

WG Balancing of 27th October 2022

Hybrid meeting

27/10/2022

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

09:30 - 09:35: Introduction & minutes

09:35 - 09:55: Winter Plan: status update

09:55 - 10:55: EU Balancing Program update

AOB

- Combo on DPpg: on-going consultation
- Activation method aFRR: on-going consultation
- aFRR EMS

Minutes of Meeting for approval

Minutes of Meeting of WG Balancing of 15th September 2022

- No comments or remarks from the stakeholders

Minutes of Meeting of Exceptional WG Balancing of 28th September 2022

- No comments or remarks from the stakeholders

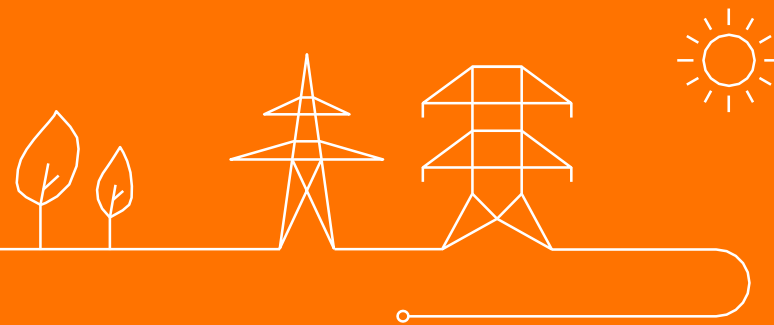
Suggestion to approve:

- the MoM of 15th of September
- the MoM of 28th of September.



Winter Plan: Status update

Presented by Kristof De Vos



Context

In the framework of the Winter Plan of the Government, Elia proposed a temporary reduction of the current mFRR reserve sharing contribution during Winter 2022/23 based on :

- 1. A dynamic increase of the mFRR balancing capacity to be procured with 250 MW (following the reduction of the sharing contribution to 0 MW during a Critical Grid Situation in neighboring countries).**
- 2. A bidding obligation for large coordinable units to offer mFRR during the first gate of the day-ahead balancing capacity tender (to facilitate liquidity during tight market conditions)**
- 3. An encouragement for new technologies such as demand response, storage and emergency generators to participate in the balancing capacity auctions**

After presentation in the WG BAL of September 15, 2022, Elia launched a public consultation September 20 on a revision of the LFC Means

The implementation of the bidding obligation (e.g. via Art. 32) is still under discussion with CREG and Government

Results of the consultation and next steps

- In order to approve and implement the proposal on November 1, 2022, Elia launched the public consultation on a modification of the LFC Means as foreseen on September 20, 2022 until October 11 (three weeks)
- Elia received two non-confidential answers from FEBEG and FEBELIC

Febeg

- >Support the proposed measure to not rely on sharing if this is not expected to be available in reality (also for other reasons and not be restrict it to this winter only)
- >Stresses the importance of regulatory stability and long-term visibility in dimensioning (and regrets the reduction of the aFRR needs to 117 MW)
- > Importance on timely and transparently publishing the Critical Grid Situation indicator on its website at the very least 3 days in advance.

