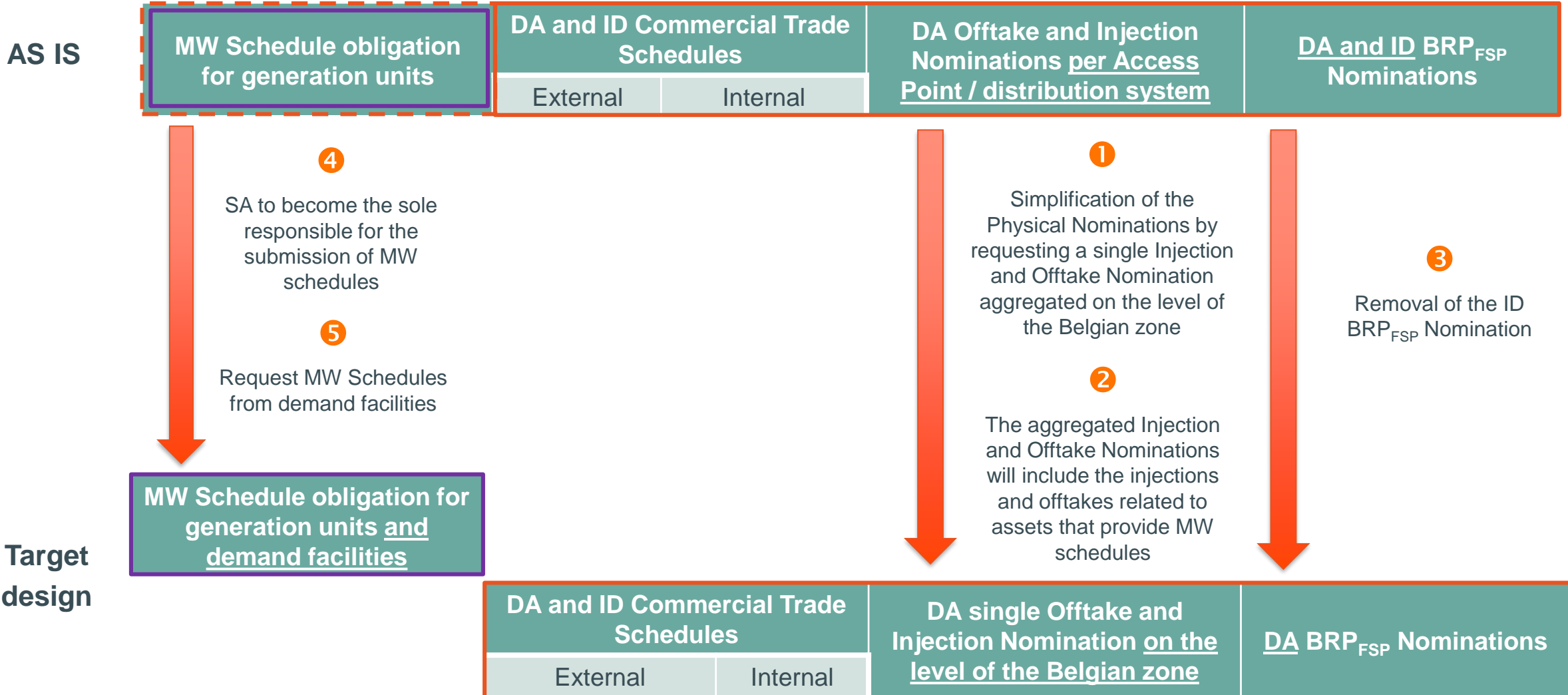
Study on the evolution of the BRP Nominations - timeline



Recall- recommended target design BRP Nominations

Presented in workshop 13/6

SA MW Schedules BRP Nominations



Implementation plan

The **proposed target design for the BRP Nominations cannot be immediately implemented** as two boundary conditions need to be met first:

1. Positive final evaluation relaxation DA balance obligation ⇒ planned Q3/Q4 2023
2. For demand facilities: MW Schedules via the SA instead of BRP Nominations er Access Point ⇒ part of iCAROS phase 2



To enable a split between the roles of SA and BRP, adaptations to the BRP nomination process are needed:

- The references to the MW Schedules should be removed from the BRP Contract (SA is the role responsible for the MW Schedules)
- Calculation day-ahead imbalance of BRP dependent on MW Schedules or not?



After discussions with the CREG, Elia investigated the possibilities for adapting the nomination process to enable SA ≠ BRP before the proposed target design for the BRP Nominations can be implemented.