Febeliec

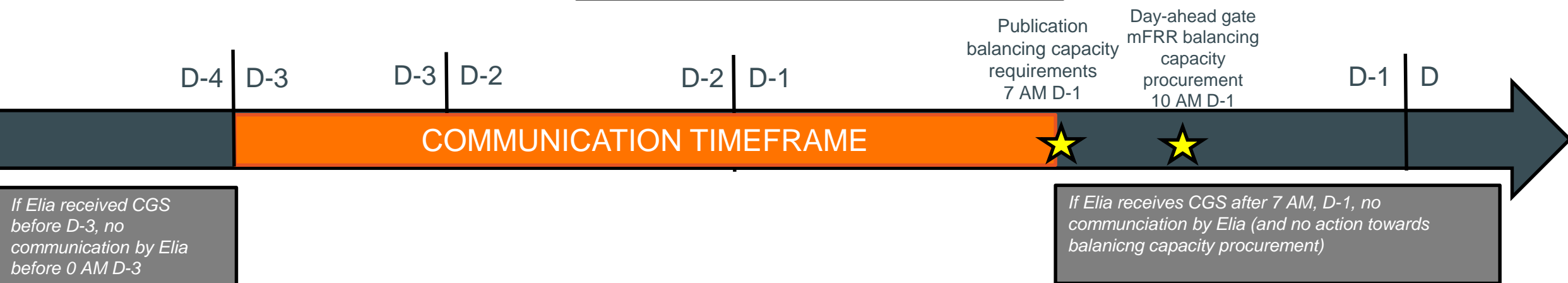
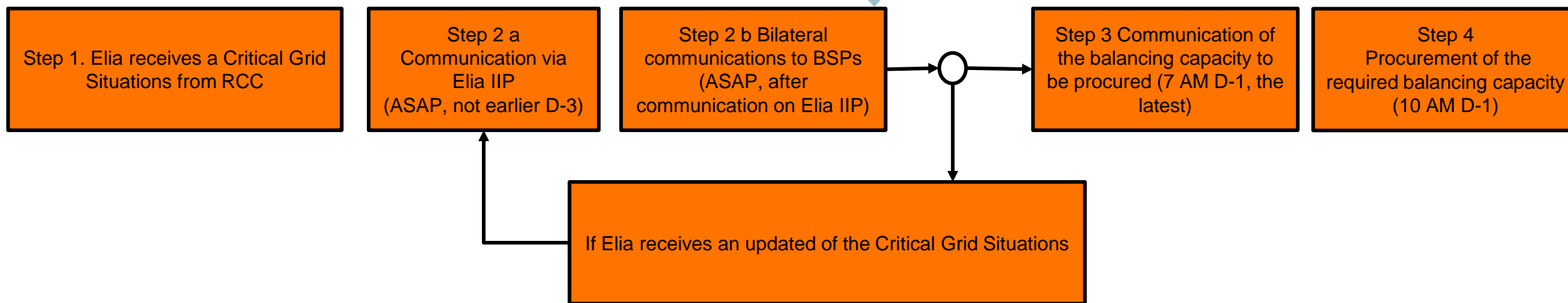
- >Opposes against the proposed measure as full reduction of the 250 MW contribution is too conservative in light of 4 contracts (suggests intermediate, smaller volume reductions)
- >Indicates that the mechanism implicates withdrawals of energy from the market and exacerbate tightness in the market
- >Welcomes the use of the Critical Grid Indicator to minimize the impact in time
- > Requests to use all possible channels to communicate the Critical Grid Situation

→ Elia submitted its proposal without further modifications on October 21, 2022

Communication plan

As of the moment a (update of) critical grid situation is published on IIP, Elia will make best effort, as performed in case of 2nd gate in capacity auction, to :

1. Foresee the usual e-mail communication (Contracting_AS@elia.be)
2. Foresee the usual bilateral contact between contract manager and KAM Energy



Proposal for modification of the LFC Means

“7. From November 1, 2022 until March 31, 2023, Elia may temporarily reduce the contribution of the positive shared capacity, included in the dimensioning as specified in Article 4(6), to 0 MW when receiving from the relevant regional coordination centre a communication on a “Critical Grid Situation” concerning an adequacy issue in one or more countries with which Elia has a sharing agreement.

As from D-3, and until the publication of the positive balancing capacity to be procured following Article 6(5),

- Elia will inform the market (via its inside information platform, Elia Group IIP) about the reduction of the contribution of the positive sharing capacity to 0 MW as soon as reasonably possible after receiving the critical grid situation.*
- Elia can update the information to reduce the contribution of the positive sharing capacity to 0 MW.*

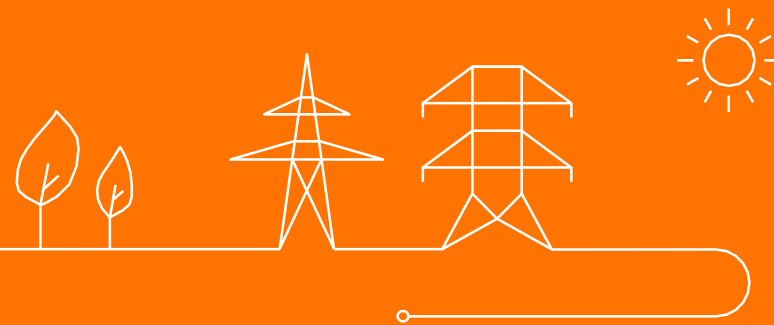
Elia will limit the contribution of the positive sharing capacity to 0 MW for one or more CCTUs of day D related to the periods identified as being at risk.

Elia will provide the communications received from the regional coordination centre to the CREG as soon as reasonably possible after receiving the critical grid situation.

Elia will report to the CREG on the availability of the shared volumes with neighbouring countries during periods related to a CGS, at the latest one month after March 31, 2023.”

EU Balancing Program update

Presented by Cécile Pellegrin

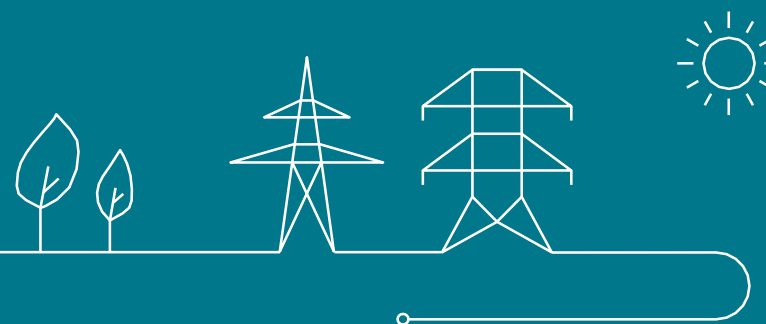


Agenda

- Connection to PICASSO
- Decision CREG on balancing rules
- External testing with market parties & Stakeholder management interactions

Connection to PICASSO

Presented by Cécile Pellegrin & Philippe Magnant



Reminder of the context

- Important design changes when connecting to PICASSO
 - Paid-as-bid → paid-as-cleared
 - Price cap +/-1.000€/MWh → price cap +/-15.000€/MWh
 - New imbalance price calculation
- Initial accession roadmap: RTE planned to connect to PICASSO together with German and Austrian TSOs, Elia was connecting 2 months later
- RTE's announcement that their connection would be delayed had a significant impact for Elia: when connecting before RTE, we rely only on ALEGrO's ATCs and without the French liquidity
- Decision in WG Balancing of 22/11/2021 to perform an evaluation (=observation round) confirming that the connection to PICASSO does not lead to a blocking point for the efficient functioning of the Belgian balancing market
- Recommendation formulated in the exceptional WG Balancing of 28/09/2022

Recommendation

- 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

Recommendation

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.

CREG's publication

Décision relative à l'octroi d'une dérogation de délai pour l'utilisation de la plateforme européenne pour les réserves de restauration de la fréquence avec activation automatique (aFRR)

La date limite légale de participation du bloc LFC d'Elia à la plateforme européenne aFRR est le 24 juillet 2022. En concertation avec les acteurs du marché, Elia n'envisage la participation du bloc LFC d'Elia à la plateforme européenne aFRR que fin septembre 2022. En conséquence, la CREG accorde une dérogation au délai légal de participation jusqu'à ce que les incertitudes restantes aient été évaluées. Cette évaluation est prévue en septembre, après quoi la CREG confirmera si la dérogation continuera à être appliquée (en cas d'incertitudes restantes) ou expirera. Dans ce dernier cas, une date sera fixée pour la participation effective du bloc LFC d'Elia à la plate-forme européenne aFRR.

Par lettre du 13 octobre 2022, la CREG confirme à Elia la poursuite de l'application de la dérogation de délai pour l'utilisation de la plateforme européenne aFRR, conformément à la décision (B)2412 du 14 juillet 2022. Dans cette lettre, la CREG fixe une nouvelle date d'évaluation. Cette nouvelle évaluation sera organisée au plus tard un mois après que le groupe de projet au sein d'ENTSO-E aura pris la décision sur la participation du bloc RFP français à la plateforme européenne aFRR, ou après que l'ACER aura pris une décision concernant l'entrée en vigueur d'un plafond de prix technique adapté de 15.000 €/MWh à +/- 1.000 €/MWh. Si aucun des deux scénarios ne se réalise, l'évaluation sera organisée au plus tard le 15 novembre 2023. Ce faisant, la CREG se distancie de la proposition d'Elia de participer à la plateforme européenne aFRR pour le 28 mars 2023. La CREG est d'avis qu'il n'est pas acceptable de s'écarter du plafond technique harmonisé, tel que prévu dans la décision ACER (03/2022), par l'application d'un plafond de prix national afin d'atténuer les effets négatifs dus, entre autres, à un manque de concurrence étrangère. La CREG ne peut donc pas accepter à ce stade l'adhésion d'Elia à la plateforme européenne aFRR le 28 mars 2023 en appliquant un plafond de prix national.

CREG's publication

Décision relative à l'octroi d'une dérogation de délai pour l'utilisation de la plateforme européenne pour les réserves de restauration de la fréquence avec activation automatique (aFRR)

Part 1

La date limite légale de participation du bloc LFC d'Elia à la plateforme européenne aFRR est le 24 juillet 2022. En concertation avec les acteurs du marché, Elia n'envisage la participation du bloc LFC d'Elia à la plateforme européenne aFRR que fin septembre 2022. En conséquence, la CREG accorde une dérogation au délai légal de participation jusqu'à ce que les incertitudes restantes aient été évaluées. Cette évaluation est prévue en septembre, après quoi la CREG confirmera si la dérogation continuera à être appliquée (en cas d'incertitudes restantes) ou expirera. Dans ce dernier cas, une date sera fixée pour la participation effective du bloc LFC d'Elia à la plate-forme européenne aFRR.