Elia proposes an implementation of the target design for the BRP Nominations in two steps:

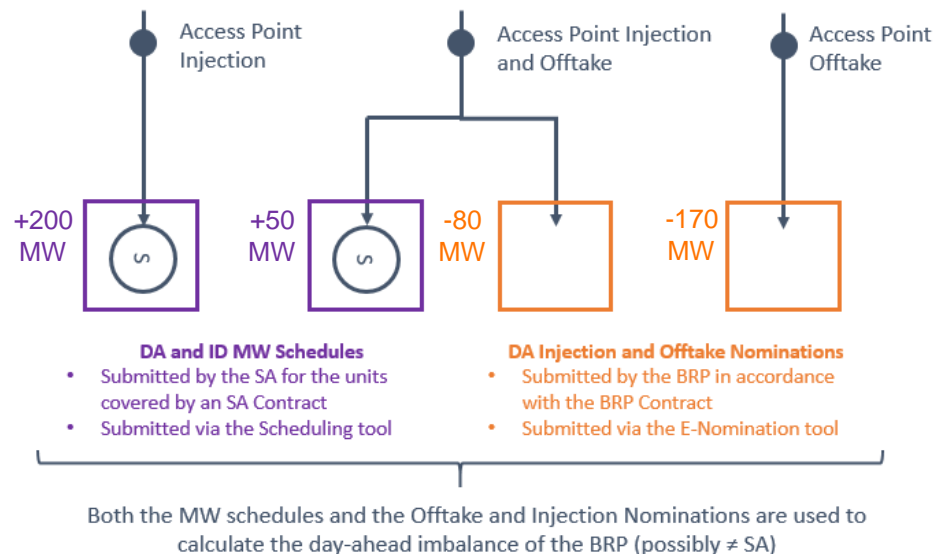
- **Step 1:** Necessary amendments nomination process to enable a split between the roles of SA and BRP* (with next revision of the T&C BRP)
- **Step 2:** Implementation full target design BRP Nominations (with aggregated Offtake/Injection Nominations) (together with iCAROS phase 2)

Two options for adapting the nomination process in Step 1

Proposed option for Step 1

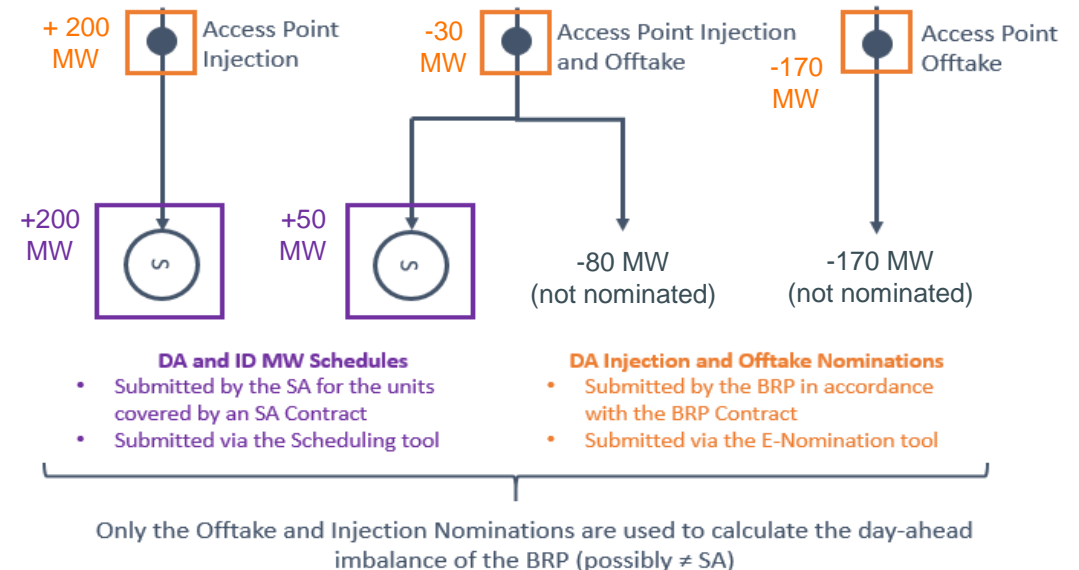
Option 1: Offtake and Injection (non-CIPU) Nominations are unchanged

- + No transitory implementation efforts for BRPs and Elia
- Calculation of the **day-ahead imbalance is dependent on the MW Schedules** submitted by the SA



Option 2: From gross to net Offtake and Injection Nominations

- Requires transitory implementation efforts for both BRPs and Elia (that would only serve until Step 2 of the implementation plan)
- Creates additional workload due to // information flows BRP/SA
- + Calculation of the **day-ahead imbalance is independent of the MW Schedules** submitted by the SA



Thank you.