- **Décision du 14/07/22 - Octroi de dérogation de délai pour l'utilisation de la plateforme européenne pour les réserves de restauration de la fréquence avec activation automatique (aFRR)**
- **La CREG accorde une dérogation pour une période maximale de deux ans; la durée de la dérogation pouvant être raccourcie en tenant compte des modalités définies dans la décisions**
 - *La CREG demande qu'Elia, au plus tard 11 semaines après l'approbation par la CREG du règlement des déséquilibres (...), communique à la CREG, après consultation des acteurs du marché, un rapport contenant les résultats de l'évaluation des critères mentionnés au paragraphe 29 de la présente décision.*
 - *La CREG confirmera par écrit à Elia l'application de la dérogation sur la base de l'évaluation visée au paragraphe 30. (...). En cas de confirmation positive de la poursuite de l'application de la dérogation, cette confirmation précisera la date d'un nouveau moment d'évaluation. En cas de confirmation négative, cette confirmation précisera la date d'expiration de la dérogation.*

CREG's publication

Part 2

Par lettre du 13 octobre 2022, la CREG confirme à Elia la poursuite de l'application de la dérogation de délai pour l'utilisation de la plateforme européenne aFRR, conformément à la décision (B)2412 du 14 juillet 2022. Dans cette lettre, la CREG fixe une nouvelle date d'évaluation. Cette nouvelle évaluation sera organisée au plus tard un mois après que le groupe de projet au sein d'ENTSO-E aura pris la décision sur la participation du bloc RFP français à la plateforme européenne aFRR, ou après que l'ACER aura pris une décision concernant l'entrée en vigueur d'un plafond de prix technique adapté de 15.000 €/MWh à +/- 1.000 €/MWh. Si aucun des deux scénarios ne se réalise, l'évaluation sera organisée au plus tard le 15 novembre 2023. Ce faisant, la CREG se distancie de la proposition d'Elia de participer à la plateforme européenne aFRR pour le 28 mars 2023. La CREG est d'avis qu'il n'est pas acceptable de s'écarter du plafond technique harmonisé, tel que prévu dans la décision ACER (03/2022), par l'application d'un plafond de prix national afin d'atténuer les effets négatifs dus, entre autres, à un manque de concurrence étrangère. La CREG ne peut donc pas accepter à ce stade l'adhésion d'Elia à la plateforme européenne aFRR le 28 mars 2023 en appliquant un plafond de prix national.



- La CREG confirme à Elia la poursuite de l'application de la dérogation de délai pour l'utilisation de la plateforme européenne aFRR.
- La CREG se distancie de la proposition d'Elia de participer à la plateforme européenne aFRR pour le 28 mars 2023
 - Submitted proposal was the WG Balancing's recommendation
- La CREG est d'avis qu'il n'est pas acceptable de s'écarter du plafond technique harmonisé, tel que prévu dans la décision ACER (03/2022), par l'application d'un plafond de prix national afin d'atténuer les effets négatifs dus, entre autres, à un manque de concurrence étrangère. La CREG ne peut donc pas accepter à ce stade l'adhésion d'Elia à la plateforme européenne aFRR le 28 mars 2023 en appliquant un plafond de prix national.
- La CREG fixe une nouvelle date d'évaluation. Cette nouvelle évaluation sera organisée
 - Au plus tard un mois après que le groupe de projet au sein d'ENTSO-E aura pris la décision sur la participation du bloc RFP français à la plateforme européenne aFRR,
 - Ou après que l'ACER aura pris une décision concernant l'entrée en vigueur d'un plafond de prix technique adapté de 15.000 €/MWh à +/- 1.000 €/MWh.
- Si aucun des deux scénarios ne se réalise, l'évaluation sera organisée au plus tard le 15 novembre 2023.

Way forward

- New planning of ELIA's connection to PICASSO platform needs to be defined taking into account
 - The key messages of the former observation run
 - The recommendation made by the WG Balancing
 - CREG's decision on the extension of the derogation (and therefore the moment of Elia's connection to PICASSO)
 - The interactions with the other projects

Key messages of the former observation run

The German merit-order

- The German aFRR merit-order is impressive, but does not represent the main risk of increase of activation costs and of BRP costs

The Belgian merit-order

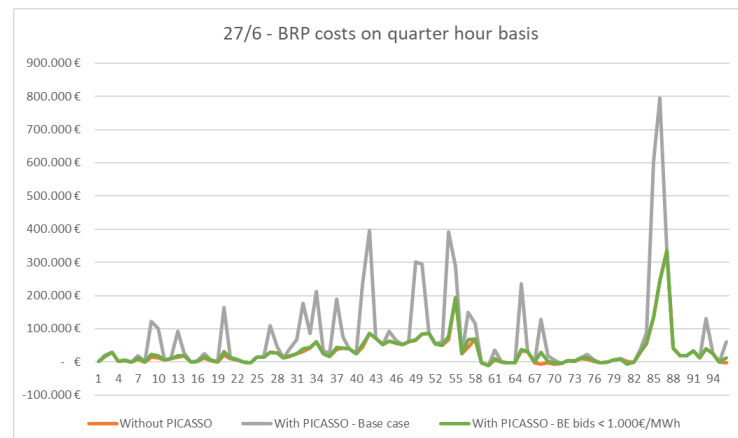
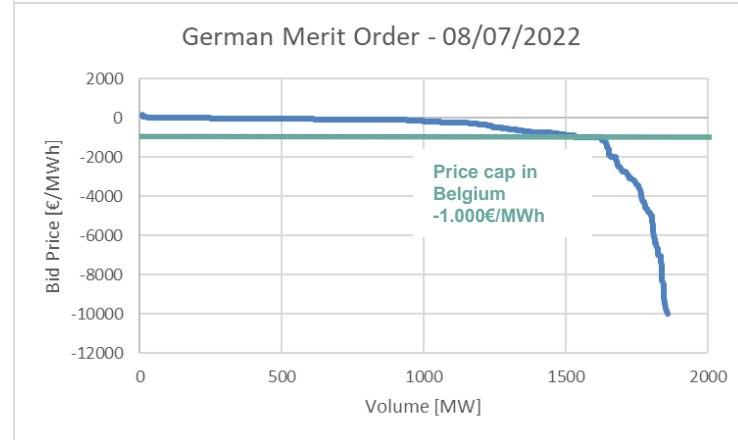
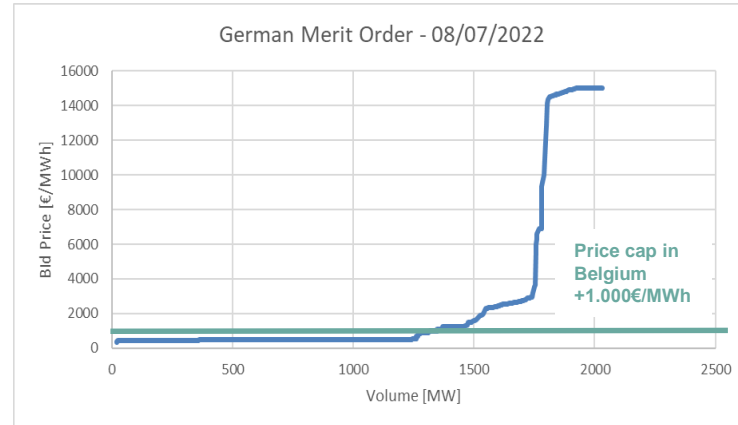
- Depending on bidding behavior and on new volumes prequalified, the Belgian aFRR merit-order could on the contrary lead to very significant increases of activation costs and costs for BRPs

Importance of ATCs

- Given the high occurrences of 0 MW ATC on ALEGrO, it should at least be confirmed that TenneT NL's ATCs are available for aFRR exchanges between PICASSO TSOs before Elia connects.
- We will still have 0 MW ATC occurrences, even when we will have full access to all borders.

Possible mitigations for high prices

- A temporary price cap on the Belgian aFRR energy bids would prevent a strong increase of the activation costs and BRP costs



Recommendation

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.
- A development of liquidity of the Belgian aFRR energy market is observed.

CREG's decision

- *La CREG est d'avis qu'il n'est pas acceptable de s'écarter du plafond technique harmonisé, tel que prévu dans la décision ACER (03/2022), par l'application d'un plafond de prix national afin d'atténuer les effets négatifs dus, entre autres, à un manque de concurrence étrangère.*
- *La CREG fixe une nouvelle date d'évaluation. Cette nouvelle évaluation sera organisée*
 - *Au plus tard un mois après que le groupe de projet au sein d'ENTSO-E aura pris la décision sur la participation du bloc RFP français à la plateforme européenne aFRR,*
 - *Ou après que l'ACER aura pris une décision concernant l'entrée en vigueur d'un plafond de prix technique adapté de 15.000 €/MWh à +/- 1.000 €/MWh.*
- *Si aucun des deux scénarios ne se réalise, l'évaluation sera organisée au plus tard le 15 novembre 2023.*



Way forward

Conditions to join

- ACER adapts the pricing methodology to set the price cap at +/-1.000€/MWh
 - This is uncertain in terms of planning and it seems improbable that this would be the first trigger
 - Assumption is therefore taken that planning for ELIA's accession to PICASSO will not be defined based on this trigger. In case it would be implemented in the short-term, the assumption will be reconsidered
- Or connection of RTE
 - Are there other conditions to be fulfilled before Elia's connection, knowing that there would be no local price cap?
 - Additional liquidity needed in the Belgian MO?
 - Criteria on ATC availability?
 - Others?
 - Attention points
 - Risk of shift in RTE's planning
 - Risk of non-fulfillment of other conditions
- Or reaching the Legal deadline (< 24/07/2024)
 - Evaluation to be organized by 15th of November 2023

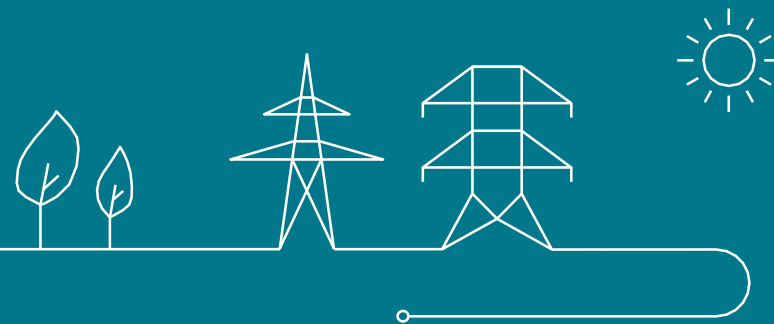
} → What kind of analyses should be performed? What are the needed available data ?

} → Risk of new impact on roadmap

→ On this basis most probable time window for PICASSO connection is Q1-Q2 2024

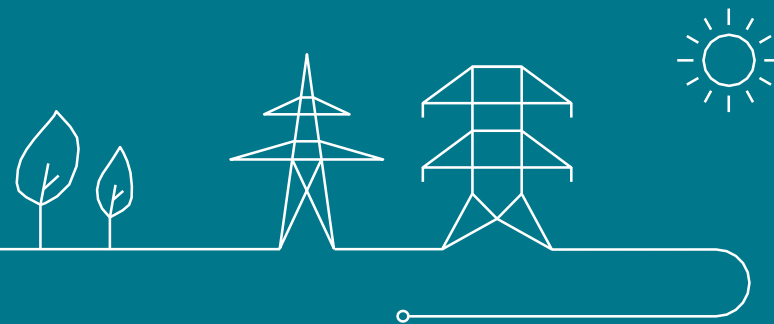
Stakeholders are invited to provide their feedbacks to ELIA on these different elements

Decision CREG on balancing rules



External testing with market parties & Stakeholder management interactions

Presented by Cécile Pellegrin



New information since November 2021

- aFRR Go live
 - Efforts needed (for ELIA and the market parties)
 - Delay of aFRR Go live step 2
 - Return of experience
- Feedbacks of Market participants and CREG
- Language rules for consultations – good qualitative translation in both national languages simultaneously and available during the legal period of the public consultation



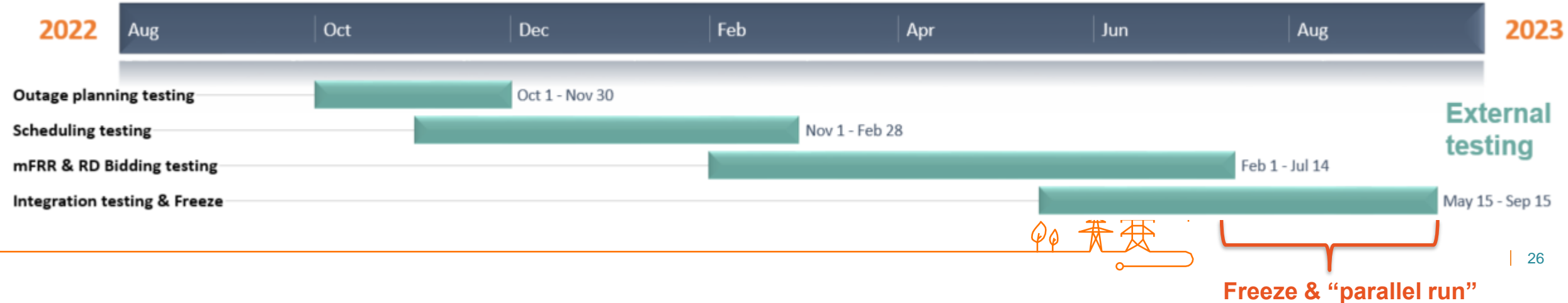
Update of the Roadmap

- BSP/OPA/SA Testing environment for mFRR and iCAROS phase 1 deployed **from Late Q3 2022 on**
- **Local go live** of the new mFRR bidding and iCAROS phase 1 **Late Q3 2023**
- Connection to EU mFRR balancing energy platform **Q4 2023**



External testing with market parties

- In order to be able to deliver the needed support to market parties, it's recommended not to have to discuss the different subjects in parallel. Therefore, ELIA proposes the introduction of a phased testing.
- It's therefore proposed:
 - To foresee a period of sequential testing of the different processes and not all at once. Starting with outage planning, then Scheduling tool, then RD & mFRR Bidding overlapping each with one month
 - To foresee, in addition, at the end, some time for the integrated testing and a freeze period
 - To organize a training session with the market parties (design reminders and deep-dives in implementation) at the beginning of the start of each testing period of a specific process
 - To support market parties with fixed slots of Q&A sessions (booking to be done via your KAM Energy)
- Following this phasing will allow ELIA to support market parties in the best way (ELIA will not be able to support actively each topic out of the concerned period)



External testing with market parties

	Focus period	Training session	Demo environment	Status of the testing
Outage planning testing	01/10 - 30/11/22	✓ 03/10/22	✓ Available from info session on	Initial training session took place. Ad hoc additional information sessions are organized. Actual IT testing seems quite limited if blocking issues or technical information is missing, please contact your KAM energy.
Scheduling testing	01/11 - 28/02/22	07/11/22	✓ Available & support foreseen from info session on	Initial training session is planned.
mFRR & RD bid submission & activation process*	01/02 - 14/07/23	To be planned early 23	Early release planned for end of November 2022 & full support foreseen from info session on	
Integration testing & Freeze	15/05 – 15/09/23	NA	NA	



*The external testing for mFRR and RD bid submission and activation process will be further detailed beginning of 2023.

External testing with market parties

Specific ad hoc sessions are organized at request of OPA / SA / (BSP)

- Q&A sessions dedicated to design and implementation questions
- IT questions & Live debugging sessions with ELIA IT-team

These ad hoc sessions can be booked by contacting your KAM Energy

A functional mailbox has also been created to address all technical questions related to the External communication layer (IT-ECL@elia.be). Please keep your KAM Energy in copy of any mail sent to IT-ECL@elia.be



Others stakeholder management interactions



- Next interactions
 - New planning of ELIA's connection to PICASSO platform
 - Return on experience on new aFRR auction design
 - Feedback on the processing of the last comments received on the mFRR design note
 - BSP Facilitations



Contact persons



KAM Energy

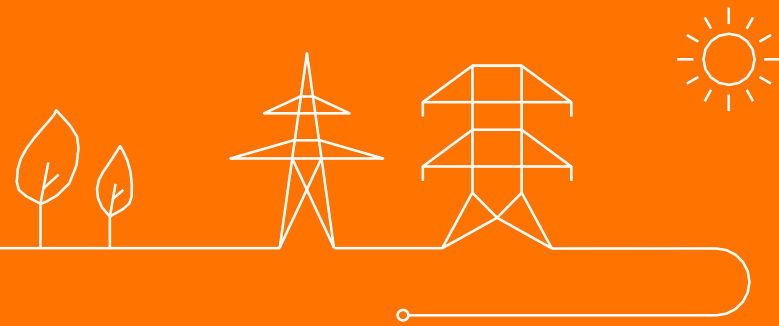
Amandine Leroux / Arno Motté

IT questions

IT-ECL@elia.be with your KAM Energy in CC

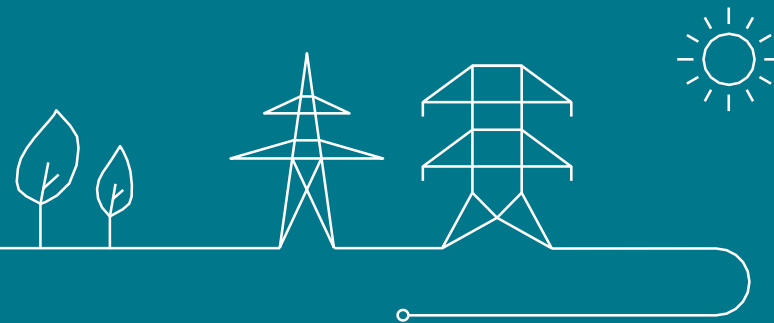


AOB



AOB – Combo on DPpg: Public consultation

Presented by Thomas Oldenhove



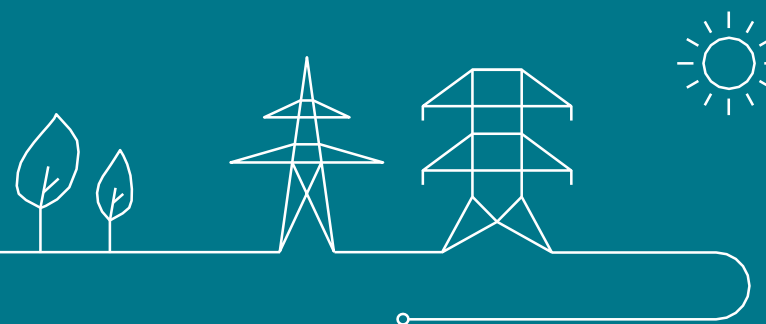
Combo on DPpg Public Consultation

- On **October 20, 2022**, Elia launched a **public consultation** on the study on combinability of balancing products on DPpg.
- A **stakeholder workshop** has taken place on the 22nd of September to present the study, the proposed options per type of combos and open a discussion with stakeholders. Informal feedback has been received during and after this workshop.
- Stakeholders are welcomed to provide suggestions and feedback on the report until **November 20, 2022**.
- The feedback will be taken into account towards the **final** report, which will be published on **December 23** the latest.

Link to the consultation page [here](#)

AOB – aFRR activation method: Public consultation

Presented by Philippe Magnant



aFRR activation method

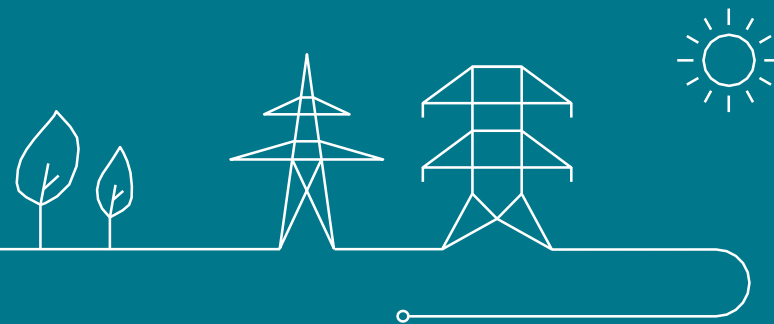
Public Consultation

- On **October 20, 2022**, Elia launched a **public consultation** on the study on the aFRR activation method.
- A **stakeholder workshop** has taken place on the 22nd of June to present the findings of the study and open a discussion with stakeholders. Informal feedback has been received during and after this workshop.
- Stakeholders are welcomed to provide suggestions and feedback on the report until **November 20, 2022**.
- The feedback will be taken into account towards the **final** report, which will be published on **December 23** the latest.

Link to the consultation page [here](#)

AOB – aFRR EMS: status

Presented by Philippe Magnant



aFRR EMS (Energy Management Strategies)

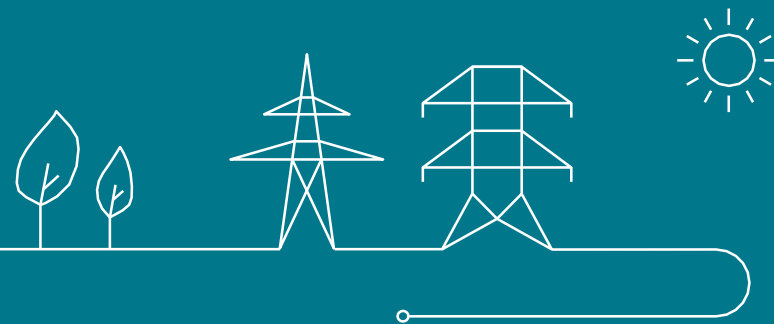
Status

- EMS requirements have been finalized based on the feedback received from market parties (informal consultation). 1 clarification has been added compared to the document informally consulted
 - The ID trades assumed to be available are 1h-blocks, not QH-blocks
 - Justification: the statistics used as a basis to allow the use of ID trades as part of the EMS relate to transactions for 1h blocks (as a reminder: in 2021, between 1h30 and 1h before the start of the delivery of the quarter-hour, transactions for 1h blocks took place on EPEX Spot or Nord Pool in more than 98% of the time)
 - Minor corrections brought to the data put at disposal to BSPs for the statistical approach
 - Removal of some duplicates in the control target
 - Corrections of merit-orders in May 2022
- ➔ Publication of the adapted EMS requirements and of the excel file in the coming days

Link to the webpage where the requirements and the data are published [here](#)

AOB – Next WG Balancing

Presented by Didier Chim



Next WG Balancing

2022

- WG Balancing 09/12/2022 9:00 – 13:00

2023 (aligned with WG CCMD in the morning)

- WG Balancing 02/02/2023 14:00 – 18:00
- WG Balancing 21/03/2023 14:00 – 18:00
- WG Balancing 16/05/2023 14:00 – 18:00
- WG Balancing 29/06/2023 14:00 – 18:00
- WG Balancing 26/09/2023 14:00 – 18:00
- WG Balancing 14/11/2023 14:00 – 18:00

